

# OpenWorld<sup>®</sup>

Prospectus dated 6 June 2025

Russell Investments Multi-Strategy Alternative UCITS Fund (formerly Dynamic Assets)*	Russell Investments Global High Dividend Equity
Russell Investments Euro Credit*	Russell Investments Global Listed Infrastructure
Europe Focus Equity*	Russell Investments US Credit*
Global Focus Equity*	Russell Investments Global Low Carbon Equity Fund
Russell Investments Global Future Equity Fund	

## **OPENWORLD PUBLIC LIMITED COMPANY (THE "COMPANY")**

an umbrella fund with segregated liability between sub-funds and an investment company with variable capital incorporated under the laws of Ireland pursuant to the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations, 2011, as amended.

\*All Shares in the Funds have been redeemed and the Funds have been closed and are no longer available for investment. The Company intends to apply to the Central Bank to revoke the Funds' approval following final disbursement of assets in the Funds.

## TABLE OF CONTENTS

IMPORTANT INFORMATION .....	3
DEFINITIONS .....	5
THE COMPANY .....	14
Introduction to OpenWorld p.l.c.....	14
Management of the Funds .....	14
THE FUNDS .....	15
<b>Global High Dividend Equity</b> .....	16
<b>Global Listed Infrastructure</b> .....	18
<b>Russell Investments Global Low Carbon Equity Fund</b> .....	20
<b>Russell Investments Global Future Equity Fund</b> .....	23
GENERAL INVESTMENT STRATEGIES AND RESTRICTIONS .....	28
<b>Securities Financing Transactions</b> .....	32
RISK CONSIDERATIONS .....	37
ADMINISTRATION OF THE FUNDS.....	51
How to purchase Shares .....	51
How to redeem your Shares.....	52
MANAGEMENT AND ADMINISTRATION .....	61
The Manager.....	61
The Principal Money Manager, Distributor, UK Facilities Agent and German Information Agent .....	61
Directors .....	62
The Administrator .....	62
The Depositary .....	62
Paying Agents/Representatives/Distributors .....	64
Conflicts of Interest .....	64
FEES AND EXPENSES .....	67
General 67	
Fees and Expenses .....	67
OPERATION OF THE COMPANY .....	72
The Share Capital .....	72
The Funds and Segregation of Liability .....	72
Meetings and Votes of Shareholders .....	73
Reports .....	74
Termination of the Funds .....	74
Miscellaneous .....	75
Material Contracts .....	75
Supply and Inspection of Documents .....	76
The Manager's Policies.....	76
SCHEDULE 1: SPECIFIC SHARE CLASS CHARACTERISTICS .....	79
SCHEDULE 2: FINANCIAL DERIVATIVE INSTRUMENTS.....	84
SCHEDULE 3: BOARD OF DIRECTORS AND DIRECTORS OF THE MANAGER .....	87
SCHEDULE 4: THE REGULATED MARKETS .....	91
SCHEDULE 5: INVESTMENT RESTRICTIONS.....	93
SCHEDULE 6: LIMITS ON THE USE OF FINANCIAL DERIVATIVE INSTRUMENTS .....	97
SCHEDULE 7: DISTRIBUTION OF SHARES IN OTHER JURISDICTIONS .....	104
SCHEDULE 8: IRISH TAXATION .....	107
SCHEDULE 9: SUB-CUSTODIAN LIST.....	115
<b>SCHEDULE 10 MATERIAL CONTRACTS</b> .....	118

## IMPORTANT INFORMATION

**It should be appreciated that the value of the Shares and the income from them may go down as well as up and accordingly an investor may not get back the full amount invested. Also, as investors in each Fund may be required to pay an initial charge on the issue of Shares, the difference between the issue and redemption price of Shares means that an investment should be viewed as medium to long-term. It should also be noted that Russell Investments Global High Dividend Equity and Russell Investments Global Listed Infrastructure charge fees and expenses to capital rather than income. Accordingly there is a greater risk that capital may be eroded and fees will be paid in a manner that forgoes the potential for future growth of a Shareholders investment. This cycle may continue until all capital is depleted.**

The Directors whose names appear on page 12 accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information and the Directors accept responsibility accordingly.

**If you are in any doubt about the contents of this Prospectus you should consult your stockbroker, bank manager, solicitor, accountant or other financial adviser. This Prospectus should be read in its entirety before making an application for Shares.**

Distribution of this document is not authorised unless it is accompanied by a copy of the latest annual report of the Company and, if published thereafter, the latest half-yearly report of the Company. Such reports will form part of this Prospectus. Shares are offered only on the basis of the information contained in this document and, as appropriate, the latest audited annual accounts and any subsequent half-yearly report. Any further information or representation given or made by any dealer, salesman or other person should be disregarded and, accordingly, should not be relied upon.

The distribution of this Prospectus and the offering or purchase of the Shares may be restricted in certain jurisdictions. No persons receiving a copy of this Prospectus or any accompanying application form in any such jurisdiction may treat this Prospectus or such application form as constituting an invitation to them to subscribe for Shares, nor should they in any event use any such application form, unless in the relevant jurisdiction such an invitation could lawfully be made to them and such application form could lawfully be used without compliance with any registration or other legal requirements. Accordingly, this Prospectus does not constitute an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not lawful or in which the person making such offer or solicitation is not qualified to do so or to anyone to whom it is unlawful to make such offer or solicitation. It is the responsibility of any persons in possession of this Prospectus and any persons wishing to apply for Shares pursuant to this Prospectus to inform themselves of and to observe all applicable laws and regulations of any relevant jurisdiction. Prospective applicants for Shares should inform themselves as to the legal requirements of so applying and as to any applicable exchange control regulations and taxes in the countries of their respective citizenship, residence or domicile.

The Company is an investment undertaking as defined in Section 739B(1) of the Taxes Consolidation Act 1997, as amended.

### *MiFID II Product Governance Rules – UCITS as non-complex financial instruments*

*Article 25 of MiFID II sets out requirements in relation to the assessment of suitability and appropriateness of financial instruments for clients. Article 25(4) contains rules relating to the selling of financial instruments by a MiFID-authorized firm to clients in an execution only manner. Provided the financial instruments are comprised from the list contained in Article 25(4)(a) (referred to broadly as non-complex financial instruments for these purposes), a MiFID-authorized firm selling the instruments will not be required to also conduct what is referred to as an "appropriateness test" on its clients. An appropriateness test would involve requesting information on the client's knowledge and experience on the type of investment offered and, on this basis, assessing whether the investment is appropriate for the client. If the financial instruments fall outside the list contained in Article 25(4)(a)*

*(i.e. are categorised as complex financial instruments), the MiFID-authorised firm selling the instruments will be required to also conduct an appropriateness test on its clients.*

*UCITS (other than structured UCITS) are specifically referenced in the list in Article 25(4)(a). Accordingly, each Fund*

*is deemed to be a non-complex financial instrument for these purposes.*

*This Prospectus relates to a collective investment fund which is not subject to any form of regulation or approval by the Dubai Financial Services Authority ("DFSA"). This Prospectus is intended for distribution only to persons of a type specified in the DFSA's rules (i.e. "Qualified Investors") and must not, therefore, be delivered to, or relied on by, any other type of person. The offering is not intended for, and the Shares are not being offered, distributed, sold, transferred or delivered, directly or indirectly, to, or for the account or benefit of, any person in the Dubai International Financial Centre ("DIFC"). This Prospectus is not intended for distribution to any person in the DIFC and any such person that receives a copy of this Prospectus should not act or rely on this Prospectus and should ignore the same. The DFSA has no responsibility for reviewing or verifying any Prospectus or other documents in connection with this collective investment fund. Accordingly, the DFSA has not approved this Prospectus or any other associated documents nor taken any steps to verify the information set out in this Prospectus, and has no responsibility for it. The Shares to which this Prospectus relates may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of the Shares offered should conduct their own due diligence on the Shares. If you do not understand the contents of this document you should consult an authorised financial adviser.*

#### Key Investor Information Document ("KIIDs"):

Shares are offered only on the basis of the information contained in the current KIIDS and Prospectus and the latest audited annual accounts and any subsequent half-yearly report.

Any further information or representation given or made by any dealer, salesman or other person should be disregarded and, accordingly, should not be relied upon.

Each Class that is available for subscription will have a KIID issued in accordance with the Central Bank Rules. Prospective investors should consider the KIID for the relevant Class prior to subscribing for Shares in that Class in order to assist them in making an informed investment decision. While some Classes are described in the Prospectus, these Classes may not currently be offered for subscription. Prospective investors should contact the Distributors directly to determine whether the relevant Class is available for subscription.

Each Fund must calculate and disclose in the relevant KIID a Synthetic Risk and Reward Indicator ("SRRI") in accordance with the methodology prescribed in the European Securities and Markets Authority's ("ESMA") Guidelines on the Methodology for the Calculation of the SRRI. The SRRI will correspond to a number designed to rank the relevant Fund over a scale from 1 to 7, according to its increasing level of volatility/risk-reward profile. The historic performance of each Fund is set out in the relevant KIID.

Because the Prospectus and KIID may be updated from time to time, investors should make sure they have the most recent versions.

Statements made in this Prospectus are based on the law and practice currently in force in Ireland and are subject to changes therein. Neither the delivery of this Prospectus nor the offer, issue or sale of Shares shall, under any circumstances, constitute a representation that the information given in this Prospectus is correct as of any time subsequent to the date of this Prospectus.

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

This Prospectus may be translated into other languages, provided that it is a direct translation of the English version. In the event of any inconsistency or ambiguity in relation to the meaning of any word or phrase in any translation, the English text shall prevail. All disputes as to the terms thereof, regardless of the language version, shall be governed by, and construed in accordance with, the law of Ireland.

## DEFINITIONS

<b>“Articles”:</b>	means the memorandum and articles of association of the Company;
<b>“Base Currency”:</b>	means in relation to a Fund, the currency of that Fund which is identified in the relevant part of the section titled “The Funds”;
<b>“Benchmark Regulation”:</b>	means Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds;
<b>“Business Day”:</b>	means a day on which Irish retail banks are open for business or such other days as the Directors may decide;
<b>“Central Bank”:</b>	means the Central Bank of Ireland or any successor regulatory authority with responsibility for the authorisation and supervision of the Company;
<b>“Central Bank Regulations”:</b>	means the Central Bank (Supervision and Enforcement) Act 2013 (Section 48(1)) (Undertakings For Collective Investment in Transferable Securities) Regulations 2019 as may be amended, supplemented, consolidated, substituted in any form or otherwise modified from time to time;
<b>“Central Bank Rules”:</b>	means the Central Bank Regulations and any other statutory instrument, regulations, rules, conditions, notices, requirements or guidance of the Central Bank issued from time to time applicable to the Company pursuant to the Regulations;
<b>“CIS”:</b>	means a UCITS or other alternative investment fund within the meaning of Regulation 68(1)(e) of the Regulations and which is prohibited from investing more than 10 per cent of its assets in other such collective investment schemes;
<b>“Class”:</b>	means any class of Shares of a Fund;
<b>“Class Currency”:</b>	means in relation to any Class of a Fund, the currency in which the Shares are issued;
<b>“CRS”:</b>	means the Standard for Automatic Exchange of Financial Account Information approved on 15 July 2014 by the Council of the Organisation for Economic Cooperation and Development, also known as the Common Reporting Standard, and any bilateral or multilateral competent authority agreements, intergovernmental agreements and treaties, laws, regulations, official guidance or other instrument facilitating the implementation thereof and any law implementing the Common Reporting Standard;
<b>“Credit Securities Instruments”:</b>	<b>and</b> means transferable debt securities and instruments of varying durations that are denominated in a variety of currencies and issued by a number of different types of issuer, such as companies, including but not limited to, zero coupon bonds, discount bonds, insurance-linked bonds, mortgage-backed debt securities, asset-backed debt instruments and corporate debt securities (including corporate bonds), that may have fixed or floating interest rates and that may be rated investment grade or below investment grade, but which shall not include convertible debt securities, financial derivative instruments and money-market instruments;

<b>“Data Protection”:</b>	means, from 25 May 2018 onwards the EU data protection regime introduced by the General Data Protection Regulation (Regulation 2016/679);
<b>“Dealing Day”:</b>	means except where a Dealing Variation Period applies in relation to a Fund, those Business Days following the Initial Offer Period that are set out for that Fund in the relevant part of the section titled “The Funds”, provided that at least one Dealing Day (for the purposes of redemptions) occurs every fortnight;
<b>“Dealing Variation Period”:</b>	means in relation to a Fund, a period where certain Business Days other than those set out for that Fund in the relevant part of the section titled “The Funds”, are determined by the Directors as Dealing Days, provided that: <ul style="list-style-type: none"> <li>(i) the Central Bank and Shareholders have been notified in advance of that determination; and</li> <li>(ii) at least one Dealing Day (for the purpose of redemptions) occurs every fortnight;</li> </ul>
<b>“Depositary”:</b>	means State Street Custodial Services (Ireland) Limited or any successor depositary appointed by the Company with the prior approval of the Central Bank as the depositary of the Company;
<b>“Depositary Agreement”:</b>	means the depositary agreement between the Company and the Depositary as may be amended or supplemented from time to time in accordance with the Central Bank Rules, pursuant to which the latter was appointed as depositary of the Company;
<b>“Dilution Adjustment”:</b>	means an adjustment made on net subscriptions and/or net repurchases as a percentage of the value of the relevant subscription/repurchase calculated for the purposes of determining a subscription price or repurchase price to reflect the impact of dealing costs relating to the acquisition or disposal of assets and to preserve the value of the underlying assets of the relevant Fund;
<b>“Directors”:</b>	means the directors of the Company;
<b>“Distribution Date”:</b>	means for any Class of Shares of a Fund a date on which income distributions for the Fund and/or that Share Class are to be made;
<b>“Eligible Counterparties”:</b>	means a counterparty to OTC derivatives with which a Fund may trade and belonging to one of the categories approved by the Central Bank which at the date of this Prospectus comprise the following: <ul style="list-style-type: none"> <li>(i) a Relevant Institution;</li> <li>(ii) an investment firm, authorised in accordance with the Markets in Financial Instruments Directive in an EEA member state; or</li> <li>(iii) a group company of an entity issued with a bank holding company licence from the Federal Reserve of the United States of America where that group company is subject to bank holding company consolidated supervision by that Federal Reserve.</li> </ul>

<b>“Emerging Markets”:</b>	means any market not included in the following group of industrialised countries: Australia, Austria, Belgium, Bermuda, Canada, Denmark, Finland, France, Germany, Greece, Hong Kong, Ireland, Italy, Japan, Luxembourg, Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, United Kingdom and United States;
<b>“EMIR”:</b>	means Regulation (EU) No 648/2012 on OTC derivatives, central counterparties and trade repositories;
<b>“Equities”:</b>	means equity securities issued by companies including ordinary shares, preference shares and common stock;
<b>“Equity-Related Instruments”:</b>	means American depository receipts, global depository receipts, rights issues, equity notes, equity-linked securities and participatory notes, but shall not include convertible debt securities;
<b>“Exchange Traded Fund”:</b>	means an exchange traded fund, the units of which may be classified under the Regulations as units in a UCITS or units in an AIF;
<b>“Europe” or “European”:</b>	means the region comprising the member states of the European Union, Central and Eastern European countries;
<b>“Excessive Dealing”:</b>	means the repeated subscription for or redemption of Shares in line with market fluctuations or excessively large subscriptions or redemptions that disrupt the implementation of the investment strategies of the Funds or that lead to increased expenses, adversely affecting the interests of all Shareholders, except where the aforementioned activity is: <ul style="list-style-type: none"> <li>(i) conducted on behalf of a Shareholder that requires the periodic re-allocation of assets; and</li> <li>(ii) infrequent and not part of a clearly discernable timing pattern;</li> </ul>
<b>“FATCA”:</b>	means: <ul style="list-style-type: none"> <li>(a) sections 1471 to 1474 of the U.S. Internal Revenue Code of 1986 or any associated regulations or other official guidance;</li> <li>(b) any intergovernmental agreement, treaty, regulation, guidance or other agreement between the Government of Ireland (or any Irish government body) and the US or any other jurisdiction (including any government bodies in such jurisdiction), entered into in order to comply with, facilitate, supplement, implement or give effect to: the legislation, regulations or guidance described in paragraph (a) above; and</li> <li>(c) any legislation, regulations or guidance in Ireland that give effect to the matters outlined in the preceding paragraphs;</li> </ul>
<b>“FDI”:</b>	means a financial derivative instrument (including an OTC derivative);
<b>“Fixed Income Securities and Instruments”:</b>	means transferable debt securities and instruments of varying durations that are denominated in a variety of currencies and issued by a number of different types of issuer, such as governments and companies, including but not limited to, municipal and government bonds, agency debt instruments (being that issued by local authorities or public international

bodies of which one or more States is a member), zero coupon bonds, discount bonds, insurance-linked bonds, mortgage-backed debt securities, asset-backed debt instruments and corporate debt securities (including corporate bonds) that are listed, traded or dealt in on a Regulated Market in the OECD, that may have fixed or floating interest rates and that may be rated investment grade or below investment grade, but shall not include convertible debt securities, financial derivative instruments and money-market instruments;

<b>“Fund” or “Funds”:</b>	means any fund or funds from time to time established by the Company in accordance with the requirements of the Central Bank, each of which shall comprise one or more Classes of Share in the Company;
<b>“German Tax”:</b>	means the German Investment Tax Act and German Investment Tax Reform Act;
<b>“Green Power Generation”:</b>	means the amount of energy a company generates from wind, solar, biomass, geothermal, wave/tidal or hydroelectric sources;
<b>“Growth Companies”:</b>	means companies that in the sole opinion of the relevant Investment Manager, Money Manager or Adviser exhibit growth characteristics including: <ul style="list-style-type: none"><li>(i) above-average growth rates in earnings or sales; or</li><li>(ii) high or improving returns on capital;</li></ul>
<b>“High Dividend Companies”:</b>	means companies that in the sole opinion of the relevant Investment Manager, Money Manager or Adviser currently offer or will ultimately offer an attractive dividend yield;
<b>“Investor Money Regulations”:</b>	means the Central Bank (Supervision and Enforcement) Act 2013 (Section 48(1)) Investor Money Regulations 2015 for Fund Service Providers, as may be amended from time to time;
<b>“Initial Offer Period”:</b>	means the period determined by the Directors during which Shares are first offered for subscription and in the case of a Fund shall be such date or dates as the Directors may determine having notified the Central Bank and in the case of the Share Classes described as “New” in Schedule 1, such period as specified therein. The Central Bank will be notified in advance of any extension of the period if subscriptions have been received and otherwise shall be notified subsequently, on an annual basis;
<b>“Irish Resident”:</b>	means any person resident in Ireland or ordinarily resident in Ireland (as described in the Irish Taxation section of this Prospectus), other than an Exempt Irish Resident;
<b>“Investment Adviser”:</b>	means the person or persons from time to time appointed by the Principal Money Manager or an Investment Manager to act as an investment adviser;
<b>“Investment Manager”:</b>	means Russell Investments Management LLC or Russell Investments Management Limited;
<b>“Investment Pools”:</b>	means investment pools as defined in the section “Investment Pools” below;



<b>“KIID”:</b>	means the key investor information document;
<b>“Listed Property Entites”</b>	means listed entities that are engaged in commercial real estate businesses including the ownership, management, and/or development of income-producing properties;
<b>“Listed Infrastructure Entities”</b>	means listed entities that are engaged in infrastructure businesses that are linked to the basic facilities, services and installations needed for the functioning of a community or society, such as energy storage, transmission and distribution, water provision and waste water processing, transportation facilities such as roads, seaport, rail lines, social infrastructure such as schools, hospitals and prisons and some telecommunications that are monopolistic in nature such as poles, towers and lines.
<b>“Management Agreement”:</b>	means the management agreement between the Company and the Manager dated 30 September 2021 pursuant to which the latter was appointed to act as management company of the Company, as may be further amended from time to time in accordance with the requirements of the Central Bank;
<b>“Manager”:</b>	means Carne Global Fund Managers (Ireland) Limited;
<b>“MiFID II”:</b>	means the Markets in Financial Instruments Directive (recast) (Directive 2014/65/EU);
<b>“MiFID II Delegated Directive”:</b>	means Commission Delegated Directive (EU) of 7 April 2016 supplementing Directive 2014/65/EU of the European Parliament and of the Council with regard to safeguarding of financial instruments and funds belonging to clients, product governance obligations and the rules applicable to the provision or reception of fees, commissions or any monetary or non-monetary benefits;
<b>“Money Manager”:</b>	means the person or persons from time to time appointed by the Principal Money Manager to act as a money manager of a Fund;
<b>“Net Asset Value” or “NAV”:</b>	means the net asset value of the Company or of a Fund or calculated as described herein;
<b>“Net Asset Value per Share”:</b>	means the Net Asset Value of each Class of a Fund divided by the number of Shares issued in respect of such Class;
<b>“Net Income”:</b>	<p>means in relation to Russell Investments Global High Dividend Equity and Russell Investments Global Listed Infrastructure (each a Fund which charges fees and expenses to capital rather than income): all interest, dividends and other amounts deemed by the Manager to be in the nature of income.</p> <p>in relation to all other Funds: all interest, dividends and other amounts deemed by the Manager to be in the nature of income less the relevant estimated Fund expenses applicable to that dividend period;</p>
<b>“OECD”:</b>	means the Organisation for Economic Co-Operation and Development;

<b>“OTC”:</b>	means over-the-counter and refers to derivatives negotiated between two counterparties;
<b>“Principal Money Manager”:</b>	means Russell Investments Limited;
<b>“Principal Money Manager and Advisory Agreement”:</b>	means the principal money manager agreement between the Company, the Manager and the Principal Money Manager on 30 September 2021 as may be further amended from time to time in accordance with the requirements of the Central Bank;
<b>“Regulated Market”:</b>	any stock exchange or regulated market in the EU or a stock exchange or regulated market, details of which are set out in Schedule 4 hereto;
<b>“Regulations”:</b>	means the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations, 2011 as amended and as may be further amended, supplemented or replaced from time to time and any rules made by the Central Bank pursuant to them;
<b>“Revenue Commissioners”:</b>	means the Revenue Commissioners of Ireland;
<b>“Russell Investments”:</b>	means any or all of Russell Investments Systems Limited and its subsidiaries, including the Principal Money Manager and any other affiliates conducting business under the name “Russell Investments” and any successor entity of those entities;
<b>“Securities Financing Transactions”:</b>	means repurchase agreements, reverse repurchase agreements, securities lending agreements and any other transactions within the scope of SFTR that a Fund is permitted to engage in;
<b>“Securitisation Position”:</b>	means an instrument held by a Fund that meets the criteria of a "Securitisation" contained in Article 2 of the Securitisation Regulation so as to bring such instruments into the scope of the Securitisation Regulation and trigger obligations which must be met by the Fund (as an "institutional investor" under the Securitisation Regulation). Without prejudice to the precise definition in Article 2 of the Securitisation Regulation, this generally covers transactions or schemes, whereby (i) the credit risk associated with an exposure or a pool of exposures is divided into classes or tranches; (ii) payments are dependent upon the performance of the exposure or of the pool of exposures; and (iii) the subordination of classes or tranches determines the distribution of losses during the ongoing life of the transaction or scheme;
<b>“Securitisation Regulation”:</b>	means the Securitisation Regulation (EU) 2017/2402, as may be amended from time to time;
<b>“SFDR” or the “Sustainable Finance Disclosure Regulation”:</b>	means Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector, as may be amended, supplemented, consolidated, substituted in any form or otherwise modified from time to time;
<b>“SFDR Annex”</b>	means an annex to this Prospectus issued from time to time, prepared for the purpose of meeting the specific financial product level disclosures contained in SFDR and specifically, the disclosure requirements applicable to Article 8 financial products;

<b>“SFT Regulations” or “SFTR”:</b>	means Regulation 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, consolidated, substituted in any form or otherwise modified from time to time;
<b>“Share” or “Shares”:</b>	means a share or shares in the capital of the Company;
<b>“Short-Term Instruments”:</b>	means short-term debt instruments issued by a number of different types of issuer such as governments and companies that have a maturity of less than one year, including without limitation, certificates of deposit, bankers’ acceptances, commercial paper, treasury bills and agency discount paper. The duration of floating rate instruments will be recognised as the duration of the reset period;
<b>“Small Cap Companies”:</b>	means companies which are small in terms of their relative market capitalisation and which are constituents of a recognised small-cap index such as the Russell/Nomura Small Cap Index in Japan or the Russell Europe Small Cap Index in Europe;
<b>“Subscriber Shares”:</b>	means the initial share capital of 39,000 shares of no par value subscribed for at EUR39,000;
<b>“Subscription/Redemption Accounts”:</b>	means the account in the name of the Company through which subscription monies and redemption proceeds and dividend income (if any) for each Fund are channelled, the details of which are specified in the application form;
<b>“Support Services Agreement”:</b>	means the support services agreement between the Company and Russell Investments Limited on 30 September 2021 as may be further amended from time to time in accordance with the requirements of the Central Bank;
<b>“Taxonomy Regulation”</b>	means the Regulation on the Establishment of a Framework to Facilitate Sustainable Investment (Regulation EU/2020/852) as may be supplemented, consolidated, substituted in any form or otherwise modified from time to time;
<b>“TCA”:</b>	means the Irish Taxes Consolidation Act 1997, as amended;
<b>“Total Power Generation”:</b>	means the total amount of energy a company produces from all sources;
<b>“Total Return Swap”:</b>	means a derivative (and a transaction within the scope of SFTR) whereby the total economic performance of a reference obligation is transferred from one counterparty to another counterparty;
<b>“Transferable Securities”:</b>	means: <ul style="list-style-type: none"> <li>(i) shares in companies and other securities equivalent to shares in companies which fulfil the applicable criteria specified in Part 1 of Schedule 2 of the Regulations;</li> <li>(ii) bonds and other forms of securitised debt which fulfil the applicable criteria specified in Part 1 of Schedule 2 of the Regulations;</li> </ul>

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

**“Trust Units”:** means transferable units that are listed and traded on Regulated Markets and that are issued by Listed Property Entities or Listed Infrastructure Entities that are trusts;

**“UCITS”:** means an undertaking for collective investment in Transferable Securities established pursuant to the UCITS Directive;

**“UCITS Directive”:** means Directive 2009/65/EC of the European Parliament and the Council of 13 July 2009 on the co-ordination of laws, regulations and administrative provisions relating to undertakings for collective investment in Transferable Securities (UCITS);

**“UCITS V”:** means Directive 2014/91/EU of the European Parliament and of the Council of 23 July 2014 amending Directive 2009/65/EC on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in Transferable Securities as regards depositary functions, remuneration and sanctions as amended from time to time and including any supplementing European Commission delegated regulations in force from time to time;

**“U.S. Person”:** means, unless otherwise determined by the Directors, any person who is not a Non-United States Person: (i) a natural person who is not a resident of the United States or an enclave of the U.S. government, its agencies or instrumentalities; (ii) a partnership, corporation or other entity, other than an entity organised principally for passive investment, organised under the laws of a non-U.S. jurisdiction and which has its principal place of business in a non-U.S. jurisdiction; (iii) an estate or trust, the income of which is not subject to U.S. income tax regardless of source; (iv) an entity organised principally for passive investment such as a pool, investment company or other similar entity, provided, that units of participation in the entity held by persons who do not qualify as Non-United States persons or otherwise as qualified eligible persons (as defined in CFTC Rule 4.7(a)(2) or (3)) represent in the aggregate less than 10 per cent., of the beneficial interest in the entity, and that such entity was not formed principally for the purpose of facilitating investment by persons who do not qualify as Non-United States persons in a pool with respect to which the operator is exempt from certain requirements of Part 4 of the CFTC’s regulations by virtue of its participants being Non-United States persons; and regulations by virtue of its participants being Non-United States persons; and (v) a pension plan for the employees, officers or principals of an entity organised and with its principal place of business outside the United States; and

**“Value Companies”:** means companies that in the sole opinion of the relevant Investment Manager, Money Manager or Adviser are undervalued by the relevant market.

**OpenWorld  
Public Limited Company**

**Board of Directors of the Company**

Mr. James Firn (Chairman)  
Mr. John McMurray  
Mr. William Roberts  
Mr. David Shubotham  
Mr. Joseph Linhares  
Mr. Neil Jenkins  
Mr. Tom Murray  
Mr. Peter Gonella  
Mr. William Pearce

**Registered Office**

78 Sir John Rogerson's Quay,  
Dublin 2,  
Ireland.

**Manager**

Carne Global Fund Managers (Ireland) Limited,  
2<sup>nd</sup> Floor, Block E,  
Iveagh Court,  
Harcourt Road,  
Dublin 2,  
Ireland.

**Depository**

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

**Administrator**

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

**Auditors**

PricewaterhouseCoopers,  
Chartered Accountants,  
One Spencer Dock,  
North Wall Quay,  
Dublin 1,  
Ireland.

**Board of Directors of the Manager**

Neil Clifford  
Teddy Otto  
Sarah Murphy  
Elizabeth Beazley  
Christophe Douche  
Jackie O'Connor

**Legal Advisers**

Maples and Calder (Ireland) LLP,  
75 St Stephens Green,  
Dublin 2,  
Ireland.

**Company Secretary**

MFD Secretaries Limited,  
32 Molesworth Street,  
Dublin 2,  
Ireland.

**Principal Money Manager, Distributor and UK  
Facilities Agent**

Russell Investments Limited,  
Rex House,  
10 Regent Street, St. James's,  
London SW1Y 4PE,  
England.

**Promoter**

Russell Investments Limited,  
Rex House,  
10 Regent Street, St. James's,  
London SW1Y 4PE,  
England.

**German Information Agent**

Russell Investments Limited,  
Zweigniederlassung Frankfurt am Main,  
OpfernTurm,  
Bockenheimer Landstraße 2-4,  
60306 Frankfurt am Main,  
Germany.

## THE COMPANY

### Introduction to OpenWorld p.l.c.

The Company was incorporated on 12 June 2008 under registration number 458665 and was authorised by the Central Bank on 19 November 2008. Each of the Funds was approved on 19 November 2008 except for Russell Investments Global Low Carbon Equity Fund which was approved on 7 June 2017 and Russell Investments Global Future Equity Fund which was approved on 6 June 2025.

The Company is a UCITS within the meaning of the Regulations. The Company is organised in the form of an umbrella fund with segregated liability between Funds. Each Fund may be comprised of one or more Classes of Shares in the Company. These Classes are distinguished principally on the basis of the management fee payable, distribution policy, subscription and holding amounts or Class Currency.

The Company may, with the prior approval of the Central Bank, create additional Funds and may create, with prior notification to and clearance with the Central Bank, additional Classes of Shares.

**Authorisation of the Company by the Central Bank is not an endorsement or guarantee of the Company by the Central Bank nor is the Central Bank responsible for the contents of the Prospectus. The authorisation of the Company by the Central Bank shall not constitute a warranty as to performance of the Company and the Central Bank shall not be liable for the performance or default of the Company.**

### Management of the Funds

Russell Investments Limited has been appointed as Principal Money Manager by the Manager with discretionary powers pursuant to the Principal Money Manager and Advisory Agreement (as further described below).

The Principal Money Manager may delegate the discretionary investment management functions in respect of the assets of each or any Fund, as further described below. For example, the Principal Money Manager:

- (i) may appoint one or more Money Managers to manage the whole or a portion of a Fund's assets.
- (ii) may manage or may appoint one or more Investment Managers to manage the whole or a portion of a Fund's assets. In this scenario, there are three possibilities:
  - a) the Principal Money Manager/Investment Manager may appoint one or more Investment Advisers who have expertise in a particular sector and/or asset class. The optimal views on securities or instruments from those Investment Advisers will be aggregated by the Principal Money Manager/Investment Manager and trades will be effected by an Investment Manager on a periodic basis with a view to improving trading efficiency, managing portfolio risk more effectively and reducing potential transaction costs in respect of a Fund's investments.
  - b) the Principal Money Manager/Investment Manager may manage a portion of the Fund's assets directly. The aim of this approach is to enable the management of exposures at a total portfolio level for risk management and return enhancement purposes.
  - c) the Principal Money Manager/Investment Manager may manage all or a portion of the Fund's assets directly in pursuit of the investment objective and policy.

Information concerning the Money Managers, the Investment Managers and Investment Advisers will be provided by the Company, free of charge, upon a Shareholder's request. Information concerning the Money Managers, the Investment Managers and Investment Advisers appointed to the respective Funds is also contained in the Company's latest annual and half-yearly reports. The Principal Money Manager will monitor each Fund's characteristics in detail, and in consultation with the relevant Money Managers and/or Investment Managers.

## THE FUNDS

The investment objective and strategy of each Fund is set out on the following pages of this section. The investment objective of a Fund may not be altered, and material changes to the investment policy of a Fund may not be made, without prior approval of Shareholders on the basis of: (i) a majority of votes cast at a meeting of the Shareholders of the particular Fund duly convened and held; or (ii) with the prior written approval of all Shareholders of the relevant Fund. In the event of a change of the investment objective and/or a material change in the investment policy of a Fund, by way of a majority of votes cast at a meeting of the relevant Shareholders, Shareholders in the relevant Fund will be given reasonable notice of such change to enable them to request the repurchase of their Shares prior to implementation of the change.

Subject to the Central Bank Rules and where more than one Fund is established within the Company, each of the Funds may invest in the other Funds of the Company where such investment is appropriate to the investment objectives and policies of the relevant Fund. Any commission received by the Principal Money Manager (including a rebated commission) in respect of such investment will be paid into the assets of the relevant Fund. In addition, no preliminary charge, repurchase charge or exchange charge may be charged on the cross-investing Fund's investment.

In order to avoid double-charging of any management fee, investment management fee and/or any performance fee, any Fund that is invested in another Fund may not be charged a management fee, an investment management fee and/or performance fee in respect of that part of its assets invested in other Funds unless such investment in another Fund is made into a Class of Shares that does not attract any management fee, investment management fee and/or performance fee. Investment may not be made by a Fund in a Fund which itself cross-invests in another Fund within the Company.

If a Fund invests a substantial proportion of its Net Asset Value in other collective investment schemes and/or other Funds of the Company, the maximum level of the management fees that may be charged to the Fund by the other collective investment schemes or both, as the case may be, will be set out in the relevant Supplement for the relevant Fund. Details of such fees will also be contained in the relevant Fund's annual report. Such fees and expenses, in the aggregate, may exceed the fees and expenses that would typically be incurred by an investor making a direct investment in an underlying fund. In addition, performance based compensation arrangements may create an incentive for the investment managers of such underlying funds to make investments that are more risky or more speculative than would be the case if such arrangement were not in effect.

## **Russell Investments Global High Dividend Equity**

**The Fund may invest more than 20% of its Net Asset Value in Emerging Markets. Accordingly, an investment in the Fund should not constitute a substantial proportion of an investment portfolio and may not be appropriate for all investors. Please refer to the risk factors set out in the section titled "Risk Considerations".**

### **Investment Objective**

The Fund aims to provide long-term capital appreciation from a portfolio comprised predominantly of Equities and Equity-Related Instruments.

### **Investment Strategies**

The Fund will seek to achieve its investment objective by implementing the following strategies:

1. The Fund will predominantly invest in Equities and Equity-Related Instruments that are listed, traded or dealt in on Regulated Markets worldwide.
2. At least two-thirds of the Fund's total assets will be invested in Equities and Equity-Related Instruments that are issued by or in respect of High Dividend Companies worldwide.
3. Provided that the requirements of paragraph 1 and 2 are satisfied, any part of the Fund that is not invested in the Equities and Equity-Related Instruments set out in paragraph 2 may be invested in:
  - other Equities and Equity-Related Instruments listed, traded or dealt in on other Regulated Markets, collective investment schemes, Short-Term Instruments, unlisted securities and convertible debt securities in accordance with the investment strategies and restrictions set out in the section titled "General Investment Strategies and Restrictions" and Schedule 5; and
  - financial derivative instruments for efficient portfolio management purposes and/or for investment purposes in accordance with paragraphs 1(a) and 1(b) of Schedule 2, provided that the Fund is only leveraged up to 100% of its Net Asset Value as a result of its use of financial derivative instruments.
4. The Fund may engage in securities lending at the direction of the Manager provided that such securities lending is conducted within the limits specified by the Central Bank as currently set out in Schedule 6.

The Russell Investments Global High Dividend Equity invests at least 70 per cent. of its net assets in equity securities as defined by German Tax Law.

### Exposure Monitoring

It is anticipated that the Fund will have 145 per cent long exposure and 25 per cent short exposure. Short exposure will only be gained through the use of financial derivative instruments. It is possible that the Fund may be subject to higher exposure levels from time to time. The anticipated range of long and short exposures is calculated on a gross basis.

### How indexes are used by the Fund

The Fund will be actively managed with reference to the MSCI ACWI Index (USD) – Net Returns ("MSCI ACWI").

The Principal Money Manager (or its duly appointed delegate) has full discretion to select investments for the Fund and in doing so will take into consideration the MSCI ACWI but is not constrained by it.



The Principal Money Manager (or its duly appointed delegate) may appoint one or more Investment Advisers who have expertise in, for example, a particular geographical area, style, sector and/or asset class. The Principal Money Manager (or its duly appointed delegate) may consider the views of such Investment Advisers regarding the selection of securities or instruments when managing portions of the Fund.

In each case, the Principal Money Manager (or its duly appointed delegate) may evaluate the views of an Investment Adviser with reference to an index which is not the MSCI ACWI, but is considered appropriate for the investment strategy in which the Investment Adviser has expertise. Any such index may be used by the Principal Money Manager (or its duly appointed delegate) for the purpose of oversight of the Investment Adviser and/or as the basis for constraints given to the Investment Adviser(s). It may also be used for performance measurement purposes for a particular portion of the Fund.

Any use of such an index(es) will not result in a constraint on the overall portfolio of the Fund (i.e. the portfolio of the Fund will continue to be managed on a fully discretionary basis and in accordance with the investment objective). The purpose of using such index(es) is to deliver a more focused strategy by the Principal Money Manager (or its duly appointed delegate) in terms of style, geographical or sector focus for the purposes of delivering on the overall objective of the Fund. Details of any such indexes are available from the Manager upon request and will be published in the audited financial statements of the Company.

The Fund references MSCI ACWI for performance measurement purposes (this may include measurement of net returns and various other portfolio management and risk management metrics).

The Fund seeks to outperform MSCI ACWI by 1.25% over the medium to long term.

The Fund may also pay a performance fee to the Principal Money Manager which is calculated using an index. Further information is set out in the “Performance Fees” section.

#### SFDR Classification

The Fund promotes environmental characteristics within the meaning of Article 8 of SFDR. **Please see the SFDR Annex at Schedule 11 of this Prospectus** for full details on these characteristics (including how they are measured and achieved).

**Base Currency:** US\$

**Dealing Day:** every Business Day – refer to the sections titled “Subscription timetable for Funds dealing every Business Day” and “Redemption timetable for Funds dealing every Business Day”.

**Profile of a Typical Investor:** A typical investor in the Fund will be an investor who seeks capital appreciation over the long-term (typically 5 years or more) and who is willing to accept moderate to high levels of volatility.

## **Russell Investments Global Listed Infrastructure**

**The Fund may invest more than 20% of its Net Asset Value in Emerging Markets. Accordingly, an investment in the Fund should not constitute a substantial proportion of an investment portfolio and may not be appropriate for all investors. Please refer to the risk factors set out in the section titled "Risk Considerations".**

### **Investment Objective**

The Fund aims to provide long-term capital appreciation from a portfolio comprised predominantly of Equities, Equity-Related Instruments and Trust Units.

### **Investment Strategies**

The Fund will seek to achieve its investment objective by implementing the following strategies:

1. The Fund will predominantly invest in Equities, Equity-Related Instruments and Trust Units that are listed, traded or dealt in on Regulated Markets worldwide.
2. At least two-thirds of the Fund's total assets will be invested in Equities, Equity-Related Instruments and Trust Units that are issued by or in respect of Listed Infrastructure Entities worldwide.
3. Provided that the requirements of paragraph 1 and 2 are satisfied, any part of the Fund that is not invested in the Equities, Equity-Related Instruments and Trust Units set out in paragraph 2 may be invested in:
  - other Equities and Equity-Related Instruments listed, traded or dealt in on Regulated Markets, collective investment schemes, Short-Term Instruments, unlisted securities and convertible debt securities in accordance with the investment strategies and restrictions set out in the section titled "General Investment Strategies and Restrictions" and Schedule 5; and
  - financial derivative instruments for efficient portfolio management purposes and/or for investment purposes in accordance with paragraphs 1(a) and 1(b) of Schedule 2, provided that the Fund is only leveraged up to 100% of its Net Asset Value as a result of its use of financial derivative instruments.
4. The Fund may engage in securities lending at the direction of the Manager provided that such securities lending is conducted within the limits specified by the Central Bank as currently set out in Schedule 6.

The Russell Investments Global Listed Infrastructure invests at least 70 per cent. of its net assets in equity securities as defined by German Tax Law.

### Exposure Monitoring

It is intended that the Fund will be managed to operate in normal circumstances on a long only basis. Short exposure will only be gained through the use of financial derivative instruments. It is possible that the Fund may be subject to higher exposure levels from time to time. The anticipated range of long and short exposures is calculated on a gross basis.

### How indexes are used by the Fund

The Fund will be actively managed with reference to the S&P Global Infrastructure Index (USD) - Net Returns ("S&P GI Index").

The Principal Money Manager (or its duly appointed delegate) has full discretion to select investments for the Fund and in doing so will take into consideration the S&P GI Index but is not constrained by it.

The Principal Money Manager (or its duly appointed delegate) may appoint one or more Investment Advisers who have expertise in, for example, a particular geographical area, style, sector and/or asset class. The Principal Money

Manager (or its duly appointed delegate) may consider the views of such Investment Advisers regarding the selection of securities or instruments when managing portions of the Fund.

In each case, the Principal Money Manager (or its duly appointed delegate) may evaluate the views of an Investment Adviser with reference to an index which is not the S&P GI Index, but is considered appropriate for the investment strategy in which the Investment Adviser has expertise. Any such index may be used by the Principal Money Manager (or its duly appointed delegate) for the purpose of oversight of the Investment Adviser and/or as the basis for constraints given to the Investment Adviser(s). It may also be used for performance measurement purposes for a particular portion of the Fund.

Any use of such an index(es) will not result in a constraint on the overall portfolio of the Fund (i.e. the portfolio of the Fund will continue to be managed on a fully discretionary basis and in accordance with the investment objective). The purpose of using such index(es) is to deliver a more focused strategy by the Principal Money Manager (or its duly appointed delegate) in terms of style, geographical or sector focus for the purposes of delivering on the overall objective of the Fund. Details of any such indexes are available from the Manager upon request and will be published in the audited financial statements of the Company.

The Fund seeks to outperform S&P GI Index by 2.00% over the medium to long term.

The Fund may also pay a performance fee to the Principal Money Manager which is calculated using an index. Further information is set out in the “Performance Fees” section.

#### SFDR Classification

The Fund promotes environmental characteristics within the meaning of Article 8 of SFDR. **Please see the SFDR Annex at Schedule 11 of this Prospectus** for full details on these characteristics (including how they are measured and achieved).

**Base Currency:** US\$

**Dealing Day:** every Business Day – refer to the sections titled “Subscription timetable for Funds dealing every Business Day” and “Redemption timetable for Funds dealing every Business Day”.

**Profile of a Typical Investor:** A typical investor in the Fund will be an investor who seeks capital appreciation over the long-term (typically 5 years or more) and who is willing to accept moderate to high levels of volatility.

## Russell Investments Global Low Carbon Equity Fund

### Investment Objective

The investment objective of Russell Investments Global Low Carbon Equity Fund is to gain exposure to global equities with a focus on reducing carbon exposure and improving Environmental, Social and Governance ("ESG") characteristics relative to the MSCI World Index (the "Index").

### Investment Policies/Strategies

In order for the Fund to achieve its objective, the Fund will:

- a) invest all, or substantially all, of its assets directly in a sample representation of the Equities and Equity-Related Instruments constituting the Index; and
- b) then apply an active overlay to such Equities and Equity-Related Instruments in order to identify those securities within the Index which will allow the Fund to: (i) reduce its carbon exposure levels compared to the Index; (ii) deliver a higher Green Energy Ratio (as defined in the SFDR Annex at Schedule 11 to this Prospectus) than the Index; and (iii) achieve a higher ESG score than the Index.

### The Index

The Index is a float-adjusted market capitalisation weighted index that captures large and mid cap companies across 23 developed market countries. The Index is a broad market index which does not focus on the reduction of carbon exposure or improve ESG characteristics. It covers approximately 85% of the free float-adjusted market capitalization in each country. The Index is a broad market index which does not focus on the reduction of carbon exposure or improve ESG characteristics. The Index is reviewed quarterly (in February, May, August and November). During the May and November semi-annual index reviews, the Index is rebalanced and the large and mid-capitalisation cut-off points are recalculated. Index performance is calculated daily in USD and is not hedged, which means the Index will be subject to fluctuations in the underlying currencies of the securities comprising the Index.

Further details regarding the Index (including its constituents, composition and methodology) are available on the Index provider's website and can be easily accessed by navigating the following link:

<https://www.msci.com/developed-markets>

### SFDR Classification

The Fund promotes environmental characteristics within the meaning of Article 8 of SFDR. **Please see the SFDR Annex at Schedule 11 of this Prospectus** for full details on these characteristics (including how they are measured and achieved).

### Asset Selection

The Fund will seek to invest in Equities and Equity-Related Instruments (in the form of American depository receipts, global depository receipts, rights issues, equity notes, equity-linked securities and participatory notes, but shall not include convertible debt securities) which are a representative selection of those held in the Index for the purposes of providing a return comparable to that of the Index. The Principal Money Manager may determine to omit or exclude some securities of the Index, for example those that are illiquid or with a very low weighting (i.e. the Index may contain too many securities for the Fund to be able to purchase them all efficiently and/or which contain securities which are difficult to purchase in the open markets.)

Fund may invest in securities which are not constituents of the Index where the Principal Money Manager considers that such securities may provide a similar return to certain securities that make up the Index and/or the Principal Money Manager believes this to be appropriate in light of the investment objective and investment restrictions of the Fund, or other factors.

Changes to the composition and/or weighting of the securities constituting the Index will ordinarily require that the Fund make corresponding adjustments or rebalancings to its investments in order to seek to hold a representative sample of the Index.

Following the selection of the sample representation of the Index, the portfolio of Equities and Equity-Related Instruments will be subject to the application of the active ESG overlay strategy, full details of which are set out in the SFDR Annex at Schedule 11.

#### Cash Management

For liquidity purposes the Fund may also hold up to 5% of its Net Asset Value in cash and cash equivalents, including commercial paper, certificates of deposit and treasury bills, with maturities of less than one year.

Furthermore, the Fund may engage in futures for the purposes of cash management and cash equitisation purposes; i.e. will be used to manage any small cash balances held by the Fund for liquidity purposes or subscriptions and/or dividend payments which are received by the Fund. In such instances, the futures may be on (i) the Index and/or (ii) financial indices that the Principal Money Manager believes to be highly correlated to the Index and/or (iii) indices of individual countries and regions that are reflected in the Index and/or (iv) indices which are primarily based on the same markets as the Index. At all times, the underlying of the futures will be consistent with the Investment Policy of the Fund.

#### Financial Derivative Instruments

The Fund may employ investment techniques and financial derivative instruments for investment and/or efficient portfolio management and hedging purposes in limited scenarios within the limits set forth in Schedule 6 as described in the section “Permitted Financial Derivative Instruments”.

Where the assets are not fully invested in the securities comprising of the Index, or it is not possible for the Fund to hold the securities directly, the Fund may seek to achieve its investment objective by investing in financial derivative instruments in the form of futures and options. These financial derivative instruments will be used by the Fund to provide long and short exposure to the Equities and Equity-Related Instruments in accordance with the above policy.

For efficient portfolio management purposes, the Fund may engage in currency hedging transactions (in the form of currency futures, foreign exchange forwards, currency options and currency swaps). These financial derivative instruments will be used by the Fund to hedge against exchange rate risk. The Fund will also carry out spot foreign exchange transactions.

#### **Tracking Error**

As detailed above, in normal market conditions, the Fund will be managed in such a manner that the active overlay will not result in the tracking error of the Fund against the Index exceeding 0.50%.

The annual and half-yearly reports will state the size of the tracking error at the end of the period under review. The annual report will provide an explanation of any divergence between the anticipated and realised tracking error for the relevant period.

The following factors may also adversely affect the difference in returns between the Fund and the Index: (i) the Fund must pay various expenses, while the Index does not reflect any expenses; (ii) the temporary unavailability of certain securities comprising the Index; (iii) the extent that the Fund is not invested identically in respect of the composition and/or weighting of the constituent securities of the Index; and (iv) the extent to which dividends are reinvested in a Fund. The active overlay will not impact the tracking error of the Fund.

#### **Risk Measurement**

In order to protect Shareholders’ interests, the Fund will use VaR as a risk measurement technique to accurately measure, monitor and manage risks. The Fund will use the relative VaR approach to measure the maximum potential loss due to market risk at a given confidence level over a specified time period under prevailing market

conditions. The risk of loss of the Fund will be monitored and calculated daily to ensure that the VaR of the Fund shall not exceed twice that of the VaR of the reference portfolio based on a 1 day holding period and a “one-tailed” 95% confidence interval using historical observation period of at least 1 year. The reference portfolio is the Index which has a risk profile similar to that of the Fund. The Index measures the performance of the global equity market based on all investable equity securities.

The Fund will monitor its use of financial derivative instruments. The level of exposure (calculated based on the sum of the absolute value of notional of the derivatives used, in accordance with the requirements of the Central Bank) is expected to be 5% of the Fund’s Net Asset Value. It is possible that this could increase, for example, during abnormal market conditions and at times when there is low volatility. This figure does not take into account any netting and hedging arrangements that the Fund has in place at any time even though these netting and hedging arrangements are used for risk reduction purposes and is therefore not a risk adjusted method of measuring exposure which means this figure can be higher than it otherwise would be if such netting and hedging arrangements were taken into account. As these netting and hedging arrangements, if taken into account, may reduce the level of exposure, this calculation may not provide an accurate measure of the Fund’s actual level of exposure. In addition there are limitations in using VaR as a statistical measure of risk because it does not directly limit the level of exposure in the Fund and only describes the risk of loss in prevailing market conditions and would not capture future significant changes in volatility.

The Directors have authorised the issuance of the Classes of Shares set out in Schedule 1.

#### **Exposure Monitoring**

It is anticipated that the Fund will be managed to operate in normal circumstances within an anticipated range of 100% long exposure and 5% short exposure. Short exposure will only be gained through the use of financial derivative instruments for the purposes of investment, hedging or risk reduction purposes. It is possible that the Fund may be subject to higher exposure levels from time to time. The anticipated range of long and short exposure is calculated on a gross basis using notional values with no deductions for netting and no deductions for hedging.

**Base Currency:** US\$

**Dealing Day:** every Business Day – refer to the sections titled “Subscription timetable for Funds dealing every Business Day” and “Redemption timetable for Funds dealing every Business Day”.

**Profile of a Typical Investor:** A typical investor in the Fund will be an investor who seeks capital appreciation over the long-term (typically 5 years or more) and who is willing to accept moderate to high levels of volatility.

## Russell Investments Global Future Equity Fund

### Investment Objective

The Russell Investments Global Future Equity Fund aims to provide a total return (meaning a combination of income and capital appreciation).

### Investment Strategies

The Russell Investments Global Future Equity Fund will seek to achieve its investment objective by investing at least 80% of its Net Asset Value in Equities and Equity-Related Instruments that are listed, traded or dealt in on Regulated Markets globally, all of which will be subject to the binding elements of the Russell Investments Global Future Equity Fund's investment strategy used to attain the environmental and social characteristics promoted by the Russell Investments Global Future Equity Fund, as further described below.

The Russell Investments Global Future Equity Fund promotes the following environmental and social characteristics:

- Reduction in carbon emissions: by investing in accordance with the Paris-Aligned Investment Initiative's Net Zero Investment Framework ("PAII NZIF"). This is a top-down portfolio level reference target which is an accountability mechanism ensuring that the decarbonisation of the portfolio is consistent with a "Net Zero" pathway. Net Zero pathways refer to science-based emissions, technology, and/or investment trajectories that limit global average temperature rise with sufficiently high probability. "Net Zero" is further defined in the PAII NZIF Implementation Guide (the "**Implementation Guide**") which is available at this link: <https://www.parisalignedassetowners.org/>.

The Principal Money Manager utilises the PAII NZIF as its primary target-setting framework for measuring Net Zero alignment, as described in the Implementation Guide. The PAII NZIF includes guidance on how to assess the strength and maturity of a company's Net Zero target and performance against six core criteria – ambition, targets, emission performance, disclosure, decarbonisation strategy and capital allocation alignment. The Principal Money Manager uses data from climate-focused organisations such as Climate Action 100+, Transition Pathway Initiative (TPI), and the Science-Based Targets initiative (SBTi) to undertake this analysis. Using this data the Principal Money Manager classifies each underlying company in the Russell Investments Global Future Equity Fund's portfolio on a quarterly basis into the following categories (listed worst to best):

- Not Aligned to Net Zero:** refers to assets without a commitment to decarbonise in a manner consistent with achieving global net zero.
- Committed to Net Zero Alignment:** refers to assets with a long term decarbonisation goal consistent with achieving global net zero by 2050.
- Aligning to Net Zero:** refers to assets with emissions performance not equal to a contextually relevant net zero pathway. However, importantly they have science-based targets and a decarbonisation plan, and are thus ready to transition.
- Aligned with a Net Zero Pathway:** refers to assets which have science based targets, a decarbonisation plan, and current absolute or emissions intensity at least equal to a relevant net zero pathway. This category broadly signifies that transition risk is being managed at an asset level.
- Net Zero:** refers to when assets meet all relevant criteria and have an emissions performance at net zero which can be expected to continue.

Net Zero alignment is measured by the Principal Money Manager, as follows: (i) by monitoring the weighted average carbon dioxide equivalent emissions of investee companies to ensure that the emissions at fund level decrease in line with defined carbon emissions reduction targets (further detailed in the SFDR Annex at Schedule 8); and (ii) by monitoring investee company holdings and categorising them by Net

Zero alignment status to ensure that the holdings within the Fund meet specified Net Zero alignment targets, as further detailed in the SFDR Annex at Schedule 8). If the Principal Money Manager has insufficient data to make this determination about a company, it will be classified as not aligned to Net Zero. Further details on the PAII NZIF and Net Zero alignment can be found in the SFDR Annex at Schedule 8.

- Exclusion of companies with 'qualifying involvement' in certain activities that are considered harmful to the environment and/or society; namely companies which have an exposure to the following industries or activities (in some cases above the applicable exposure limits as set out in detail in the relevant SFDR Annex): controversial weapons, companies with a significant involvement with oil sands, arctic oil and gas, shale energy, thermal coal, tobacco, gambling, adult entertainment and palm oil (“**Excluded Companies**”).

Further details on these exclusions, including the qualification criteria for exclusion and determining what is ‘significant involvement’, can be found in the SFDR Annex at Schedule 8.

The Russell Investments Global Future Equity Fund will only invest in companies which follow good governance practices by international standards. The Principal Money Manager uses a company’s alignment with the United Nations Global Compact Principles as a means of determining whether good governance practices are followed, with certain exceptions, as detailed in the SFDR Annex at Schedule 8.

In accordance with the investment strategies and restrictions set out in the section titled “General Investment Restrictions”, the Russell Investments Global Future Equity Fund may also invest in collective investment schemes (including Exchange Traded Funds), unlisted securities, new issues for which application for listing on a Regulated Market will be sought, convertible debt securities, warrants, Short-Term Instruments and cash. The Russell Investments Global Future Equity Fund may invest up to 5% of its Net Asset Value in REITS (being real estate investment trusts). The Russell Investments Global Future Equity Fund may invest no more than 20% of its Net Asset Value in Emerging Markets, calculated using the exposure of Equities, Equity-Related Instruments and any FDIs (as described below).

The Russell Investments Global Future Equity Fund may use FDIs in accordance with the section titled “Investment Techniques and Financial Derivative Instruments”. For efficient portfolio management purposes, the Russell Investments Global Future Equity Fund may engage in currency hedging transactions to hedge against exchange rate risk. The Russell Investments Global Future Equity Fund will carry out spot foreign exchange transactions. Futures contracts will be used to hedge against market risk or gain exposure to an underlying market. Forward contracts will be used to hedge or gain exposure to an increase in the value of an asset, currency, commodity or deposit. Options will be used to hedge or achieve long or short exposure to particular markets or securities instead of using a physical security. Swaps (including swaptions) will be used to achieve profit by gaining long or short exposure to markets or securities as well as to hedge existing long positions. Forward foreign exchange transactions will be used to reduce the risk of adverse market changes in exchange rates or to increase exposure to foreign currencies or to shift exposure to foreign currency fluctuations from one country to another. Caps and floors will be used to hedge against interest rate movements exceeding given minimum or maximum levels.

### Portfolio Construction

In order to construct the Russell Investments Global Future Equity Fund portfolio, the Principal Money Manager will appoint one or more Investment Advisers who will provide model portfolios comprised of global equities.

The Principal Money Manager will construct the Russell Investments Global Future Equity Fund portfolio based on an aggregation of these model portfolios. The Principal Money Manager may adjust the aggregated model portfolios, using proprietary investment strategies, as required, to enable the management of exposures at a total portfolio level for risk management, return enhancement purposes or to ensure that the Russell Investments Global Future Equity Fund’s environmental and/or social characteristics are achieved.

Each Investment Adviser may have a different investment philosophy and/or investment style as regards the selection of the global Equities and Equity-Related Instruments in the sub-advised model portfolios. These investment styles may consider factors such as “quality”, “growth” and “value”. “Quality” companies include those that have good profitability ratios (including, return on assets, return-on-equity and return on invested capital profitability ratios), strong balance sheets (indicated by low debt-to-equity ratio and low leverage) and high free cash flow yields. “Growth” companies include those that have good potential future earnings growth and revenue



growth. “Value” companies include those that show good value relative to the market and their peers (where the following financial ratios are common indicators: low price multiples per unit of earnings, book value, sales and cash flow).

Utilizing Investment Advisers in this way allows the Russell Investments Global Future Equity Fund to benefit from a diversity of investment approaches across multiple Investment Advisers, each with a high rating under the Principal Money Manager’s proprietary investment manager evaluation framework.

It is the Principal Money Manager, through its selection of Investment Advisers and its construction of the entire fund level portfolio (of which the sub-advised model portfolios are component parts), that ensures the environmental and social characteristics are met.

All Investment Advisers selected for the Russell Investments Global Future Equity Fund will:

- have a clear focus on sustainability issues including climate transition, pollution and waste management and the reduction of greenhouse gas emissions. Each Investment Adviser may have a different approach to assessing such sustainability issues; and
- contribute to the Russell Investments Global Future Equity Fund’s Net Zero-related targets.

The Investment Advisers will be selected from a universe of ESG specialist investment managers identified through the Principal Money Manager’s proprietary research. The Fund’s portfolio construction involves the aggregation of model portfolios provided by various Investment Advisers, each with a different investment philosophy and style. In selecting the Investment Advisers, the Principal Money Manager will assess the extent and the effectiveness with which environmental and/or social characteristics which are promoted by the Fund are integrated into the investment processes of such Investment Advisers so as to ensure that these characteristics are part of the construction process of the underlying sub-advised model portfolios. This diversity ensures that the overall portfolio aligns with the Fund’s promotion of certain environmental and social characteristics while benefiting from a range of investment approaches. The Principal Money Manager ensures that the environmental and social characteristics are met at the total portfolio level, even though individual model portfolios may have different focuses. Examples of the types of ESG characteristics of the Investment Advisers may include but are not limited to: strategies which focus on companies with environmentally friendly business models, or that operate in industries with low levels of pollution; or strategies which focus on investing in solutions to climate change, social or environmental challenges; or which focus on improving companies’ environmental, social or governance practices by engaging directly with the company to improve its business practices. Such characteristics will in the very least, always be consistent with the environmental and/or social characteristics promoted by the Russell Investments Global Future Equity Fund.

Non-financial analysis will be undertaken on at least 90% of the Russell Investments Global Future Equity Fund’s Equities and Equity-Related Instruments.

The Russell Investments Global Future Equity Fund may engage in securities lending at the direction of the Manager provided that such securities lending as described in the section “Investment Techniques and Financial Derivative Instruments”.

#### Approach to stewardship/active ownership/engagement

Active ownership is an important part of the Principal Money Manager’s investment responsibilities and decision-making process.

The Principal Money Manager has a dedicated active ownership team who enable its proxy voting policies, procedures, guidelines and voting decisions. Russell Investments’ proxy voting and governance process is geared toward engagement on issues related to financially-material ESG factors and involves the active participation of a broad set of experienced investment professionals. As part of the Principal Money Manager’s stewardship activities, the Principal Money Manager aims to engage with companies on overall business strategy, capital allocation, and environmental, social and governance practices while encouraging appropriate levels of risk mitigation. The Principal Money Manager’s aim is to promote changes by encouraging good practices on material issues that may protect and enhance long-term sustainable value creation.

The Principal Money Manager pursues a multi-channel approach to stewardship, meaning that the Principal Money Manager may engage with companies directly, engage through and with the underlying Investment Advisers, and

join collaborative engagement efforts with third-party market participants for the purposes of promoting and achieving alignment with the stated environment and social characteristics of the Fund.

Examples of engagement by the Principal Money Manager may include:

- Engagement with companies on Net Zero targets

The Principal Money Manager expects companies to provide a level of transparency that helps investors understand how they may be impacted by climate-related risks and opportunities, how they have embedded climate change into their strategy, and how they ensure that the benefits of a shift to Net Zero are shared, while supporting those most impacted by the change.

- Monitoring

The Principal Money Manager has developed a tracking program by which the Principal Money Manager monitors the status of each individual engagement action, including the relevant focus area and the aim of each outreach. Once underway, engagement activities are tracked for progress against expected outcomes.

For further information on Russell Investments approach to stewardship, active ownership and engagement, refer to: <https://russellinvestments.com/uk/solutions/institutions/responsible-investing>

### Risk Measurement

In order to protect Shareholders' interests, the Russell Investments Global Future Equity Fund will use VaR as a risk measurement technique to accurately measure, monitor and manage risks. The Russell Investments Global Future Equity Fund will use the relative VaR approach to measure the maximum potential loss due to market risk at a given confidence level over a specified time period under prevailing market conditions. The risk of loss of the Russell Investments Global Future Equity Fund will be monitored and calculated daily to ensure that the VaR of the Russell Investments Global Future Equity Fund shall not exceed twice that of the VaR of the reference portfolio based on a 1 day holding period and a "one-tailed" 95% confidence interval using historical observation period of at least 1 year. The reference portfolio is the Index which has a risk profile similar to that of the Russell Investments Global Future Equity Fund. The Index measures the performance of the global equity market based on all investable equity securities.

The Russell Investments Global Future Equity Fund will monitor its use of FDIs. The level of exposure (calculated based on the sum of the absolute value of notionals of the derivatives used, in accordance with the requirements of the Central Bank) is expected to be 160% of the Russell Investments Global Future Equity Fund's Net Asset Value. It is possible that this could increase, for example, during abnormal market conditions and at times when there is low volatility. This figure does not take into account any netting and hedging arrangements that the Russell Investments Global Future Equity Fund has in place at any time even though these netting and hedging arrangements are used for risk reduction purposes and is therefore not a risk adjusted method of measuring exposure which means this figure can be higher than it otherwise would be if such netting and hedging arrangements were taken into account. As these netting and hedging arrangements, if taken into account, may reduce the level of exposure, this calculation may not provide an accurate measure of the Russell Investments Global Future Equity Fund's actual level of exposure. In addition there are limitations in using VaR as a statistical measure of risk because it does not directly limit the level of exposure in the Russell Investments Global Future Equity Fund and only describes the risk of loss in prevailing market conditions and would not capture future significant changes in volatility.

The Directors have authorised the issuance of the Classes of Shares set out in Schedule 2.

### Exposure Monitoring

It is anticipated that the Russell Investments Global Future Equity Fund will have 130% long exposure and 30% short exposure. Short exposure will only be gained through the use of FDIs. It is possible that the Russell Investments Global Future Equity Fund may be subject to higher exposure levels from time to time. The anticipated range of long and short exposures is calculated on a gross basis.

### How indices are used by the Russell Investments Global Future Equity Fund

The Russell Investments Global Future Equity Fund will be actively managed with reference to the MSCI ACWI Index (USD) – Net Returns (the "**Index**"). The Index is a broad market index which does not focus on the reduction of carbon or improve ESG characteristics. Further details regarding the Index (including its constituents,

composition and methodology) are available on the Index provider's website and can be accessed by navigating the following link: <https://www.msci.com/index-methodology>.

The Russell Investments Global Future Equity Fund seeks to outperform the Index by 2% over the medium to long term.

The Principal Money Manager (or its duly appointed delegate) has full discretion to select investments for the Russell Investments Global Future Equity Fund and in doing so will take into consideration the Index but is not constrained by it.

As noted in the section "Portfolio Construction" above, the Principal Money Manager (or its duly appointed delegate) will appoint one or more Investment Advisers. The Principal Money Manager (or its duly appointed delegate) may consider the views of such Investment Advisers regarding the selection of securities or instruments when managing portions of the Russell Investments Global Future Equity Fund.

In each case, the Principal Money Manager (or its duly appointed delegate) may evaluate the views of an Investment Adviser with reference to an index which is not the Index, but is considered appropriate for the investment strategy in which the Investment Adviser has expertise. Any such index may be used by the Principal Money Manager (or its duly appointed delegate) for the purpose of oversight of the Investment Adviser and/or as the basis for constraints given to the Investment Adviser(s). It may also be used for performance measurement purposes for a particular portion of the Russell Investments Global Future Equity Fund.

Any use of such an index(es) will not result in a constraint on the overall portfolio of the Russell Investments Global Future Equity Fund (i.e. the portfolio of the Russell Investments Global Future Equity Fund will continue to be managed on a fully discretionary basis and in accordance with the investment objective). The purpose of using such index(es) is to deliver a more focused strategy by the Principal Money Manager (or its duly appointed delegate) in terms of style, geographical or sector focus for the purposes of delivering on the overall objective of the Russell Investments Global Future Equity Fund. Details of any such indices are available from the Manager upon request and will be published in the audited financial statements of the Company.

#### SFDR Classification

The Russell Investments Global Future Equity Fund promotes environmental and/or social characteristics within the meaning of Article 8 of SFDR. **Please see the SFDR Annex at Schedule 8 of this Prospectus** for full details on these characteristics (including how they are measured and achieved).

Sustainability Risks are integrated by the Principal Money Manager into the investment process primarily through the identification, evaluation and management of the relevant risks in the Investment Adviser selection process. Sustainability Risks are considered most relevant to investment outcomes when they exhibit financial materiality, and, like all investment risks, are incorporated by balancing expected risk with expected reward.

The Principal Money Manager also considers Sustainability Risks as part of the overall investment process for the Fund through its engagement with companies on overall business strategy, their planned capital allocation, and environmental, social and governance practices while encouraging appropriate levels of risk mitigation. Exposure to Sustainability Risks in the Fund is assessed on an ongoing basis using third-party data providers as well as input from Investment Advisers.

The Principal Money Manager has determined that the level of exposure to Sustainability Risks in the Russell Investments Global Future Equity Fund is unlikely to have a material financial impact on expected returns.

**Base Currency:** US\$

**Profile of a Typical Investor:** A typical investor in the Russell Investments Global Future Equity Fund will be an investor who seeks a combination of income and capital appreciation over the medium to long-term (typically 5 years or more) and who is willing to accept moderate to high levels of volatility.

## GENERAL INVESTMENT STRATEGIES AND RESTRICTIONS

A Fund will adopt the following investment strategies and comply with the following investment restrictions unless express disclosure to the contrary has been made in the relevant part of the section titled “The Funds”:

1. A Fund’s investments will be limited to investments permitted by the Regulations and the requirements set out in Schedule 5. If the limits referred to in Schedule 5 are exceeded for reasons beyond the control of the Manager (or its duly appointed delegate) or as a result of the exercise of subscription rights, the Manager shall ensure that the Fund will adopt as a priority objective for its sales transactions the remedying of that situation taking due account of the interests of Shareholders. A Fund is also subject to its own particular investment strategies and where there is a difference between such strategies and the Regulations the more restrictive limitation shall apply.
2. A Fund may invest up to 10% of its Net Asset Value in units or shares of open-ended collective investment schemes within the meaning of Regulation 68 of the Regulations. Any investment by a Fund in any sub-fund of Russell Investment Company III p.l.c. ("RIC III") as described in paragraph 7 below will be aggregated with any investments by that Fund in other collective investment schemes for the purposes of the limit set out in this paragraph 2.
3. A Fund may invest in Short-Term Instruments for temporary defensive purposes, ancillary liquid asset purposes or strategic investment purposes. Such Short-Term Instruments will:
  - (i) be listed, traded or dealt in on Regulated Markets worldwide; and
  - (ii) unless otherwise stated in a Fund’s investment strategies, carry a short-term rating or a minimum issuer’s rating of A1/P1 by S&P or Moody’s. A Short-Term Instrument that is not rated by either of these rating agencies is permissible if the Short-Term Instrument is deemed by the Manager (or its duly appointed delegate) to be of equivalent credit quality to the minimum credit constraint.
4. A Fund’s investment in warrants may not exceed 5% of its Net Asset Value.
5. A Fund may invest up to 10% of its Net Asset Value in new issues for which application for listing on a Regulated Market will be sought.
6. The Manager will not charge subscription, conversion or redemption fees which relate to the purchase, conversion or sale of units in other collective investment schemes linked by common management and control.
7. Each Fund may invest up to 10% of its Net Asset Value which is surplus cash in any one or more sub-funds of RIC III in order to maximise the returns available on that cash. The Manager of the Company is also the manager of RIC III. The Manager may charge a management fee for the management of the Company’s surplus cash invested in RIC III’s sub-funds to the extent of the management fee of the relevant class of shares disclosed in the RIC III prospectus.
8. Subject to the conditions from time to time laid down by the Central Bank, a Fund may also cross invest in other Funds of the Company provided that investment may not be made in a Fund of the Company that itself holds shares in other Funds of the Company and the investing Fund may not charge an annual management fee in respect of that portion of its assets invested in other Funds of the Company. No preliminary charge, repurchase charge or exchange charge may be charged on the cross-investing Fund's investment.
9. A Fund may engage in currency hedging transactions for the purpose of hedging against exchange risk within the limits set forth in Schedule 6.
10. The Company may only borrow on a temporary basis for the account of a Fund and the aggregate amount of such borrowings may not exceed 10% of the Net Asset Value of such Fund. In accordance with the

provisions of the Regulations, the Company may charge the assets of a Fund as security for borrowings of that Fund.

11. The Company may acquire foreign currency by means of a back-to-back loan agreement. Foreign currency obtained in this manner is not classified as borrowing for the purposes of Regulation 103(1) provided that the offsetting deposit (a) is denominated in the Base Currency and (b) equals or exceeds the value of the foreign currency loan outstanding.
12. A Fund may engage in securities lending and enter into repurchase and reverse repurchase agreements for efficient portfolio management purposes at the direction of the Manager within the limits specified by the Central Bank.
13. A Fund may invest up to 10% of its Net Asset Value in unlisted securities.
14. A Fund may invest up to 25% of its Net Asset Value in convertible debt securities.

In addition to the investment restrictions noted in the investment policy for each Fund, the Funds may seek to exclude companies or issuers involved in the manufacture of tobacco or controversial weapons. These exclusions may not be exhaustive and may be subject to change at the Manager's discretion. Information on the exclusions in place for each Fund can be obtained from the Manager upon request.

#### **Use of Efficient Portfolio Management Techniques and Financial Derivative Instruments**

The Company may enter into securities lending arrangements and repurchase agreements (together "Efficient Portfolio Management Techniques") subject to the restrictions set forth in Schedule 6 and to the extent consistent with the Fund's investment objective and policies.

A Fund may invest in OTC financial derivative instruments in accordance with the Central Bank Rules and provided that the counterparties to the OTC financial derivative instruments are Eligible Counterparties.

The use of techniques and instruments relating to Transferable Securities, money market instruments and/or other financial instruments in which the Funds invest for efficient portfolio management purposes will generally be made for one or more of the following reasons:

- (i) the reduction of risk;
- (ii) the reduction of cost; or
- (iii) the generation of additional capital or income for the relevant Fund with an appropriate level of risk, taking into account the risk profile of the Fund and the risk diversification rules set out in the UCITS Central Bank Regulations.

#### *Efficient Portfolio Management Techniques*

Efficient Portfolio Management Techniques may only be effected in accordance with normal market practice and the Central Bank Rules. All assets received in the context of Efficient Portfolio Management Techniques should be considered as collateral and should comply with the criteria set out below in relation to collateral. All the revenues arising from Securities Financing transactions and Efficient Portfolio Management Techniques employed shall be returned to the relevant Fund following the deduction of any direct and indirect operational costs and fees arising. Such direct and indirect operational costs and fees, (which are all fully transparent) which shall not include hidden revenue, shall include fees and expenses payable to repurchase/reverse repurchase agreements counterparties and/or securities lending agents engaged by the Company from time to time. Such fees and expenses of any repurchase/reverse repurchase agreements counterparties and/or securities lending agents engaged by the Company, which will be at normal commercial rates together with VAT, if any, thereon, will be borne by the Company or the Fund in respect of which the relevant party has been engaged. Details of Fund revenues arising and attendant direct and indirect operational costs and fees as well as the identity of any specific repurchase/reverse repurchase

agreements counterparties and/or securities lending agents engaged by the Company from time to time shall be included in the Company's semi-annual and annual reports. From time to time, a Fund may engage repurchase/reverse repurchase agreement counterparties and/or securities lending agents that are related parties to the Depositary and/or Manager (or its delegates), or other service providers of the Company. Such engagement may on occasion cause a conflict of interest with the role of the Depositary or other service provider in respect of the Company. Please refer to section entitled "Conflicts of Interest" below for further details on the conditions applicable to any such related party transactions. The identity of any such related parties will be specifically identified in the Company's semi-annual and annual reports.

#### *Collateral Policy*

In the context of Efficient Portfolio Management Techniques, Securities Financing Transactions and/or the use of derivative instruments for hedging or investment purposes, collateral may be received from a counterparty for the benefit of a Fund or posted to a counterparty by or on behalf of a Fund. Any receipt or posting of collateral by a Fund will be conducted in accordance with the Central Bank Rules and the terms of the Company's collateral policy.

Collateral posted by a counterparty for the benefit of a Fund may be taken into account as reducing the exposure to such counterparty. Each Fund will require receipt of the necessary level of collateral so as to ensure counterparty exposure limits are not breached.

Counterparty risk may be reduced to the extent that the value of the collateral received corresponds with the value of the amount exposed to counterparty risk at any given time.

The Manager or its delegate(s) will liaise with the Depositary in order to manage all aspects of the counterparty collateral process.

Risks linked to the management of collateral, such as operational and legal risks, shall be identified, managed and mitigated by the Company's risk management process. A Fund receiving collateral for at least 30 per cent. of its assets should have an appropriate stress testing policy in place to ensure regular stress tests are carried out under normal and exceptional liquidity conditions to enable the Fund to assess the liquidity risk attached to the collateral. The liquidity stress testing policy will at least prescribe the components set out in Regulation 24 paragraph (8) of the Central Bank Regulations.

For the purpose of providing margin or collateral in respect of transactions in Efficient Portfolio Management Techniques and financial derivative instruments, a Fund may transfer, mortgage, pledge, charge or encumber any assets or cash forming part of the Fund in accordance with normal market practice and the requirements outlined in the Central Bank Rules.

#### *Collateral*

Collateral received from a counterparty for the benefit of a Fund may be in the form of cash or non-cash assets and must, at all times, meet with the specific criteria outlined in the Central Bank Regulations, as summarised below, in relation to: (i) liquidity; (ii) valuation; (iii) issuer credit quality; (iv) correlation; (v) diversification (asset concentration); and (vi) immediate availability:

- (a) Liquidity: Collateral received other than cash should be highly liquid and traded on a regulated market or multilateral trading facility with transparent pricing in order that it can be sold quickly at a price that is close to pre-sale valuation. Collateral received should also comply with the provisions of Regulation 74 of the Regulations.
- (b) Valuation: Collateral received should be valued on at least a daily basis and assets that exhibit high price volatility should not be accepted as collateral unless suitably conservative haircuts (as referred to below) are in place. Where appropriate, non-cash collateral held for the benefit of a Fund shall be valued in accordance with the valuation policies and principles applicable to the Fund. Subject to any agreement on valuation made with the counterparty, collateral posted to a recipient counterparty will be valued daily at mark-to-market value. The rationale for the valuation methodology as described

above is to ensure compliance with the requirements set out in the Central Bank Regulations.

- (c) Issuer credit quality: Collateral received should be of high quality.
- (d) Correlation: Collateral received should be issued by an entity that is independent from the counterparty and is not expected to display a high correlation with the performance of the counterparty.
- (e) Diversification (asset concentration): Collateral should be sufficiently diversified in terms of country, markets and issuers with a maximum exposure to a given issuer of 20% of the Fund's Net Asset Value. When the Fund is exposed to different counterparties, the different baskets of collateral should be aggregated to calculate the 20% limit of exposure to a single issuer.
- (f) Immediate availability: Collateral received should be capable of being fully enforced by the Fund at any time without reference to or approval from the counterparty.
- (g) The Principal Money Manager, on behalf of each Fund, shall apply suitably conservative haircuts to assets being received as collateral where appropriate on the basis of an assessment of the characteristics of the assets such as the credit standing or the price volatility, as well as the outcome of any stress tests in accordance with the requirements of EMIR. EMIR does not require the application of a haircut for cash variation margin. Accordingly, any haircut applied to cover currency risk will be as agreed with the relevant counterparty. The Principal Money Manager has determined that generally if issuer or issue credit quality of the collateral is not of the necessary quality or the collateral carries a significant level of price volatility with regard to residual maturity or other factors, a conservative haircut must be applied in accordance with more specific guidelines as will be maintained in writing by the Principal Money Manager on an on-going basis. To the extent that a Fund avails of the increased issuer exposure facility in section 5(ii) of Schedule 3 of the Central Bank Regulations, such increased issuer exposure may be to any of the issuers listed in section 2.12 of Schedule 5 to the Prospectus.
- (h) Safe-keeping: Any non-cash assets received by a Fund from a counterparty on a title transfer basis (whether in respect of a Securities Financing Transaction, an OTC derivative transaction or otherwise) shall be held by the Depositary or a duly appointed sub-depositary.

There are no restrictions on maturity provided the collateral is sufficiently liquid.

Regarding valuation, collateral received should be valued on at least a daily basis and assets that exhibit high price volatility should not be accepted as collateral unless suitably conservative haircuts (as referred to below) are in place.

Where appropriate, non-cash collateral held for the benefit of a Fund shall be valued in accordance with the valuation policies and principles applicable to the Company. Subject to any agreement on valuation made with the counterparty, collateral posted to a recipient counterparty will be valued daily at mark-to-market value.

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

All assets received by a Fund in the context of Securities Financing Transactions shall be considered as collateral and must comply with the terms of the Company's collateral policy.

Any non-cash assets received by the Fund from a counterparty on a title transfer basis (whether in respect of a Securities Financing Transaction, an OTC derivative transaction or otherwise) shall be held by the Depositary or a duly appointed sub-depositary. Assets provided by the Fund on a title transfer basis shall no longer belong to the Fund and shall pass outside the custodial network. The counterparty may use those assets at its absolute discretion. Assets provided to a counterparty other than on a title transfer basis shall be held by the Depositary or a duly appointed sub-depositary.

#### *Cash collateral*

Cash collateral may only be invested in the following:

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

Re-invested cash collateral should be diversified in accordance with the diversification requirement applicable to non-cash collateral outlined above. Invested cash collateral may not be placed on deposit with the counterparty or a related entity. Exposure created through the reinvestment of collateral must be taken into account in determining risk exposures to a counterparty. Reinvestment of cash collateral in accordance with the provisions above can still present additional risk for a Fund. Please refer to the risk factor “Reinvestment of Cash Collateral Risk” for more details.

#### *Collateral – posted by a Fund*

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

Collateral posted to a counterparty by or on behalf of a Fund will consist of such collateral as is agreed with the counterparty from time to time and may include any types of assets held by the Fund.

#### **Securities Financing Transactions**

A Fund may use repurchase/reverse repurchase agreements and Total Return Swaps where provided for in the investment policy of the Fund, and may enter into securities lending arrangements in accordance with normal market practice and subject to the requirements of the SFTR and the Central Bank Rules. Such Securities Financing Transactions and/or Total Return Swaps may be entered into for any purpose that is consistent with the investment objective of the relevant Fund, including to generate income or profits in order to increase portfolio returns or to reduce portfolio expenses or risks. Total Return Swaps may also be used for investment purposes where provided for in the investment policy of the relevant Fund. Repurchase/ reverse repurchase and securities lending transactions may only be utilised for efficient portfolio management purposes.

Please refer to the section of the Prospectus entitled "Use of Efficient Portfolio Management Techniques and Financial Derivative Instruments" for further details.

Any type of assets that may be held by a Fund in accordance with its investment objective and policies may be subject to the SFTR. There is no restriction on the proportion of assets that may be subject to Securities Financing Transactions or Total Return Swaps and therefore the maximum and expected proportion of a Fund's assets that can be subject to Securities Financing Transactions or Total Return Swaps can be as much as 100%, i.e. all of the assets of the relevant Fund. A maximum of 30% of the Net Asset Value of the Fund may be used to engage in securities lending arrangements. In any case the most recent semi-annual and annual report of the relevant Fund will express as an absolute amount and as a percentage of the relevant Fund's assets the amount of Fund assets which are Securities Financing Transactions and Total Return Swaps.

Securities lending means transactions by which one party transfers securities to the other party subject to a commitment that the other party will return equivalent securities on a future date or when requested to do so by the party transferring the securities, that transaction being considered as securities lending for the party transferring the securities. Repurchase agreements are a type of securities lending transaction in which one party sells a security to the other party with a simultaneous agreement to repurchase the security at a fixed future date at a stipulated price reflecting a market rate of interest unrelated to the coupon rate of the securities. A reverse repurchase agreement is a transaction whereby a Fund purchases securities from a counterparty and simultaneously commits to resell the securities to the counterparty at an agreed upon date and price.



Any Fund that enters into a reverse repurchase agreement shall ensure that it is able at any time to recall the full amount of cash or to terminate the reverse repurchase agreement on either an accrued basis or a mark-to-market basis. When the cash is recallable at any time on a mark-to-market basis, the mark-to-market value of the reverse repurchase agreement should be used for the calculation of the Net Asset Value of the Fund.

All the revenues arising from Securities Financing Transactions and any other efficient portfolio management techniques shall be returned to the relevant Fund following the deduction of any direct and indirect operational costs and fees arising. Such direct and indirect operational costs and fees (which are all fully transparent), which shall not include hidden revenue, shall include fees and expenses payable to repurchase/reverse repurchase agreements counterparties engaged by the Company from time to time. Such fees and expenses of any repurchase/reverse repurchase agreements counterparties engaged by the Company, which will be at normal commercial rates together with VAT, if any, thereon, will be borne by the Company or the Fund in respect of which the relevant party has been engaged. Details of Fund revenues arising and direct and indirect operational costs and fees as well as the identity of any specific repurchase/reverse repurchase agreements counterparties and/ or securities lending agents engaged by the Company from time to time shall be included in the relevant Fund's semi-annual and annual reports.

Any Fund that enters into a repurchase agreement shall ensure that it is able at any time to recall any securities subject to the repurchase agreement or to terminate the repurchase agreement into which it has entered. Fixed-term repurchase and reverse repurchase agreements that do not exceed seven days shall be considered as arrangements on terms that allow the assets to be recalled at any time by the Fund.

Counterparties to such transactions shall: (1) be entities regulated, approved, registered or supervised in their home jurisdiction; and (2) be located in an OECD Member State, which together will constitute the Company's criteria to select counterparties. Counterparties need not have a minimum credit rating. In accordance with the Credit Ratings Agencies Directive (2013/14/EU) ("CRAD"), the Principal Money Manager shall not solely or mechanistically rely on credit ratings in determining the credit quality of an issuer or counterparty. However, where a counterparty is downgraded to A-2 or below (or comparable rating) this shall result in a new credit assessment being conducted of the counterparty without delay.

Any Fund that engages in securities lending shall ensure that it is able to recall any security that has been lent out or terminate any securities lending agreement into which it has entered.

Collateral or margin may be passed by the Fund to a counterparty or broker in respect of OTC FDI transactions or Securities Financing Transactions. Please refer to the section entitled "Collateral" for further details.

From time to time, a Fund may engage repurchase/reverse repurchase agreements counterparties and/or securities lending agents that are related parties to the Depositary or other service providers of the Company. Such engagement may on occasion cause a conflict of interest with the role of the Depositary or other service provider in respect of the Company. Please refer to the section headed "Conflicts of Interest" for further details on the conditions applicable to any such related party transactions. The identity of any such related parties will be specifically identified in the relevant Fund's semi-annual and annual reports.

Repurchase/reverse repurchase agreements do not constitute borrowing or lending for the purposes of Regulation 103 and Regulation 111 of the Regulations respectively.

The use of FDI and Securities Financing Transactions for the purposes outlined above will expose the Fund to the risks disclosed in the section headed "Risk Considerations". The risks arising from the use of Securities Financing Transactions shall be adequately captured in the Company's risk management process.

## **Risk Management Process**

The Manager on behalf of each Fund has filed with the Central Bank its risk management process which enables it to accurately measure, monitor and manage the various risks associated with the use of FDI and Securities Financing Transactions where appropriate. Any FDI not included in the risk management process will not be utilised until such time as the risk management process has been updated in accordance with the Central Bank requirements. The Manager will, on request, provide supplementary information to Shareholders relating to the risk management methods employed, including the quantitative limits that are applied and any recent developments in the risk and yield characteristics of the main categories of investments.

## Reference to Ratings

The European Union (Alternative Investment Fund Managers) (Amendment) Regulations 2014 (S.I. No. 379 of 2014) (the "Amending Regulations") transpose the requirements of the Credit Ratings Agencies Directive (2013/14/EU) ("CRAD") into Irish law. CRAD aims to restrict the reliance on ratings provided by credit rating agencies and to clarify the obligations for risk management. In accordance with the Amending Regulations and the CRAD, notwithstanding anything else in this Prospectus, the Principal Money Manager shall not solely or mechanistically rely on credit ratings in determining the credit quality of an issuer or counterparty.

## References to Benchmarks

Pursuant to Article 3(1)(7)(e) of the Benchmark Regulation, a fund 'uses' a benchmark if it is used for (i) measuring the performance of an investment fund through an index or a combination of indices for the purpose of tracking the return of such index or combination of indices; (ii) defining the asset allocation of a Fund; or (iii) computing performance fees. Any such use will be clearly set out in the profile of a Fund or the Performance Fees section of this Prospectus. The Manager and the Company have put in place robust written plans in place in accordance with Article 28(2) of the Benchmark Regulation. The plans detail the actions that will be taken where a particular index used by a Fund in this way materially changes or ceases to be provided or a change of benchmark is instigated by the Manager or the Principal Money Manager. The plans include, where appropriate, details of alternative indices that could be used by a Fund where the benchmark has to be substituted. The Manager, acting in consultation with the Principal Money Manager, may seek to change the benchmark of a Fund in various circumstances including where:

- the particular index or index series ceases to be provided or to exist or is materially changed;
- a new index becomes available which supersedes the existing one;
- a new index becomes available which is regarded as the market standard for professional investors in the particular market and/or would be regarded as of greater benefit to the Shareholders than the existing index;
- it becomes difficult to invest in stocks comprised within the particular index;
- the index provider introduces a charge at a level which the Manager or the Principal Money Manager considers too high; or
- the quality (including accuracy and availability of data) of a particular index has, in the opinion of the Manager or the Principal Money Manager, deteriorated.

Any material change to an index which results in a change to the investment objective and/or policy of the relevant Fund will be subject to Shareholder approval.

The Funds in scope of the Benchmark Regulation use benchmarks administered or provided by MSCI Limited. As at the date of this Prospectus, MSCI Limited is an EU benchmark administrator under Article 34 of the Benchmark Regulation and is included in the public register established and maintained by ESMA in accordance with Article 36 of the Benchmark Regulation. The benchmark provided by S&P Dow Jones Indices is included on the ESMA register.

Indices may also be used for other purposes including, but not limited to, (i) operating as a reference benchmark which the Fund seeks to outperform; and (ii) relative VaR measurement. Where an index is used for the purposes of (i) above this will not constitute use of an index within the meaning of Article 3 (1)(7)(e) of the Benchmark Regulation on the basis that the relevant Fund does not track the return of the index and the index does not determine asset allocation of the Fund. Shareholders should note that the Company and/or its distributors may from time to time refer to other indices in marketing literature or other communications purely for financial or risk comparison purposes. In such cases, it is not a benchmark against which a Fund is managed.

## **Hedged Classes**

The Company intends to enter into certain currency-related transactions in order to hedge the currency exposure at both Share Class level and asset level.

Any financial instruments used to implement such currency hedging strategies with respect to one or more Classes shall be assets/liabilities of the Fund as a whole but will be attributable to the relevant Class(es) and the gains/losses on, and the costs of, the relevant financial instruments will accrue solely to the relevant Class. However, investors should note that there is no segregation of liability between Share Classes. Although the costs, gains and losses of the currency hedging transactions will accrue solely to the relevant Class, Shareholders are nonetheless exposed to the risk that hedging transactions undertaken in one Class may impact negatively on the Net Asset Value of another Class.

As appropriate, Classes will be identified as currency hedged Classes for the Fund in which such Class is issued. Where the Company seeks to hedge against currency fluctuations, while not intended, this could result in over-hedged or under-hedged positions due to external factors outside the control of the Company. However, over-hedged positions will not exceed 105% of the Net Asset Value of the Class which is to be hedged, underhedged positions will not fall below 95% of the portion of the Net Asset Value of the Class which is to be hedged and hedged positions will be kept under review on an ongoing basis, at least at the same valuation frequency of the relevant Fund, to ensure that over-hedged or under-hedged positions do not exceed/ fall short of the permitted level disclosed above. Such review will incorporate a procedure to rebalance the hedging arrangements on a regular basis to ensure that any such position stays within the permitted position levels disclosed above and is not carried forward from month to month. The currency exposures of different currency Classes may not be combined or offset and currency exposures of assets of the Fund may not be allocated to separate Share Classes. To the extent that hedging is successful for a particular Class, the performance of the Class is likely to move in line with the performance of the underlying assets, with the result that investors in that Class will not gain/lose if, in the case of currency hedging, the Class currency falls / rises against the Base Currency.

Fund performance data will generally be shown in fund documentation against the benchmark of the relevant Fund (where applicable). The currency denomination of a Fund's benchmark may differ from its Base Currency. In such circumstances, all performance data made available by the Manager will be produced using the Fund's benchmark converted into the Base Currency of the Fund. Similarly, where a Share Class is denominated in a currency which is different to the Fund's benchmark, all performance data made available by the Manager will be produced using Fund's benchmark converted into the currency of the relevant Share Class. Performance data for hedged Share Classes will generally be shown against a hedged version of the Fund's benchmark unless otherwise stated in the document.

## **Use of a Subscriptions/Redemptions Account**

The Company operates a single, omnibus Subscriptions/Redemptions Account for all of the Funds, in accordance with the Central Bank's guidance relating to umbrella fund cash accounts. Accordingly, monies in the Subscriptions/Redemptions Account are deemed assets of the respective Funds and shall not have the protection of the Investor Money Regulations. It should be noted however that the Depositary will monitor the Subscriptions/Redemptions Account in performing its cash monitoring obligations and ensuring effective and proper monitoring of the Company's cash flows in accordance with its obligations as prescribed under UCITS V.

There nonetheless remains a risk for investors to the extent that monies are held by the Company in the Subscriptions/Redemptions Account for the account of a Fund at a point where such Fund (or another Fund of the Company) becomes insolvent.

In respect of subscription monies received into the Subscriptions/Redemptions Account from an investor in advance of Shares being issued (as will be the case in the context of a Fund which operates on a cleared funds basis), such subscription monies will be the property of the relevant Fund and accordingly an investor will be treated as a general unsecured creditor of the Company during the period between receipt of subscription monies into the Subscriptions/Redemptions Account and the issue of Shares.

In respect of dividend income and/or redemption proceeds being paid out by a Fund and held for any time in the Subscriptions/Redemptions Account such proceeds shall remain an asset of the relevant Fund until such time as the proceeds are released to the investor and during that time the investor will rank as a general unsecured creditor of the Company. For redemption proceeds this would include, for example, cases where redemption proceeds are temporarily withheld pending the receipt of any outstanding identity verification documents as may be required by the Company or the Administrator – enhancing the need to address these issues promptly so that the proceeds may be released.

The Company in conjunction with Depositary shall establish a policy to govern the operation of the Subscriptions/Redemptions Account, in accordance with the Central Bank's guidance in this area. This policy shall be reviewed by the Company and the Depositary at least annually.

## **RISK CONSIDERATIONS**

The following are the principal risks which may affect the Funds but the list does not purport to be exhaustive:

### ***1. Investment***

Past performance is not necessarily a guide to the future. The price of Shares and the return from them may fall as well as rise and an investor may not recover the full amount invested. There can be no assurance that any Fund will achieve its investment objective or that a Shareholder will recover the full amount invested in a Fund. The capital return and income of each Fund are based on the capital appreciation and income on the securities it holds, less expenses incurred. Therefore, each Fund's return may be expected to fluctuate in response to changes in such capital appreciation or income. As investors may be required to pay an initial charge on the issue of Shares, an investment in a Fund should be considered to be a medium to long-term investment.

Prospective Shareholders should note that a Fund's investment policies may not be able to be fully implemented or complied with during the launch and wind-down phase of a Fund when initial investment positions are being established or final positions are being liquidated, as relevant. In addition, in respect of the launch phase of a Fund, the Central Bank permits a Fund to derogate from certain of the Regulations for six (6) months from the date of its authorisation, provided that the Fund still observes the principle of risk spreading. In respect of the wind-down phase and in accordance with the terms of this Prospectus and the Articles of Association, Shareholders will be notified in advance of a Fund being wound-down. As a consequence, Shareholders may be exposed to different types of investment risk and may receive a return that is different to the return that would have been received if full compliance with the relevant investment policies and/or Regulations had been maintained (noting that there can be no assurance that any Fund will achieve its investment objective) during the launch and/or wind-down phase of a Fund.

### ***2. Equity***

Prices of Equities fluctuate daily dependent on market conditions. Markets can be influenced by a series of factors such as political and economic news, corporate earnings reports, demographic trends, catastrophic events and wider market expectations. It is worth noting that the value of Equities can fall as well as rise and investors into equity funds may not get back the amount that was originally invested. Potentially a Fund investing in Equities could incur significant losses.

### ***3. Fixed Income Securities and Instruments and Credit Securities and Instruments***

Fixed Income Securities and Instruments and Credit Securities and Instruments are subject to both actual and perceived indications of creditworthiness. The "downgrading" of a rated debt security/instrument or adverse publicity coupled with investor perception can decrease the value and liquidity of such securities/instruments. A Fund investing in Fixed Income Securities and Instruments and/or Credit Securities and Instruments can also be affected by changes in prevailing interest rates and by considerations of credit quality. Prices of shorter-term Fixed Income Securities and Instruments and Credit Securities and Instruments also generally fluctuate less in response to interest rate changes as opposed to longer-term Fixed Income Securities and Instruments and Credit Securities and Instruments. Other considerations include the issuer's ability to service its debt obligations, which may be adversely affected by specific issuer developments, or the issuer's inability to meet projected forecasts.

Non-investment grade Fixed Income Securities and Instruments and Credit Securities and Instruments may be highly leveraged and carry a greater risk of default on the part of the issuing entity as the issuers may not be as financially strong as those issuing instruments with higher credit ratings. In addition, non-investment grade Fixed Income Securities and Instruments and Credit Securities and Instruments are likely to be more volatile than higher rated Fixed Income Securities and Instruments and Credit Securities and Instruments which may make the valuation and sale of these securities and instruments more difficult. The settlement of transactions relating to non-investment grade Fixed Income Securities and Instruments and Credit Securities and Instruments can be subject to delay and administrative uncertainties. Furthermore, the market for such securities and instruments can suffer from illiquidity issues which may affect the value of these securities and instruments. Also, issuers of lower-rated securities and instruments are more vulnerable to real or perceived economic changes, political changes and other adverse changes that are more specific to the issuer.

#### ***4. Small Cap Companies***

The Funds may, invest in small capitalisation stocks and there may be a less liquid market in these stocks than in the case of large and mid capitalisation stocks and the stock market price of these stocks may be more volatile than large capitalisation stocks and somewhat more speculative.

Smaller or newer companies may suffer more significant losses as well as realise more substantial growth than larger or more established issuers because they may lack depth of management, be unable to generate funds necessary for growth or be developing or marketing new products or services for which markets are not established. In addition, such companies may be insignificant in their industries and may become subject to intense competition from larger or more established companies.

#### ***5. Sector Specific***

Funds invested in a specific economic sector (such as Funds that invest a significant proportion of their Net Asset Value in Agricultural Companies, Climate Change Companies, Listed Infrastructure Entities or Listed Property Entities) may experience higher volatility than investments diversified across a range of securities from differing economic sectors. Investments in securities within a particular sector can present risks that may not exist to the same degree in other types of investments. For example, some companies from a specific economic sector may have limited product lines, financial resources or may depend on a limited management group. The performance of Funds that invest in a particular sector may differ in direction and degree from that of the overall market and potentially the Funds can be subject to rapid changes in investor activity.

#### ***6. Emerging Markets***

Emerging markets are typically those of less developed countries which exhibit lower levels of economic and/or capital market development, and higher levels of share price and currency volatility. Funds that have a significant exposure to emerging markets may only be suitable for well-informed investors. The fundamental risks associated with these markets are summarised below:

##### *Political:*

Some emerging market governments exercise substantial influence over the private economic sector and the political and social uncertainties that exist can be significant. In adverse social and political circumstances, governments have been involved in policies of expropriation, confiscatory taxation, nationalisation, intervention in the securities market and trade settlement, and imposition of foreign investment restrictions and exchange controls. In addition to withholding taxes on investment income, some emerging markets may impose different capital gains taxes on foreign investors and can even limit foreign ownership of securities.

##### *Economic:*

Another risk common to many such countries is that the economy is heavily export oriented and, accordingly, is dependent upon international trade. The existence of overburdened infrastructures and obsolete financial systems also presents risks in certain countries.

##### *Regulatory:*

Generally accepted accounting, auditing and financial reporting practices in emerging markets and the legal infrastructure can be noticeably different from those in well developed markets. Some emerging markets may have a lower level of regulation, enforcement of regulations and monitoring of investors' activities than more developed markets.

##### *Market:*

The securities markets of developing countries are not as large as the more established securities markets and have considerably less trading volume, which can result in a lack of liquidity and high price volatility. There may potentially be a high concentration of market capitalisation and trading volume in a small number of issuers representing a limited number of industries as well as a high concentration of investors and financial intermediaries. These factors can adversely affect the timing and pricing of a Fund's acquisition or disposal of securities.

##### *Settlement:*

Practices in relation to settlement of securities transactions in emerging markets involve higher risks than those in established markets, in part because the Company will need to use counterparties which are less well capitalised. In addition, custody and registration of assets in some countries may be unreliable. Delays in settlement could result in investment opportunities being missed if a Fund is unable to acquire or dispose of a security. The Depositary is responsible for the proper selection and supervision of its correspondent banks in all relevant markets in accordance with Irish law and regulation. In certain emerging markets, registrars are not subject to effective government supervision nor are they always independent from issuers. Investors should therefore be aware that the Funds concerned could suffer loss arising from potential registration problems.

#### ***7. Political***

The value of a Fund's assets may be affected by uncertainties such as political developments, changes in government policies, taxation, currency repatriation restrictions and restrictions on foreign investment in some of the countries in which the Company may invest.

#### ***8. Currency and Hedged Share Classes***

A Fund's investments may be acquired in a wide range of currencies and changes in exchange rates between currencies may cause the value of an investment in a Fund to fluctuate.

A Fund may issue Classes denominated in a Class Currency which is different to the Base Currency of that Fund. In addition, a Fund may invest in assets that are denominated in a currency other than the Base Currency of that Fund.

Accordingly, the value of a Shareholder's investment may be affected favourably or unfavourably by fluctuations in the rates of the different currencies.

The Company may create hedged currency Classes to hedge the resulting currency exposure back into the Class Currency of the relevant Class. In addition, the Company may hedge the currency exposure due to investing in assets denominated in a currency other than the Fund's Base Currency. In such cases the relevant Class Currency of the Share Class may be hedged and, whilst it is not the intention, over-hedged or under-hedged positions may arise due to factors outside the control of the Fund. Any over-hedged position will not exceed 105% of the Net Asset Value of the Class. Any hedged position will be kept under review to ensure that over-hedged positions do not exceed the permitted level. Procedures are in place to ensure that any over-hedged position materially in excess of 100% of the Net Asset Value of the Class will not be carried forward from month to month.

In relation to hedged Share Classes, a Fund may use hedging, cross-hedging and other techniques and instruments within the limits laid down, from time to time, by the Central Bank.

The costs and gains or losses associated with any hedging transactions for hedged currency Classes will accrue solely to the hedged currency Class to which they relate. Where hedged currency Classes have been created, a Fund will use instruments such as forward currency contracts to hedge the currency exposures to the Class Currency of the relevant Share Class.

If the hedging is successful the relative performance of the hedged currency Class is likely to move in line with the relative performance of the underlying assets, the use of hedging strategies may substantially limit holders of Shares in the relevant Class from benefiting if the Class Currency of that Class rises against that of the Base Currency of the relevant Fund and/or the currency in which the assets of the relevant Fund are denominated. The same risk applies where the Fund has a currency exposure due to holding investments which are denominated in a currency other than the Base Currency.

#### ***9. Foreign Exchange Transaction***

The Funds may use foreign exchange contracts to alter the currency exposure characteristics of Transferable Securities they held. Consequently there is a possibility that the performance of a Fund may be strongly influenced by movements in foreign exchange rates because the currency position held by the Fund may not correspond with the securities position.

#### ***10. Counterparty and Settlement***

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

### ***11. Custody***

As the Company may invest in markets, such as the Emerging Markets, where custodial and/or settlement systems are not fully developed, the assets of the Company which are traded in such markets and which have been entrusted to sub-custodians in circumstances where the use of sub-custodians is necessary may be exposed to risk in circumstances where the Depositary will have no liability.

### ***12. Umbrella structure of the Company and Cross Liability***

Each Fund will be responsible for paying its fees and expenses regardless of the level of its profitability. The Company is an umbrella fund with segregated liability between Funds and under Irish law the Company generally will not be liable as a whole to third parties and there generally will not be the potential for cross liability between the Funds. Notwithstanding the foregoing, there can be no assurance that, should an action be brought against the Company in the courts of another jurisdiction, the segregated nature of the Funds would necessarily be upheld.

### ***13. Investment in other collective investment schemes***

Each Fund may invest in one or more collective investment schemes including schemes managed by the Manager and/or affiliates of the Manager (each an Underlying Fund). As a shareholder of an Underlying Fund, a Fund would bear, along with other shareholders, its pro rata portion of the expenses of the Underlying Fund, including management and/or other fees. These fees would be in addition to the management fees and other expenses which a Fund bears directly in connection with its own operations.

#### ***The Markets and Instruments Traded by the Underlying Funds May Be Illiquid***

At various times, the markets for securities purchased or sold by the Underlying Funds may be "thin" or illiquid, making purchases or sales at desired prices or in desired quantities difficult or impossible. This may make it impossible at times for the Underlying Funds to liquidate positions, honour requests for repurchase, or make repurchase payments.

#### ***Insolvency Risk***

The default or insolvency or other business failure of any issuer of securities held by an Underlying Fund or of any counterparty of an Underlying Fund could have an adverse effect on the relevant Fund's performance and its ability to achieve its investment objectives.

#### ***Risks of Global Investing***

The Underlying Funds may invest in various securities markets throughout the world. As a result, the Funds will be subject to risks relating to the possible imposition of withholding taxes on income received from or gains with respect to such securities. In addition, certain of these markets involve certain factors not typically associated with investing in established securities markets, including risks relating to: (i) differences between markets, including potential price volatility in and relative liquidity of some foreign securities markets; (ii) the absence of uniform accounting, auditing and financial reporting standards, practices and disclosure requirements and less government supervision and regulation; and (iii) certain economic and political risks, including potential exchange control regulations and potential restrictions on foreign investment and repatriation of capital.

Underlying Funds may have different settlement cycles than that of the Funds. Thus, there may be mismatch between the two settlement cycles causing the Funds to use borrowing on a temporary basis to meet such obligations. This may result in charges being incurred by the relevant Fund. Any such borrowing will comply with the UCITS guidelines. Further, each Underlying Fund may not be valued at the same time or on the same day as the relevant Fund and accordingly the net asset value of such Underlying Fund used in the calculation of the Net Asset Value of the relevant Fund will be the latest available net asset value of such underlying fund (further details on the calculation of the Net Asset Value are set out in the section 'Determination of Net Asset Value').

To the extent that the relevant Fund is invested in Underlying Funds, the success of the relevant Fund shall depend upon the ability of the Underlying Funds to develop and implement investment strategies that achieve the relevant Funds' investment objective. Subjective decisions made by the Underlying Funds may cause the relevant Fund to



incur losses or to miss profit opportunities on which it could otherwise have capitalised. In addition, the overall performance of the relevant Fund will be dependent not only on the investment performance of the Underlying Funds, but also on the ability of the Principal Money Manager (or its duly appointed delegate) to select and allocate the Funds' assets among such Underlying Funds effectively on an ongoing basis. There can be no assurance that the allocations made will prove as successful as other allocations that might otherwise have been made, or as adopting a static approach in which Underlying Funds are not changed.

Underlying Funds may be leveraged or unleveraged and may be established in unregulated jurisdictions that do not have an equivalent level of investor protection as that provided in Ireland by collective investment schemes authorised under Irish law and subject to Irish regulations and conditions. The use of leverage creates special risks and may significantly increase the investment risk of the Underlying Funds. Leverage creates an opportunity for greater yield and total return but, at the same time, will increase the Underlying Funds' exposure to capital risk and interest costs.

The operation of the Funds, and therefore the profitability of the Funds which are established as fund of funds, depends almost entirely upon the management of the Underlying Funds. From time to time, however, the Funds may invest in one or more other funds with which (or with whose investment manager) the Manager or its affiliates have a close commercial affiliation. If a key member of the management team of such a fund dies, resigns, or becomes legally incompetent, bankrupt or insolvent, the profitability of the Fund may be adversely affected. While the Manager intends to closely monitor and review the performance activities of the Investment managers or money managers of such funds, such managers may take undesirable tax positions, employ excessive leverage, or otherwise act in a manner not anticipated by, and beyond the control of, the Manager. The investment managers or money managers of the Underlying Funds may also manage or advise other accounts that utilise investment strategies similar to those invested in by such funds. This may increase the level of competition for investments that are suitable for such funds. These factors could make it costly or impossible to take or liquidate a position in a particular security, and may otherwise adversely affect the profitability of the Fund.

#### ***14. Financial Derivative Instruments***

Each of the Funds may use FDIs for efficient portfolio management and/or investment purposes subject to the conditions and within the limits set forth in Schedule 6. The Company shall supply to a Shareholder on request supplementary information in relation to the quantitative risk management limits applied by it, the risk management methods used by it and any recent developments in the risks and yields characteristics for the main categories of investment. A description of the FDIs used in the Funds can be found in Schedule 2. A list of the Regulated Markets on which those FDIs may be quoted or traded is set out in Schedule 4.

While the prudent use of FDIs can be beneficial, FDIs also involve risks different from, and in certain cases greater than, the risks presented by more traditional investments. The primary risks associated with the use of FDIs are summarised below:

##### *Counterparty Risk:*

Each Fund may enter into transactions in over-the-counter markets that expose it to the credit of its counterparties and their ability to satisfy the terms of such contracts. Where the Funds enter into credit default swaps and other swap arrangements and derivative techniques, they will be exposed to the risk that the counterparty may default on its obligations to perform under the relevant contract. In the event of a bankruptcy or insolvency of a counterparty, the Funds could experience delays in liquidating the position and may incur significant losses. There is also a possibility that ongoing derivative transactions will be terminated unexpectedly as a result of events outside the control of the Company, for instance, bankruptcy, supervening illegality or a change in the tax or accounting laws relative to those transactions at the time the agreement was originated.

##### *Leverage component risk:*

Since many FDIs have a leverage component, adverse changes in the value or level of the underlying asset, rate or index can result in a loss substantially greater than the amount invested in the derivative itself. Certain FDIs have the potential for unlimited loss regardless of the size of the initial investment. If there is a default by the other party to any such transaction, there will be contractual remedies; however, exercising such contractual rights may involve

delays or costs which could result in the value of the total assets of the related portfolio being less than if the transaction had not been entered.

*Liquidity risk:*

The swap market has grown substantially in recent years with a large number of banks and investment banking firms acting both as principals and as agents utilising standardised swap documentation. As a result, the swap market has become liquid but there can be no assurance that a liquid secondary market will exist at any specified time for any particular swap. The market for credit default swaps may sometimes be more illiquid than the bond market.

*Risks associated with Futures, Options and Warrants:*

A Fund may from time to time use both exchange-traded and over-the-counter futures and options as part of its investment strategy or for hedging purposes. These instruments are highly volatile, involve certain special risks and expose investors to a high risk of loss. The low initial margin deposits normally required to establish a futures position permit a high degree of leverage. As a result, a relatively small movement in the price of a futures contract may result in a profit or a loss which is high in proportion to the amount of funds actually placed as initial margin and may result in un-quantifiable further loss exceeding any margin deposited. Further, when used for hedging purposes there may be an imperfect correlation between these instruments and the investments or market sectors being hedged. Transactions in over-the-counter derivatives may involve additional risk as there is no exchange or market on which to close out an open position. It may be impossible to liquidate an existing position, to assess or value a position or to assess the exposure to risk. The values of warrants are likely to fluctuate more than the prices of the relevant underlying securities because of the greater volatility of warrant prices.

*Other risks:*

Derivatives do not always perfectly or even highly correlate or track the value of the securities, rates or indices they are designed to track. Consequently, the Company's use of derivative techniques may not always be an effective means of, and sometimes could be counter-productive to, the Company's investment objective. An adverse price movement in a derivative position may require cash payments of variation margin by the Company that might in turn require, if there is insufficient cash available in the portfolio, the sale of the Company's investments under disadvantageous conditions. Also, there are legal risks involved in using FDIs which may result in loss due to the unexpected application of a law or regulation or because contracts are not legally enforceable or documented correctly.

**15. Securities Financing Transactions Risks**

Securities Financing Transactions create several risks for the Company and its investors, including counterparty risk if the counterparty to a Securities Financing Transaction defaults on its obligation to return assets equivalent to the ones provided to it by the relevant Fund and liquidity risk if the Fund is unable to liquidate collateral provided to it to cover a counterparty default.

*Repurchase Agreements*

A Fund may enter into repurchase arrangements. Accordingly, the Fund will bear a risk of loss in the event that the other party to the transaction defaults on its obligation and the Fund is delayed or prevented from exercising its rights to dispose of the underlying securities. The Fund will, in particular, be subject to the risk of a possible decline in the value of the underlying securities during the period in which the Fund seeks to assert its right to them, the risk of incurring expenses associated with asserting those rights and the risk of losing all or a part of the income from the agreement.

*Securities lending Risk*

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

A Fund may lend its portfolio securities to broker-dealers and banks in order to generate additional income for that Fund. In the event of bankruptcy or other default of a borrower of portfolio securities a Fund could experience both delays in liquidating the loan collateral or recovering the loaned securities and losses. Such losses might include (a) possible declines in the value of the collateral or in the value of the securities loaned during the period which the Fund seeks to enforce its rights thereto, (b) possible diminished levels of income and lack of access to income during this period, and (c) expenses of enforcing its rights. In accordance with the provisions set out in Schedule 7, acceptable collateral may include, but is not limited to, cash, sovereign debt, equities, certificates of deposit and gilts.

In accordance with the requirements of the Central Bank, the Directors and/or their duly appointed delegates will seek to employ a number of controls in order to manage the risk associated with its securities lending programme. In particular, loans must be collateralised at a minimum of 100 per cent of the market value of the loans - higher collateral amounts may be required depending on the type of collateral received and other loan characteristics, and borrowers must have a minimal credit rating of A-2 or equivalent, or must be deemed by the Company to have an implied rating of A-2. The Company's lending agents have also agreed to cover any collateral shortfalls in circumstances where a borrower defaults. The Directors and/or their duly appointed delegates will also monitor the creditworthiness of the borrowers. Although not a principal investment strategy, there are no limits specified in the Regulations in relation to the total amount of assets that a Fund may commit to securities lending activities.

#### *Collateral Risk*

Collateral or margin may be passed by the Fund to a counterparty or broker in respect of OTC FDI transactions or Securities Financing Transactions. Assets deposited as collateral or margin with brokers may not be held in segregated accounts by the brokers and may therefore become available to the creditors of such brokers in the event of their insolvency or bankruptcy. Where collateral is posted to a counterparty or broker by way of title transfer, the collateral may be re-used by such counterparty or broker for their own purpose, thus exposing the Fund to additional risk.

Risks related to a counterparty's right of re-use of any collateral include that, upon the exercise of such right of re-use, such assets will no longer belong to the relevant Fund and the Fund will only have a 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 recover its assets from the counterparty. More broadly, assets subject to a right of re-use by a counterparty may form part of a complex chain of transactions over which the Fund or its delegates will not have any visibility or control.

#### **16. Commodities**

A Fund may be indirectly exposed to commodities through investment in Exchange Traded Commodities as such securities are designed to reflect the performance of an underlying commodity or basket of commodities. Prices of commodities are influenced by, among other things, various macro-economic factors such as changing supply and demand relationships, weather conditions and other natural phenomena, agricultural, trade, fiscal, monetary, and exchange control programmes and policies of governments (including government intervention in certain markets) and other unforeseeable events.

#### **17. Performance Fees**

The Principal Money Manager may receive a performance fee in relation to a particular Fund.

It should be noted that performance fee accruals are based on net realised and net unrealised gains and losses as at the end of each calculation period. As such, a performance fee may be paid on unrealised gains which may subsequently never be realised.

If the Principal Money Manager receives a performance fee with respect to the performance of a Fund, or a Class in a Fund, during a performance period, and a Fund suffers losses in a subsequent period, the Principal Money Manager is under no obligation to, and will not, refund such performance fees.

In addition, performance fees are payable as set out for the relevant Fund and may still be payable even if performance has declined in the performance period in question.

## ***18. Central and Eastern Europe***

Certain markets in Central and Eastern Europe present specific risks in relation to the settlement and safekeeping of securities. These risks result from the fact that physical securities may not exist in certain countries; as a consequence, the ownership of securities is evidenced only on the issuer's register of shareholders. Each issuer is responsible for the appointment of its own registrar. In the case of Russia, this results in a broad geographic distribution of several thousand registrars across Russia. Russia's Federal Commission for Securities and Capital Markets (the "Commission") has defined the responsibilities for registrar activities, including what constitutes evidence of ownership and transfer procedures. However, difficulties in enforcing the Commission's regulations mean that the potential for loss or error still remains and there is no guarantee that the registrars will act according to the applicable laws and regulations. Widely accepted industry practices are still in the process of being established. When registration occurs, the registrar produces an extract of the register of shareholders as at that particular point in time. Ownership of shares is evidenced by the records of the registrar, but not by the possession of an extract of the register of shareholders. The extract is only evidence that registration has taken place. It is not negotiable and has no intrinsic value. In addition, a registrar will typically not accept an extract as evidence of ownership of shares and is not obligated to notify the Depositary, or its local agents in Russia, if or when it amends the register of shareholders. As a consequence of this Russian securities are not on physical deposit with the Depositary or its local agents in Russia. Therefore, neither the Depositary nor its local agents in Russia can be considered as performing a physical safekeeping or custody function in the traditional sense. The registrars are neither agents of, nor responsible to, the Depositary or its local agents in Russia. Investments in securities listed or traded in Russia will only be made in equity and/or fixed income securities that are listed or traded on level 1 or level 2 of the RTS stock exchange or MICEX.

The Depositary's liability extends to its unjustifiable failure to perform its obligations or its improper performance of them and does not extend to losses due to the liquidation, bankruptcy, negligence or wilful default of any registrar. In the event of such losses the relevant Fund will have to pursue its rights directly against the issuer and/or its appointed registrar. The aforesaid risks in relation to safekeeping of securities in Russia may exist, in a similar manner, in other Central and Eastern European countries in which a Fund may invest.

The political, legal and operational risks of investing in Russia issuers may be particularly pronounced. Certain Russian issuers may also not meet internationally accepted standards of corporate governance. These circumstances may reduce the value of the assets that are acquired or may prevent full or partial access by a Fund to these assets to its detriment.

To the extent that a Fund invests directly in the Russian markets, increased risks are incurred particularly with regard to settlement of transactions and custody of the assets. In Russia the legal claim to securities is asserted by means of entry in a register. Maintenance of this register may, however, diverge significantly from internationally accepted standards. The Fund may lose its entry in the register, in whole or in part, particularly through negligence, lack of care or even fraud. It is also not possible to guarantee at present that the register is maintained independently, with the necessary competence, aptitude and integrity, and in particular without the underlying corporations exerting an influence; registrars are not subject to any result in loss of rights. Moreover, the possibility cannot be excluded that, when investing directly in Russian markets, claims to title of the relevant assets by third parties may already exist, or that acquisition of such assets may be subject to restrictions about which the purchaser has not been informed.

## ***19. Investment in Listed Infrastructure Entities***

Investments made by Listed Infrastructure Entities in infrastructure projects during the construction phase carry certain risks. For example, there may be a residual risk that projects will not be completed within budget, within the agreed timeframe or to the agreed specifications; that the operations of infrastructure projects might be exposed to unplanned interruptions caused by natural disasters or terrorist attacks; or that operational and/or supply disruption, could adversely impact the cash flows available from infrastructure assets. National and local environmental laws and regulations may also affect the operations of infrastructure projects. Standards set and regulations imposed regarding certain aspects of health and environmental quality, impose penalties and other liabilities for the violation of such standards, and may establish obligations to rehabilitate facilities and locations where operations are, or were conducted, which may have an impact on the financial performance of infrastructure projects.

## ***20. Investment in Listed Property Entities***

There are special risk considerations associated with investing in Listed Property Entities including: the cyclical nature of real estate values, risks related to general and local economic conditions, overbuilding and increased competition, increases in property taxes and operating expenses, demographic trends and variations in rental income, changes in zoning laws, casualty or condemnation losses, environmental risks, regulatory limitations on rents, changes in neighbourhood values, related party risks, changes in the appeal of properties to tenants, increases in interest rates and other real estate capital market influences.

## ***21. Principal Money Manager Valuation***

The Manager may consult with the Principal Money Manager with respect to the valuation of unlisted investments. There is an inherent conflict of interest between the involvement of the Principal Money Manager in determining the valuation of the Fund's investments and the Principal Money Manager's other responsibilities as the Principal Money Manager's fee will increase as the value of a Fund increases.

## ***22. Charging of Fees and Expenses to Capital rather than Income***

Russell Investments Global High Dividend Equity and Russell Investments Global Listed Infrastructure seek to generate income in addition to capital growth and in order to increase the amount of income that can be distributed, the fees and expenses of a Fund may be charged to the capital of the Fund. Shareholders should note that for these Funds there is an increased risk that on the redemption of Shares, Shareholders may not receive back the full amount invested. This expense policy means that there is a greater risk of capital erosion for the Fund given the lack of potential for capital growth and the value of future returns may be diminished as a result of capital erosion. Shareholders should note that the Central Bank considers any distributions made by Funds which invest predominately in debt instruments to be a form of capital reimbursement.

## ***23. Eurozone***

As a result of the crisis of confidence in the markets which has caused bond yield spreads (the cost of borrowing in the debt capital markets) and credit default spreads (the cost of purchasing credit protection) to increase, most notably in relation to certain Eurozone countries, certain countries in the EU have had to accept "bailouts" from banks and lines of credit from supra-governmental agencies such as the International Monetary Fund and the recently created European Financial Service Facility. The European Central Bank has also been intervening to purchase Eurozone debt in an attempt to stabilise markets and reduce borrowing costs.

In December 2011, leaders of the countries in the Eurozone, as well as the leaders of certain other countries in the EU, met in Brussels and agreed a "fiscal compact" which includes a commitment to a new fiscal rule, to be introduced into the legal systems of the relevant countries, as well as acceleration of the entry into force of the European Stability Mechanism treaty.

Notwithstanding the measures described above, and future measures which may be introduced, it is possible that a country may leave the Eurozone and return to a national currency, and as a result may leave the EU and/or that the Euro, the European single currency, will cease to exist in its current form and/or lose its legal status in one or more countries in which it currently has such status. The effect of such potential events on the Funds, particularly those which are denominated in Euro or which invest in instruments predominantly tied to Europe, is impossible to predict.

More generally, the liquidity and price of certain assets held by the Funds may continue to be directly or indirectly affected by the Eurozone crisis and this may have a negative impact upon the performance of the Funds.

#### **24. Reinvestment of cash collateral risk**

As a Fund may reinvest cash collateral received, subject to the conditions and within the limits laid down by the Central Bank, a Fund reinvesting cash collateral will be exposed to the risk associated with such investments, such as failure or default of the issuer of the relevant security or the relevant counterparty on its obligations under the relevant contract. Many of the risks set out above will apply equally to the reinvestment of collateral, including but not limited to, the risks outlined in the sections entitled "Counterparty and Settlement Risks", "Risks associated with Investment in Other Collective Investment Schemes", "Fixed Income Risk" and "Eurozone Crisis".

#### **25. Terrorist Risk, Hostilities and Pandemic Risk**

Acts of terrorist violence, political unrest, armed regional and international hostilities and international responses to these hostilities, natural disasters, including hurricanes or floods, global health risks or pandemics or the threat of or perceived potential for these events could have a negative impact on the performance of a Fund. These events could adversely affect levels of business activity and precipitate sudden significant changes in regional and global economic conditions and cycles. These events also pose significant risks to people and physical facilities and operations around the world.

A global pandemic may cause extreme volatility and limited liquidity in securities markets and such markets may be subject to governmental intervention. Certain governments may impose restrictions on the manufacture of goods and the provision of services in addition to the free movement of persons. This may have a material impact on the activities of businesses, their profitability and their ability to generate positive cash flow. In these market conditions there is a much higher risk of credit defaults and bankruptcies. As a result, this may have a material impact on the performance of a Fund.

There is a possibility with the severe decline in economic activity and restrictions imposed, of disruption of electricity, other public utilities or network services, as well as system failures at facilities or otherwise affecting businesses which could adversely affect the performance of a Fund. A global pandemic may result in employees of the Principal Money Manager and certain of the other service providers to the Company to be absent from work or work remotely for prolonged periods of time. The ability of the employees of the Principal Money Manager and/or other service providers to the Company to work effectively on a remote basis may adversely impact the day to day operations of a Fund.

#### **26. Changes in the UK political environment**

Changes in the UK political environment following the UK's decision by referendum to exit from the EU may lead to political, legal, tax and economic uncertainty. This could impact general economic conditions in the UK. It is not yet clear whether and to what extent EU regulations generally would apply with respect to the Principal Money Manager following a UK exit from the EU, but it is possible that investors would be subject to fewer regulatory protections than would otherwise be the case. The UK's exit could adversely affect the Principal Money Manager's ability to access markets, make investments, attract and retain employees or enter into agreements (on its own behalf or on behalf of the Company or the Funds) or continue to work with non-UK counterparties and service providers, all of which could result in increased costs to the Company and/or the Funds.

#### **27. Taxation**

Potential investors' attention is drawn to the taxation risks associated with investing in the Company as to which see the section entitled "Taxation."

##### ***Withholding Tax Risk***

The income and gains of each Fund from its securities and assets may suffer withholding tax which may not be reclaimable in the countries where such income and gain arise

##### ***FATCA***

The United States and Ireland have entered into an intergovernmental agreement to implement FATCA (the "IGA"). Under the IGA, an entity classified as a Foreign Financial Institution (an "FFI") that is treated as resident in Ireland is expected to provide the Revenue Commissioners with certain information in respect of its "account" holders (i.e. Shareholders). The IGA further provides for the automatic reporting and exchange of information between the Revenue Commissioners and the U.S. Internal Revenue Service (the "IRS") in relation to accounts

held in Irish FFI's by U.S. persons, and the reciprocal exchange of information regarding U.S. financial accounts held by Irish residents. Provided the Company complies with the requirements of the IGA and the Irish legislation, it should not be subject to FATCA withholding on any payments it receives and may not be required to withhold on payments which it makes.

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

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

### **CRS**

Ireland has provided for the implementation of CRS through Section 891F of the TCA and the enactment of the Returns of Certain Information by Reporting Financial Institutions Regulations 2015 (the "**CRS Regulations**").

The CRS, which has applied in Ireland since 1 January 2016, is a global OECD tax information exchange initiative which is aimed at encouraging a coordinated approach to disclosure of income earned by individuals and organisations.

The Company is a reporting financial institution for CRS purposes and will be required to comply with the Irish CRS obligations. In order to satisfy its CRS obligations, the Company will require its investors to provide certain information in respect of their tax residence and may, in some cases, require information in relation to the tax residence of the beneficial owners of the investor. The Company, or a person appointed by the Company, will report the information required to the Revenue Commissioners by 30 June in the year following the year of assessment for which a return is due. The Revenue Commissioners will share the appropriate information with the relevant tax authorities in participating jurisdictions.

All prospective investors/shareholders should consult with their own tax advisors regarding the possible CRS implications of an investment in the Company.

### **28. Operational Risks (including Cyber Security and Data Security)**

An investment in a Fund, like any fund, can involve operational risks arising from factors such as processing errors, human errors, inadequate or failed internal or external processes, failure in systems and technology, changes in personnel, infiltration by unauthorised persons and errors caused by service providers such as the Manager or the Administrator. While the Funds seek to minimise such events through controls and oversight, there may still be failures that could cause losses to a Fund.

As part of its management services, the Manager (and its delegates) may process, store and transmit electronic information, including information relating to the transactions of the Funds and personally identifiable information of the Shareholders. Similarly, service providers of the Manager and of the Company, especially the Administrator, may process, store and transmit such information. The Manager (and its delegates), Administrator and Depositary (and their respective groups) each maintain information technology systems which each service provider believes are reasonably designed to protect such information and prevent data loss and security breaches. However, like any other system, these systems cannot provide absolute security.

The techniques used to obtain unauthorised access to data, disable or degrade service, or sabotage systems change frequently and may be difficult to detect for long periods of time. Hardware or software acquired from third parties may contain defects in design or manufacture or other problems that could unexpectedly compromise information security. Network connected services provided by third parties to the Manager (and its delegates) may be susceptible to compromise, leading to a breach of the Manager's (and its delegates') network. The Manager's (and its delegates) systems or facilities may be susceptible to employee error or malfeasance, government surveillance, or other security threats. On-line services provided by the Manager to the Shareholders may also be susceptible to compromise.

The service providers of the Manager and the Company are subject to the same electronic information security threats as the Manager. If the Manager or the service provider fails to adopt or adhere to adequate data security policies, or in the event of a breach of its networks, information relating to the transactions of the Company and personally identifiable information of the Shareholders may be lost or improperly accessed, used or disclosed.

Notwithstanding the existence of policies and procedures designed to detect and prevent such breaches and ensure the security, integrity and confidentiality of such information as well as the existence of business continuity and disaster recovery measures designed to mitigate any such breach or disruption at the level of the Company and its delegates, the loss or improper access, use or disclosure of proprietary information may cause the Manager or a Fund to suffer, among other things, financial loss, the disruption of its business, liability to third parties, regulatory intervention or reputational damage. Any of the foregoing events could have a material adverse effect on the relevant Fund and the Shareholders' investments therein.

It should be noted that investors in the Company will be afforded all appropriate safeguards and rights in accordance with the Data Protection Legislation.

### ***29. Depositary Risk***

If a Fund invests in assets that are financial instruments that may be held in custody ("Custody Assets"), the Depositary is required to perform full safekeeping functions and will be liable for any loss of such assets held in custody unless it can prove that the 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 the event of such a loss (and the absence of proof of the loss being caused by such an external event), the Depositary is required to return identical assets to those lost or a corresponding amount to the Fund without undue delay. If a Fund invests in assets that are not financial instruments that may be held in custody ("Non-Custody Assets"), the Depositary is only required to verify the Fund's ownership of such assets and to maintain a record of those assets which the Depositary is satisfied that the Fund holds ownership of. In the event of any loss of such assets, the Depositary will only be liable to the extent the loss has occurred due to its negligent or intentional failure to properly fulfil its obligations pursuant to the Depositary Agreement.

As it is likely that the Funds may each invest in both Custody Assets and Non-Custody Assets, it should be noted that the safekeeping functions of the Depositary in relation to the respective categories of assets and the corresponding standard of liability of the Depositary applicable to such functions differs significantly.

The Funds enjoy a strong level of protection in terms of Depositary liability for the safekeeping of Custody Assets. However, the level of protection for Non-Custody Assets is significantly lower. Accordingly, the greater the proportion of a Fund invested in categories of Non-Custody Assets, the greater the risk that any loss of such assets that may occur may not be recoverable. While it will be determined on a case-by-case whether a specific investment by the Fund is a Custody Asset or a Non-Custody Asset, generally it should be noted that derivatives traded by a Fund over-the-counter will be Non-Custody Assets. There may also be other asset types that a Fund invests in from time to time that would be treated similarly. Given the framework of Depositary liability under UCITS V, these Non-Custody Assets, from a safekeeping perspective, expose the Fund to a greater degree of risk than Custody Assets, such as publicly traded equities and bonds.

### ***30. Subscriptions/Redemptions Account***

The Company operates a Subscriptions/Redemptions Account for all of the Funds. Please refer to section entitled "Use of a Subscription/Redemptions Account" above for further details on the risks applicable to any such Subscriptions/Redemptions Account.

### ***31. Status of Redeeming Investors***

Shareholders will be removed from the share register upon the repurchase proceeds being paid. Insofar as investors remain as Shareholders until such time as the relevant Net Asset Value has been calculated and the register updated, investors will be treated as creditors for the repurchase proceeds, rather than Shareholders from the relevant Dealing Day, and will rank accordingly in the priority of the relevant Fund's creditors. Furthermore, during this period, investors will have no rights as Shareholders under the Articles of Association, except the right to



receive their repurchase proceeds and any dividend which has been declared in respect of their Shares prior to the relevant Dealing Day, and in particular, will not have the right to receive notice of, attend or vote at any class or general meetings.

### **32. Impact of EU Securitisation Rules**

The Securitisation Regulation became applicable with effect from 1 January 2019 and introduced due diligence, transparency and risk retention requirements for UCITS with respect to investment in securitisation positions. It is anticipated that, subject to exemptions and transitional provisions, certain instruments held by a Fund may constitute Securitisation Positions within the scope of the Securitisation Regulation. In such cases, the Fund will be characterised as an "institutional investor" for the purposes of the Securitisation Regulation resulting in it being directly subject to obligations outlined in the Securitisation Regulation regarding the relevant Securitisation Positions it holds or proposes to hold. This includes a range of specific due diligence measures that must be considered by the Fund both in advance of holding and whilst holding a Securitisation Position. In particular, the Fund will be required to verify that the originator, sponsor or original lender of the Securitisation Position that it proposes to hold complies with the requirement to retain on an ongoing basis a material net economic interest which must not be less than 5% in the relevant securitisation in accordance with the Securitisation Regulation (the "**Risk Retention Requirement**") before investing in the Securitisation Position. The Fund is required to monitor compliance with the Risk Retention Requirement on an ongoing basis. Where a Fund is exposed to a Securitisation Position that no longer meets the Risk Retention Requirements, the Directors and/or their duly appointed delegates shall, acting in the best interests of Shareholders in the relevant Fund, take corrective action where appropriate. The Risk Retention Requirements must be complied with by the Fund irrespective of where an originator/sponsor/original lender is established. The Securitisation Regulation imposes obligations directly on originators/sponsors/original lenders of Securitisation Positions established in the EU which includes a direct obligation to comply with the Risk Retention Requirement. This aligns with the pre-investment verification obligation applicable to a Fund as an institutional investor meaning that instruments issued in the EU should be compliant with the Risk Retention Requirement. In relation to securitisations where the originators/sponsors/original lenders are established outside of the EU, there is no direct obligation on non-EU originators/sponsors/original lenders to comply with the Securitisation Regulation. As such, non-EU originators/sponsors/original lenders may choose not to comply with the mandatory Risk Retention Requirements which would prevent a Fund from acquiring any securitisation issued by such originators/sponsors/original lenders. This may result in a narrower universe of instruments in which a Fund can invest.

Legal, tax and regulatory changes in respect of securitisations could occur during the term of a Fund that may adversely affect the Fund. The regulatory environment for securitisation is evolving, and there is a possibility that changes in the taxation or regulation of securitisations will adversely affect the value of Shares, including by adversely affecting the value of investments held by a Fund and the ability of the Fund to pursue their investment objectives and in particular various types of asset backed securities and other debt instruments may be impacted.

### **33. Information and Data from Third Parties**

The Manager and the Principal Money Manager (and its duly appointed delegates) are each dependent upon information and data from third parties (which may include providers for research, reports, screenings, ratings and/or analysis such as index providers and consultants) and such information or data may be incomplete, inaccurate or inconsistent. In particular, there are limitations to the availability and the quality of sustainability related data.

### **34. Sustainable Finance Regulation**

The EU has created a financial policy framework of regulatory measures aimed at mobilising finance for sustainable growth and channelling private investment to the transition to a climate-neutral economy (the "EU Sustainable Finance Action Plan"). Pursuant to the EU Sustainable Finance Action Plan, the EU is introducing new sustainable finance regulations, including SFDR, as well as making sustainability related updates to existing regulation ("Sustainable Finance Regulations"). The Sustainable Finance Regulations are being introduced on a phased basis and some elements, such as regulatory technical standards, are subject to implementation delays.

The Company seeks to comply with all legal obligations applicable to it but there may be challenges in meeting the new obligations created by the Sustainable Finance Regulations. The Company may be required to incur costs to

comply with the Sustainable Finance Regulations both as part of the initial implementation process and on an ongoing basis as new regulatory obligations are introduced. Political developments or changes in government policies throughout the implementation process could result in further costs for the Company.

## **ADMINISTRATION OF THE FUNDS**

### **How to purchase Shares**

Shares of any Class can be purchased in accordance with the requirements below:

#### ***Subscription timetable for Funds dealing every Business Day***

The following subscription timetable will apply to those Funds whose Dealing Day is described as “every Business Day” in the relevant part of the section titled “The Funds”.

Shares of a Fund will be issued on a particular Dealing Day where the Administrator has received:

1. a properly completed subscription form by 2pm (Irish time) on that Dealing Day; and
2. subscription monies (in any freely convertible currency) by the 3rd Business Day following that Dealing Day.

If the Administrator does not receive a properly completed subscription form by 2pm (Irish time) on the relevant Dealing Day, the applicant will receive the Net Asset Value per Share on the first Dealing Day thereafter provided that a properly completed subscription form has been received by 2pm (Irish time) on that Dealing Day. The Manager, on an individual basis and at its sole discretion, as agreed by the Directors, may accept properly completed subscription forms received after 2pm (Irish time) but before 5pm (Irish time) on a Dealing Day if the delay was the result of exceptional circumstances such as electronic or other failure. However, subscription forms may not be accepted after the Net Asset Value is calculated on each Dealing Day.

#### ***Subscription process***

Applications for Shares must specify either the cash amount of the Shares to be purchased or a specific number of Shares to be purchased.

Applications for a specific number of Shares will be accepted if the applicant agrees (1) to make payment for the Shares; and (2) in the sole discretion and upon the request of the Manager, the applicant agrees to indemnify the Company against any losses arising as a result of the Company’s failure to receive payment as required.

The applicant will be required to indemnify the Company against any losses arising as a result of the Company’s failure to receive payment as required. All subscription monies should be paid to the Depositary’s account specified in the subscription form.

Any Shares subscribed for will only be provisionally allotted until such time as they are fully paid.

Subscription applications must comply with the Central Bank’s requirements and may be received by:

- fax; or
- electronic means where such electronic means have already been agreed with the Manager and the Administrator; or
- physical delivery, for example, by registered post or courier, where that has already been agreed with the Manager and the Administrator.

If the initial subscription form is received by fax, the signed original subscription form must be received promptly along with any supporting documentation required to prevent money laundering. Subsequent faxed subscription requests from a Shareholder may be processed without the need to submit original documentation.

**The Manager reserves the right to reject in whole or in part any application for Shares. Any Class of Shares**

**may be closed for subscription either temporarily or permanently at the discretion of the Manager.** Where an application for Shares is rejected, the subscription monies shall be returned to the applicant within 14 days of the date of such application at the risk of the applicant and without interest.

If payment in full has not been received by the Dealing Deadline or within a reasonable time, or in the event of non-clearance of funds, all or part of any allotment of Shares made in respect of such application may be cancelled, or, alternatively, the Administrator may treat the application as an application for such number of Shares as may be purchased with such payment on the Dealing Day next following receipt of payment in full or of cleared funds. In such cases the Company may charge the applicant for any resulting loss incurred by the relevant Fund. The Company reserves the right to charge interest at a reasonable commercial rate on subscriptions which are settled late.

The Administrator will issue Shareholders with a contract note confirming the details of their subscription after it has been processed.

### ***Subscription Price***

The initial subscription price per Share for each “new” Class of Share during the Initial Offer Period is set out in Schedule 1. Following the Initial Offer Period of any Class of Shares, Shares in that Class will be issued at the relevant Net Asset Value per Share as determined on the Dealing Day on which they are deemed to be issued. An initial charge may also be payable to the Distributor or its agents on the initial subscription price per Share. A Dilution Adjustment may be payable to a Fund upon subscriptions for Shares in that Fund – refer to the section titled “Dilution Adjustment”.

### ***Issue of Shares in exchange for investments***

At the Manager’s sole discretion, the Company may issue Shares in exchange for investments in which a Fund may invest pursuant to the Fund’s investment objective and strategies. The number of Shares issued in exchange for such investments will not be more than the number which would have been issued for settlement in cash having valued the investments to be exchanged in accordance with the Company’s valuation provisions.

### ***How to redeem your Shares***

Shares of any Class can be redeemed in accordance with the requirements below:

#### ***Redemption timetable for Funds dealing every Business Day***

The following redemption timetable will apply to those Funds whose Dealing Day is described as “every Business Day” in the relevant part of the section titled “The Funds”.

Shareholders can redeem their Shares by completing a redemption form and sending it to the Administrator on or before 2pm (Irish time) on a Dealing Day.

Any redemption request form received by the Administrator after 2pm (Irish time) on a Dealing Day shall not be processed until the next Dealing Day at that Dealing Day’s Net Asset Value per Share.

The Manager on an individual basis and at its sole discretion, as agreed by the Directors, may accept properly completed redemption forms after 2pm (Irish time) but before 5pm (Irish time) on a Dealing Day if the delay was the result of exceptional circumstances such as electronic or other failure. However, redemption forms may not be accepted after the Net Asset Value is calculated on each Dealing Day.

#### ***Redemption process***

Redemption applications must comply with the Central Bank’s requirements and may be received by:

- fax; or
- electronic means where such electronic means have already been agreed with the Manager and the Administrator; or
- physical delivery where that has already been agreed with the Manager and the Administrator.

The Administrator will issue Shareholders with a contract note confirming the details of their redemption after it has been processed.

Where a subscription application has been received by fax, no redemption payment may be made from the holding until the signed original subscription application form has been received from the Shareholder along with all documentation required by the Company, including any documents required in connection with the obligation to prevent money laundering. Redemption forms received by fax will only be processed where payment is to be made to the account of record.

### ***Redemption Price***

Shares will be redeemed at the relevant Net Asset Value per Share as determined on the Dealing Day on which they are redeemed. A Dilution Adjustment may be payable to a Fund upon the redemption of Shares in that Fund – refer to the section titled “Dilution Adjustment”. The redemption proceeds will be paid in the currency of the Class of Share in the relevant Fund being redeemed.

### ***Payment of redemption proceeds***

Redemption proceeds will typically be paid to Shareholders 3 Business Days after the relevant Dealing Day although in exceptional circumstances proceeds may be paid up to 14 calendar days after the deadline for redemption requests.

### ***Issue of Company’s investments in exchange for Shares***

The Company may, either with the approval of the applicant Shareholder, or in the case of any redemption request in respect of Shares representing 5% or more of the Net Asset Value of a Fund in the Company’s sole discretion, satisfy any application for the redemption of Shares by the transfer of assets of the Company *in specie* to the Shareholder, provided that the nature of the assets to be transferred shall be determined by the Directors on such basis as the Directors, with the approval of the Depositary, shall deem equitable and not prejudicial to the interests of the remaining Shareholders. At the request of the Shareholder making such a redemption request, the assets shall be sold (the cost of the sale of the relevant Shares which may be charged to the Shareholder) and the proceeds of sale transmitted to the Shareholder.

### ***Restrictions on redemptions***

If the Company receives requests for the redemption of Shares representing 10% or more of the Net Asset Value of a Fund in respect of any Dealing Day, the Directors may, in their sole discretion, elect to restrict the total value of Shares to be redeemed to 10% or more of that Fund’s Net Asset Value. If the Director’s elect to restrict the redemption of Shares in this manner then:

1. all relevant redemption requests will be scaled down pro rata to the value of Shares requested to be redeemed; and
2. subject to the above restriction, any Shares which are not redeemed on a Dealing Day shall be treated as if a request for redemption has been made in respect of such Shares for the next and each subsequent Dealing Day until all of the Shares to which the original request(s) related have been redeemed.

### ***How to transfer your Shares***

All transfers of Shares shall be made by transfer in writing in any usual or common form or in any other form and every form of transfer shall state the full name and address of the transferor and the transferee. The instrument of transfer of a Share shall be signed by or on behalf of the transferor. The transferor shall be deemed to remain the holder of the Share until the name of the transferee is entered in the share register in respect thereof. The registration of transfers of Shares shall be subject to the rules set out in the Articles. The measures aimed towards the prevention of money laundering, as described above under “How to purchase Shares”, apply equally to transfers of Shares.

### ***How the Net Asset Value is determined***

The Net Asset Value per Share of each Fund shall be determined on each Dealing Day (in accordance with the

Articles of Association and by reference to the last traded price as at the most recent close of business on the market on which such investments are quoted) by 2.30 pm (Irish time) on the following Dealing Day.

The procedures and methodology for calculating the Net Asset Value per Share are summarised below:

- (a) In determining the Net Asset Value per Share of a Fund the securities of a Fund which are normally listed, traded or dealt in on a Regulated Market shall be valued at the closing or last known market price which for the purposes of the Company shall be understood to mean the last traded price as at the close of business on the Regulated Market which in the opinion of the Manager is the principal Regulated Market for such securities. Securities listed or traded on a Regulated Market but acquired or traded at a premium or at a discount outside or off the relevant market may be valued taking into account the level of premium or discount at the date of the valuation. The Depositary must ensure that the adoption of such a procedure is justifiable in the context of establishing the probable realisation value of the security.
- (b) In the case of any investment which is not listed, traded or dealt in on a Regulated Market or the market price is unrepresentative or not available the value of such security shall be its probable realisation value as at the close of business which must be estimated with care and in good faith and shall be determined by a competent person appointed by the Manager approved for the purpose by the Depositary or such value as the Manager considers in the circumstances to be fair and which value is approved by the Depositary. Where reliable market quotations are not available for fixed income securities, the value of such securities may be determined using matrix methodology compiled by the Directors or competent person, who is approved for the purpose by the Depositary, 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) Investments in collective investment schemes will be valued at the latest available net asset value per unit of latest bid price as published by the relevant collective investment scheme or if listed or traded on a Regulated Market, in accordance with (a) above.
- (d) Cash and other liquid assets will be valued at their face value with interest accrued or less debit interest, where applicable, to the Dealing Day.
- (e) Exchange traded derivative instruments will be valued based on the settlement price as determined by the market where the instrument is traded. If such settlement price is not available such value shall be valued in accordance with (b) above.
- (f) Notwithstanding the provisions of paragraphs (a) to (e) above:
  - (i) The Manager or their delegate shall, at its discretion in relation to any particular Fund which is a short-term money market fund, have in place an escalation procedure to ensure that any material discrepancy between the market value and the amortised cost value of a money market instrument is brought to the attention of the Principal Money Manager (or its delegates) or a review of the amortised cost valuation vis-à-vis market valuation will be carried out in accordance with the requirements of the Central Bank.
  - (ii) Where it is not the intention or objective of the Manager to apply amortised cost valuation to the portfolio of the Fund as a whole, a money market instrument within such a portfolio shall only be valued on an amortised basis if the money market instrument has a residual maturity of less than 3 months and does not have any specific sensitivity to market parameters, including credit risk.
- (g) Notwithstanding the generality of the foregoing, the Manager may with the approval of the Depositary adjust the value of any investment if they consider that such adjustment is required to reflect the fair value in the context of currency, marketability, dealing costs and/or such other considerations which are deemed relevant. The rationale for adjusting the value must be clearly documented.
- (h) If the Manager deems it necessary, a specific investment may be valued under an alternative method of valuation approved by the Depositary and the rationale/methodologies used must be clearly documented.

Any liabilities of the Company that are not attributable to any Fund shall be allocated amongst the Funds based on their respective Net Asset Values or on any other basis approved by the Depositary having taken into account the nature of the liabilities.

Any liabilities of the Company that are not attributable to any Fund shall be allocated amongst the Funds based on their respective Net Asset Values or on any other basis approved by the Depositary having taken into account the nature of the liabilities.

Where a Fund is made up of more than one Class of Shares, the Net Asset Value of each Class shall be determined by calculating the amount of the Net Asset Value of the relevant Fund attributable to each Class. The Net Asset Value per Share is the resulting sum rounded to the nearest 4 decimal places. The amount of the Net Asset Value of a Fund attributable to a Class shall be determined by establishing the number of Shares in issue in the Class, by allocating certain Class expenses and fees to the Class and making appropriate adjustments to take account of distributions paid out of the Fund, if applicable, and apportioning the Net Asset Value of the Fund accordingly. The Net Asset Value per Share of a Class shall be calculated by dividing the Net Asset Value of the Class by the number of shares in issue in that Class. Class expenses or management fees or charges not attributable to a particular Class may be allocated amongst the Classes based on their respective Net Asset Value or any other reasonable basis approved by the Depositary and having taken into account the nature of the fees and charges. Class expenses or management fees relating specifically to a Class will be charged to that Class. In the event that Classes of Shares within a Fund are issued which are priced in a Class Currency other than the Base Currency for that Fund currency conversion costs will be borne by that Class.

The valuation provisions of the Company set out above will apply equally to the calculation of the net asset value of any Investment Pool established by the Manager, at its discretion, as provided for in the section “Investment Pools”.

#### ***Dilution adjustment***

The actual cost of purchasing or selling the underlying investments in a Fund may be higher or lower than the last traded price used in calculating the Net Asset Value per Share. The effects of dealing charges, commissions and dealing at prices other than the last traded price may have a materially disadvantageous effect on the Shareholders’ interests in a Fund. To prevent this effect, known as ‘dilution’ and to protect Shareholders, the Company may charge a Dilution Adjustment when there are net inflows into a Fund or net outflows from a Fund, so that the price of a Share in the Fund is above or below that which would have resulted from a valuation based on the last traded price. The charging of a Dilution Adjustment may either reduce the redemption price or increase the subscription price of the Shares in a Fund. Where a Dilution Adjustment is made, it will increase the Net Asset Value per Share where the Fund receives net subscriptions and will reduce the Net Asset Value per Share where the Fund receives net redemptions. The charging of a Dilution Adjustment on the Initial Offer Price will similarly be applied at the launch of any new Class of Shares in a Fund that is already established and will have the effect of reducing the number of Shares issued. The Initial Offer Price will be published in the official price history. Dilution adjustments may apply in the normal manner on the closing of an individual Class but will not be applied at the closure of a Fund where actual closure costs will be reflected instead across all of the Classes of Shares.

The imposition of a Dilution Adjustment will depend on the value of subscriptions or redemptions of Shares on any Dealing Day. The Company may make a Dilution Adjustment:

- (i) if net subscriptions or redemptions (excluding in specie transfers) exceed certain pre-determined percentage thresholds relating to a Fund’s Net Asset Value (where such percentage thresholds have been pre-determined for each Fund from time to time by the Directors or a committee nominated by the Directors); or
- (ii) where a Fund is in a continual decline (i.e. is suffering a net outflow of investments); or
- (iii) in any other case where the Company reasonably believes that it is in the interests of Shareholders to impose a Dilution Adjustment.

The Dilution Adjustment for each Fund will be calculated by reference to the typical costs of dealing in the

underlying investments of that Fund, including any dealing spreads, market impact, commissions, fees and taxes. These costs can vary over time and as a result the amount of Dilution Adjustment will also vary over time. The price of each Class of Share in a Fund will be calculated separately but any Dilution Adjustment will affect the price of Shares of each Class in a Fund in an identical manner. When the Dilution Adjustment is not made and Shares are bought or sold there may be an adverse impact on the Net Asset Value of a Fund.

Any in specie subscriptions or redemptions will not be taken into account when determining whether there are net inflows or outflows from a Fund. Shareholders subscribing or redeeming in specie will do so at the prevailing Net Asset Value per Share, without a Dilution Adjustment applied. However, in the case of a Fund which may suffer stamp duty costs as a result of an in specie subscription a Dilution Adjustment may be applied sufficient to reflect the cost of the stamp duty charges incurred as a result of the in specie subscription.

Dilution Adjustment may be applied on any Dealing Day but the possible amount of such adjustments will be reviewed from time to time by the Principal Money Manager. The details of the Dilution Adjustment that have been applied to subscriptions and/or redemptions can be obtained by a Shareholder on request from the Principal Money Manager.

### ***Distribution policy***

Each of the Funds may issue Accumulation Class Shares or Income Class Shares (as defined below). **All Share Classes are Accumulation Class Shares unless otherwise indicated in the name of the Share Class.**

“Accumulation Class Shares” are shares that declare a distribution but whose Net Income is then reinvested in the capital of the relevant Fund on the Distribution Date, thereby increasing the Net Asset Value per Share for an Accumulation Class Share relative to an Income Class Share.

“Income Class Shares” are shares that distribute Net Income from time to time, subject to the Directors’ discretion, on relevant Distribution Dates. The amount of any distribution on different Classes of Income Class Shares in a Fund may vary to reflect any differing charges and expenses suffered by such Share Classes. Any such distribution shall be made from Net Income. It should be noted that Net Income is calculated differently in relation to Funds which prioritise the generation of income over capital growth and in such Funds any applicable fees and expenses are charged to the capital of the Fund rather than the income of the Fund. An investor in Income Class Shares shall have the choice of investing the distribution in additional Income Class Shares or receiving payment by telegraphic transfer in the Class Currency of the Income Class Shares in which the investor is invested. The investor will indicate a preference in writing to the Administrator at the time of the investor’s application for Income Class Shares.

It should be noted that the declaration of distributions in those Funds which charge fees (including management and performance fees) and expenses to capital rather than income could result in the erosion of capital in those Funds and that increased income will be achieved by foregoing some of the potential for future capital growth.

### ***U.K. Reporting Fund Status***

From and in respect of the accounting period commencing 1 July 2011 the Company has conducted its affairs so as to enable U.K. reporting fund status to be obtained.

Amongst other requirements, a reporting fund must report the income returns of the Company on a per-Share basis to each relevant Shareholder for each reporting period.

Shareholders and potential investors who are resident or ordinarily resident in the U.K. for tax purposes are advised to consult their professional advisers concerning possible taxation or other consequences of the U.K. reporting fund status regimes.

### ***Foreign exchange costs***

In respect of unhedged currency share classes, a currency conversion will take place on subscriptions, redemptions, conversions and distributions at prevailing exchange rates. Accordingly, the applicant will pay any foreign exchange costs associated with currency conversions on subscriptions, redemptions, conversions and distributions.



### ***Mandatory Redemption of Shares and Forfeiture of Distributions***

The Company reserves the right to redeem any Shares on 14 days' notice to a Shareholder if:

- (i) the holding of the Shares by such person is unlawful or such Shareholder is prohibited for legal or regulatory reasons from holding the Shares or if, in the opinion of the Directors, the holding might result in the Company or Shareholders incurring any liability to taxation or suffering pecuniary or administrative disadvantages which the Company or the Shareholders might not otherwise suffer or incur; or
- (ii) the Directors, in their sole discretion, have established that the Shareholder has engaged in Excessive Dealing – in establishing such, the Directors may combine Shares that are under common ownership or control for the purposes of ascertaining whether an individual or a group of individuals can be deemed to be involved in Excessive Dealing.

In addition, the Company may redeem Shares where, during a period of six years, no cheque in respect of any dividend on the Shares has been cashed and no acknowledgement has been received in respect of any Share certificate or other confirmation of ownership of the Shares sent to the Shareholder and the redemption proceeds will be held in a separate interest bearing account and the Shareholder shall be entitled to claim the amount standing to his credit in such account.

Any distribution monies which have not been claimed within six years of the declaration of the distribution shall be forfeited and shall form part of the assets of the relevant Fund.

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

Except where the determination of the Net Asset Value per Share has been suspended, in the circumstances described below, the latest Net Asset Value per Share in each Fund shall be made available at the registered office of the Administrator and shall be published (so far as is practicable) on the first Business Day after the relevant Dealing Day on Bloomberg ([www.bloomberg.com](http://www.bloomberg.com)) a public website.

In addition to the information disclosed in the periodic reports of the Company, the Company may, from time to time, make available to investors portfolio holdings and portfolio-related information in respect of one or more of the Funds. Any such information will be available to all investors in the relevant Fund on request. Any such information will only be provided on a historical basis and after the relevant Dealing Day to which the information relates.

### ***Temporary Suspension of Valuation and of Issues and Redemptions of Shares***

The Directors may, following consultation with the Manager, at any time temporarily suspend the determination of the Net Asset Value and the subscription, redemption and exchange of Shares and the payment of repurchase proceeds:

- (i) any period (other than ordinary holiday or customary weekend closings) when any Regulated Market is closed which is the main Regulated Market for a significant part of the Fund's assets, or in which trading thereon is restricted or suspended; or
- (ii) any period when an emergency exists as a result of which disposal by the Fund of investments which constitute a substantial portion of the assets of the Fund is not practically feasible; or
- (iii) any period when for any reason the prices of any investments of the Fund cannot be reasonably, promptly or accurately ascertained by the Manager; or
- (iv) any period when remittance of monies which will, or may be, involved in the realisation of, or in the payment for, investments of the Fund cannot, in the opinion of the Manager, be carried out at the normal rate of exchange; or
- (v) any period when the proceeds of any sale or redemption of the Shares cannot be transmitted to or

from the Fund's account; or

- (vi) any breakdown in the means of communication or computation normally employed by the Administrator in determining the price or value of any of the investments of a Fund or in computing or communicating the price or value of a Fund itself; or
- (vii) any period when, as a result of political, economic, military or monetary events or any circumstances outside the control, responsibility and power of the Directors, disposal or valuation of investments of the relevant Fund is not reasonably practicable without this being seriously detrimental to the interests of Shareholders or if, in the opinion of the Administrator, redemption prices cannot fairly be calculated; or
- (viii) upon the publication of a notice convening a general meeting of Shareholders for the purpose of resolving to wind-up the Company or terminate a Fund or a Class.

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

Details of any such suspension will be notified immediately (without delay) on the same Business Day to the Central Bank and will also be notified to all Shareholders as soon as practicable via official notification. Where Shareholders have requested subscriptions or redemptions of Shares of any Class in any Fund or exchanges of Shares of one Class in any Fund to another, unless withdrawn but subject to the limitation referred to above, their requests will be dealt with on the first relevant Dealing Day after the suspension is lifted.

### ***Conversion of Shares***

With the consent of the Directors, Shareholders may convert their Shares in any Fund to Shares in any other Fund. Conversion shall take place in accordance with the following formula:

$$NS = \frac{(S \times R \times F) - X}{P}$$

where:

NS	=	the number of Shares which will be issued in the new Fund;
S	=	the number of the Shares to be converted;
R	=	the redemption price per Share after deduction of any redemption charge;
F	=	the currency conversion factor (if any) as determined by the Manager;
P	=	the price of a Share of the new Fund after the addition of any initial charge;
X	=	a handling charge (if any) not exceeding 5% of the Net Asset Value of the Shares to be converted.

If NS is not an integral number of Shares the Company reserves the right to issue fractional Shares in the new Fund or to return the surplus arising to the Shareholder seeking to convert the Shares.

### ***Providing information to the Company and Manager***

Amendments to a Shareholder's registration details and payment instructions will only be effected upon receipt of original documentation.

Applicants will be obliged to declare to the Company at the time of their initial subscription for Shares whether they are an Irish Resident, ordinarily resident in Ireland and/or U.S. Person. All applicants who are U.S. Persons will be obliged to certify that they meet certain qualifications under U.S. law.

Each Shareholder must notify the Manager and/or the Administrator in writing of any change in the information contained in their account opening documentation (including as to status as an Irish Resident or a U.S. Person) and furnish the Manager and/or the Administrator with whatever additional documents relating to such change as it may request. Shareholders are further obliged to notify the Company in the event that they become U.S. Persons, in

which case they will be obliged to certify that they meet certain requirements or immediately dispose of or cause to have redeemed any Shares held by them.

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

The Company is regulated by the Central Bank, and must comply with the measures provided for in the Criminal Justice (Money Laundering & Terrorist Financing) Acts 2010 and 2021 (the "CJA") which is aimed towards the prevention and detection of money laundering. In order to comply with the CJA, the Administrator, on the Company's behalf, will require from any subscriber or Shareholder certain verification of the identity of such subscriber or Shareholder, including any persons purporting to act on such subscriber or Shareholder's behalf. The Company and the Administrator each reserve the right to request such information as is necessary to verify the identity of an applicant and where applicable, the beneficial owner. This may include obtaining proof of address, the source of funds used to subscribe for Shares, the source of wealth or other additional information which may be requested from any subscriber or Shareholder for such purposes from time to time, monitoring the business relationship on an on-going basis and where applicable identifying and verifying the identity of the beneficial owners of such subscriber or Shareholder on a risk sensitive basis. Politically exposed persons ("PEPs"), an individual who is or has, at any time in the preceding year, been entrusted with prominent public functions, their immediate family members and/or persons known to be close associates of such persons, must also be identified and will be subject to enhanced due diligence measures in accordance with the CJA.

By way of example an individual may be required to produce an original certified copy of a passport or identification card together with evidence of his/her address such as two original copies of evidence of his/her address, i.e. utility bills or bank statements (not more than six months old). Date of birth and tax residence details may also need to be provided and verified.

In the case of corporate investors, such measures may require production of a certified copy of the certificate of incorporation (and any change of name), memorandum and articles of association (or equivalent), a certified copy of the corporate investor's authorised signatory list, the names, occupations, dates of birth and residential and business addresses of all directors.

The level of customer due diligence/verification documentation required will depend on the circumstances of each application following a risk based assessment of the applicant. For example, a detailed verification might not be required where the application is deemed low risk after consideration of a number of risk variables including jurisdiction, customer type and distribution channels. The Company will have regard to the relevant business risk assessment when determining the level of customer due diligence required under Sections 33 and 35 of the CJA.

Pursuant to Section 35 of the CJA, prior to establishing a business relationship with an applicant to which the European Union (Anti-Money Laundering: Beneficial Ownership of Trusts) Regulations 2021 apply, the CCF is required to confirm that information concerning the beneficial ownership of the applicant has been entered in the relevant central beneficial ownership register that applies to the applicant.

The Administrator reserves the right to request such information as is necessary to verify the identity of an applicant and where applicable, the beneficial owner. In the event that the Administrator requires further proof of the identity of any applicant the Administrator will contact the applicant on receipt of subscription instructions. In the event of delay or failure by the applicant to produce any information required for verification purposes or the signed original application form the Administrator may refuse to accept the application and return all subscription monies at the risk of the applicant and without interest.

It is further acknowledged that the Administrator, in the performance of its delegated duties, shall be held harmless by the applicant against any loss arising as a result of a failure to process the subscription if such information as has been requested by the Administrator has not been provided by the applicant.

The Administrator, on behalf of the Company, may refuse to pay redemption proceeds or accept further subscription money where the requisite information for verification purposes has not been produced by a Shareholder.

Appropriate measures to verify an applicant's identity are required to take place before the establishment of the business relationship or as soon as practicable after initial contact is made with an applicant. For the avoidance of doubt, no payments will be made on non-verified accounts.

### ***Data Protection***

Prospective investors should note that by virtue of making an investment in the Company and the associated interactions with the Company and its affiliates and delegates (including completing the Application Form, and including the recording of electronic communications or phone calls where applicable), or by virtue of providing the Company with personal information on individuals connected with the investor (for example directors, trustees, employees, representatives, shareholders, investors, clients, beneficial owners or agents) such individuals will be providing the Company and its affiliates and delegates with certain personal information which constitutes personal data within the meaning of the Data Protection Legislation. The Company shall act as a data controller in respect of this personal data and its affiliates and delegates, such as the Manager, the Administrator, the Principal Money Manager and the Distributor, may act as data processors (or joint data controllers in some circumstances).

The Company has prepared a document outlining the Company's data protection obligations and the data protection rights of individuals under the Data Protection Legislation (the "Privacy Notice").

All new investors shall receive a copy of the Privacy Notice as part of the process to subscribe for Shares in the Company and a copy of the Privacy Notice will be sent to all existing investors in the Company that subscribed prior to the Data Protection Legislation coming into effect.

The Privacy Notice contains information on the following matters in relation to data protection:

- that investors will provide the Company with certain personal information which constitutes personal data within the meaning of the Data Protection Legislation;
- a description of the purposes and legal bases for which the personal data may be used;
- details on the transmission of personal data, including (if applicable) to entities located outside the EEA;
- details of data protection measures taken by the Company;
- an outline of the various data protection rights of individuals as data subjects under the Data Protection Legislation;
- information on the Company's policy for retention of personal data;
- contact details for further information on data protection matters.

Given the specific purposes for which the Company and its affiliates and delegates envisage using personal data, under the provisions of the Data Protection Legislation, it is not anticipated that individual consent will be required for such use. However, as outlined in the Privacy Notice, individuals have the right to object to the processing of their data where the Company has considered this to be necessary for the purposes of its or a third party's legitimate interests

### ***Non-voting Share Classes***

Classes of Shares may be created which shall have no voting rights in respect of any resolution submitted to the Shareholders of the Company, the Fund to which they relate or in respect of that particular Class. Relevant Shareholders will be provided with at least 2 weeks' notice of any proposed change (encompassed by such resolution) becoming effective, during which time such Shareholders may redeem their non-voting Shares if they wish to do so. Any decision to invest in a non-voting Share Class is made by a prospective Shareholder and not by the Company.

## **MANAGEMENT AND ADMINISTRATION**

### **The Manager**

The Company delegates UCITS management company functions to Carne Global Fund Managers (Ireland) Limited (the "Manager"). The Central Bank Regulations refer to the "responsible person", being the party responsible for compliance with the relevant requirements of the Central Bank Regulations on behalf of an Irish authorised UCITS. The Manager assumes the role of the responsible person for the Company.

#### *The Manager*

The Company has appointed the Manager to act as manager to the Company and each Fund with power to delegate one or more of its functions subject to the overall supervision and control of the Company. The Manager is a private limited company and was incorporated in Ireland on 10 November 2003 under the registration number 377914 and has been authorised by the Central Bank to act as a UCITS management company and to carry on the business of providing management and related administration services to UCITS collective investment schemes. The Manager's parent company is Carne Global Financial Services Limited, a company incorporated in Ireland with limited liability.

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

Pursuant to the Principal Money Manager Agreement (and as detailed further below), the Manager has delegated certain investment management functions in respect of each Fund to the Principal Money Manager.

The directors of the Manager are set out in Schedule 3.

### **The Principal Money Manager, Distributor, UK Facilities Agent and German Information Agent**

Russell Investments Limited was incorporated in England and Wales on 30 December 1986.

The Company and the Manager have appointed Russell Investments Limited as Principal Money Manager with discretionary powers pursuant to the Principal Money Manager and Advisory Agreement (as further described below).

Under the terms of the Principal Money Manager and Advisory Agreement, the Principal Money Manager is responsible, subject to the overall supervision and control of the Directors and the Manager, for managing the assets and investments of the Company and each of its Funds in accordance with the investment objective and policies of each Fund.

The Principal Money Manager may delegate the discretionary investment management functions in respect of the assets of each or any Fund, as further described above under the section entitled "Management of Funds".

Russell Investments Limited was also appointed as Distributor of the Shares of the Company and it is also the entity that primarily promotes the Company.

The Company has also appointed Russell Investments Limited to provide certain operational support services pursuant to the Support Services Agreement.

The Manager and the Company have appointed the UK Facilities Agent to provide facilities to the Company in the UK in relation to its public registration in the UK pursuant to a UK facilities agreement dated 30 September 2021 as may be amended from time to time in accordance with the requirements of the Central Bank.

The Manager and the Company have appointed the German Information Agent to provide certain facilities to the Company in Germany in relation to its public registration in Germany pursuant a German information agent agreement dated 30 September 2021 as may be amended from time to time in accordance with the requirements of the Central Bank.

## **Directors**

The Directors are responsible for managing the business affairs of the Company in accordance with the Articles. The Directors may delegate certain functions to the Manager, subject to supervision and direction by the Directors.

The Directors are listed in Schedule 3 with their principal occupations. The Company has delegated the day-to-day management of the Company to the Manager and, consequently, none of the Directors is an executive director. The address of the Directors is the registered office of the Company.

None of the Directors has entered into a service contract with the Company or is an executive of the Company. The Articles do not stipulate a retirement age for Directors and do not provide for retirement of Directors by rotation.

The Articles provide that a Director may be a party to any transaction or arrangement with the Company or in which the Company is interested, provided that he has disclosed to the Directors the nature and extent of any material interest which he may have. A Director may not vote in respect of any contract in which he has a material interest. However, a Director may vote in respect of any proposal concerning any other company in which he is interested, directly or indirectly, whether as an officer or shareholder or otherwise provided that he is not the holder of 5% or more of the issued shares of any class of such company or of the voting rights available to members of such company. A Director may also vote in respect of any proposal concerning an offer of Shares in which he is interested as a participant in an underwriting or sub-underwriting arrangement and may also vote in respect of the giving of any security, guarantee or indemnity in respect of money lent by the Director to the Company or in respect of the giving of any security, guarantee or indemnity to a third party relating to a debt obligation of the Company for which the Director has assumed responsibility in whole or in part.

## **The Secretary**

The Company Secretary is MFD Secretaries Limited.

## **The Administrator**

The Manager has appointed State Street Fund Services (Ireland) Limited to act as administrator of the Company pursuant to an agreement between the Company, Manager and the Administrator dated 30 September 2021 as may be amended or supplemented from time to time in accordance with the requirements of the Central Bank (the “Administration Agreement”).

The Administrator is responsible for performing the day to day administration of the Company and for providing fund accounting for the Company, including the calculation of the Net Asset Value and the Net Asset Value per Share, and for providing registration, transfer agency and related services to the Company.

The Administrator was incorporated in Ireland on 23 March 1992 and is a private limited liability company ultimately owned by the State Street Corporation. The authorised share capital of the Administrator is Stg£5 million with an issued and paid up share capital of Stg£350,000.

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

## **The Depositary**

The Company has appointed State Street Custodial Services (Ireland) Limited to act as Depositary of all the assets of the Company pursuant to the Depositary Agreement.

The Depositary is a private limited company incorporated in Ireland and has its registered office at 78 Sir John Rogerson’s Quay, Dublin 2. The principal activity of the Depositary is to act as depositary of the assets of

collective investment schemes. The Depositary is ultimately owned by the State Street Corporation. The Depositary is regulated by the Central Bank. The Depositary was incorporated to provide trustee and custodial services to collective investment schemes.

The Depositary shall carry out functions in respect of the Company including but not limited to the following:

- (a) the Depositary shall
  - (i) hold in custody all financial instruments that may be registered or held in a financial instruments account opened in the Depositary's books and all financial instruments that can be physically delivered to the Depositary;
  - (ii) ensure that all financial instruments that can be registered in a financial instruments account opened in the Depositary's books are registered in the Depositary's books within segregated accounts in accordance with the principles set out in Article 16 of Commission Directive 2006/73/EC, opened in the name of the Company, so that they can be clearly identified as belonging to the UCITS in accordance with the applicable law at all times;
- (b) the Depositary shall verify the Company's ownership of any assets (other than those referred to in (i) above) and maintain and keep up-to-date a record of such assets it is satisfied are owned by the Company;
- (c) the Depositary shall ensure proper monitoring of the Depositary 's cash flows;
- (d) the Depositary shall be responsible for certain oversight obligations in respect of the Company – see "Summary of Oversight Obligations" below.

Under the terms of the Depositary Agreement, the Depositary may delegate duties and functions in relation to (a) and (b) above, subject to certain conditions. The liability of the Depositary will not be affected by the fact that it has entrusted to a third party some or all of the assets in its safekeeping. The Depositary's liability shall not be affected by any delegation of its safekeeping functions under the Depositary Agreement.

Information about the safekeeping functions which have been delegated and the identification of the relevant delegates and sub-delegates are contained in Schedule 7 to the Prospectus.

Duties and functions in relation to (c) and (d) above may not be delegated by the Depositary.

#### Summary of Oversight Obligations:

The Depositary is obliged, among other things, to:

- (a) ensure that the sale, issue, repurchase, redemption and cancellation of Shares effected by or on behalf of the Company are carried out in accordance with the Regulations and the Articles of Association;
- (b) ensure that the value of Shares is calculated in accordance with the Regulations and the Articles of Association;
- (c) carry out the instructions of the Company unless they conflict with the Regulations or the Articles of Association;
- (d) ensure that in each transaction involving the Company's assets, any consideration is remitted to it within the usual time limits;
- (e) ensure that the Company's income is applied in accordance with the Regulations and the Articles of Association;

- (f) enquire into the conduct of the Company in each Accounting Period and report thereon to the Shareholders. The Depositary's report will be delivered to the Directors in good time to enable the Directors to include a copy of the report in the annual report of the Company. The Depositary's report will state whether, in the Depositary's opinion, the Company has been managed in that period:
  - (i) in accordance with the limitations imposed on the investment and borrowing powers of the Company by the Central Bank, the Articles of Association and by the Regulations; and
  - (ii) otherwise in accordance with the provisions of the Articles of Association and the Regulations.

If the Company has not been managed in accordance with (a) or (b) above, the Depositary will state why this is the case and will outline the steps that the Depositary has taken in respect thereof;

- (a) notify the Central Bank promptly of any material breach by the Company or the Depositary of any requirement, obligation or document to which Regulation 114(2) of the Central Bank Regulations relates; and
- (b) notify the Central Bank promptly of any non-material breach by the Company or the Depositary of any requirement, obligation or document to which Regulation 114(2) of the Central Bank Regulations relates where such breach is not resolved within 4 weeks of the Depositary becoming aware of such non-material breach.

In carrying out its duties the Depositary shall act honestly, fairly professionally, independently and solely in the interests of the Company and its Shareholders.

In the event of a loss of a financial instrument held in custody, determined in accordance with UCITS V, the Depositary shall return financial instruments of identical type or the corresponding amount to the Company without undue delay.

The Depositary shall not be liable if it can prove that the loss of a financial instrument held in custody 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 pursuant to UCITS V.

To the extent permitted by the Regulations, the Depositary shall not be liable for consequential or indirect or special damages or losses, arising out of or in connection with the performance or non-performance by the Depositary of its duties and obligations.

### **Paying Agents/Representatives/Distributors**

Local paying agents and representatives ("paying agents") may be appointed to facilitate the authorisation or registration of the Company and/or the marketing of any of its Shares in various jurisdictions. In addition, local regulations in EEA countries may require the appointment of paying agents and the maintenance of accounts by such agents through which subscriptions and repurchase monies may be paid. Investors who choose or are obliged under local regulations to pay/receive subscription/repurchase monies via an intermediary entity rather than directly to/from the Administrator or the Depositary (e.g. a sub-distributor or agent in the local jurisdiction) bear a credit risk against that intermediate entity with respect to (a) subscription monies prior to the transmission of such monies to the Administrator or the Depositary for the account of a Fund and (b) repurchase monies payable by such intermediate entity to the relevant investor.

The appointment of a paying agent (including a summary of the agreement appointing such paying agent) may be detailed in a country supplement.

### **Conflicts of Interest**

The Directors, the Depositary and the Manager and its duly appointed delegates and their respective affiliates,



officers, directors and shareholders, employees and agents (each a "Connected Party" and collectively, the "Connected Parties") are or may be involved in other financial, investment and professional activities (for example provision of securities lending agent services) which may on occasion cause a conflict of interest with the management of the Company and/or their respective roles with respect to the Company.

These other activities may include managing or advising other funds, purchases and sales of securities, banking and investment management services, brokerage services and serving as directors, officers, advisers or agents of other funds or companies, including funds or companies in which the Company may invest. Each of the Connected Parties will use reasonable endeavours to ensure that any conflicts which may arise will be resolved fairly. The appointment of the Manager, the Principal Money Manager, Administrator and Depositary in their primary capacity as service providers to the Company are excluded from the scope of these Connected Party requirements.

Each Fund may effect portfolio transactions with or through subsidiaries of Russell Investments and, in addition, a Director may from time to time be a director, shareholder, officer, employee or consultant of brokerage firms with or through whom portfolio transactions for the Funds are effected. The Money Managers may be requested by the Principal Money Manager to direct a target percentage of portfolio transactions to affiliates of Russell Investments. The affiliates of Russell Investments will refund to the Fund effecting such transactions, the value of the commission paid excluding such costs as reasonably determined as necessary by the broker and/or affiliate of Russell Investments from time to time. Such excluded costs may include but will not be limited to the cost of access to markets, execution, clearing and minimum brokerage retention.

Each of the Principal Money Manager, Money Managers and/or the Investment Managers may enter into transactions on a soft commission basis, i.e., utilise the services and expertise of brokers in return for the execution of trades through such brokers, provided that the transactions are entered into on the principle of best execution, the benefits provided in the transaction will assist in the provision of investment services to the Company. More information on soft commissions can be found in the annual or semi-annual report of the Company. Where appropriate, any such arrangements will comply with the requirements of Article 11 of the MiFID II Delegated Directive.

There is no prohibition on transactions with Connected Parties including, without limitation, holding, disposing or otherwise dealing with Shares issued by or property of the Company and none of them shall have any obligation to account to the Company for any profits or benefits made by or derived from or in connection with any such transaction provided that such transactions are in the best interests of Shareholders and dealings are carried out as if effected on normal commercial terms negotiated on an arm's length basis. Dealings will be deemed to have been effected on normal commercial terms if:

- (i) a certified valuation by a person approved by the Depositary as independent and competent (or in the case of a transaction involving the Depositary, the Manager) has been obtained; or
- (ii) the relevant transaction is executed on best terms on an organised investment exchange in accordance with its rules; or
- (iii) where the conditions set out in (i) and (ii) above are not practical, the relevant transaction is executed on terms which the Depositary is (or in the case of a transaction involving the Depositary, the Manager is) satisfied that it conforms with the principle that such transactions be carried out as if negotiated at arm's length and in the best interests of Shareholders.

The Depositary (or in the case of a transaction involving the Depositary, the Directors) shall document how it complied with paragraphs (1), (2) and (3) above and where transactions are conducted in accordance with paragraph (3), the Depositary (or in the case of a transaction involving the Depositary, the Directors), must document the rationale for being satisfied that the transaction conformed to the principles outlined above.

Potential conflicts of interest may arise from time to time from the provision by the Depositary and/or its affiliates of other services to the Company and/or other parties. For example, the Depositary and/or its affiliates may act as the depositary, trustee, custodian and/or administrator of other funds. It is therefore possible that the Depositary (or any of its affiliates) may in the course of its business have conflicts or potential conflicts of interest with those of

the Company and/or other funds for which the Depositary (or any of its affiliates) act.

Where a conflict or potential conflict of interest arises, the Depositary will have regard to its obligations to the Company and will treat the Company and the other funds for which it acts fairly and such that, so far as is practicable, any transactions are effected on terms which are not materially less favourable to the Company than if the conflict or potential conflict had not existed. Such potential conflicts of interest are identified, managed and monitored in various other ways including, without limitation, the hierarchical and functional separation of the Depositary's functions from its other potentially conflicting tasks and by the Depositary adhering to its "Conflicts of Interest Policy" (a copy of which can be obtained on request from the head of compliance for the Depositary).

Each Connected Party will provide the Company with relevant details of each transaction (including the name of the party involved and where relevant, fees paid to that party in connection with the transaction) in order to facilitate the Company discharging its obligation to provide the Central Bank with a statement within the relevant Fund's annual and semi-annual reports in respect of all Connected Party transactions.

The preceding list of potential conflicts of interest does not purport to be a complete enumeration or explanation of all of the conflicts of interest that may be involved in an investment in the Company.

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

The Manager has policies designed to ensure that the Principal Money Manager (and its delegates) acts in a Fund's best interests when executing decisions to deal on behalf of a Fund in the context of managing the Fund's portfolios. For these purposes, all reasonable steps must be taken to obtain the best possible result for the Fund, taking into account price, costs, speed, likelihood of execution and settlement, order size and nature, research services provided by the broker to the Principal Money Manager (and its delegates) or any other consideration relevant to the execution of the order. Information about the Manager's execution policy and any material change to the policy are available to Shareholders at no charge upon request.

The Manager has adopted a policy for determining when and how voting rights are exercised. This policy is available to Shareholders at no charge upon request.

## FEES AND EXPENSES

### General

Each Fund shall pay all of its expenses and such proportion of the Company's expenses as is allocated to that Fund, other than those expressly assumed by the Principal Money Manager. The expenses may include the costs of (i) establishing, maintaining and registering the Company and the Funds and the Shares with any governmental or regulatory authority or with any Regulated Market or exchange and the fees of any paying agents and/or local representatives which shall be charged at normal commercial rates; (ii) management, administration including compliance, custodial and related services; (iii) preparation, printing, translation and posting of prospectuses, sales literature, reports to Shareholders, the Central Bank and governmental agencies; (iv) taxes, commissions and brokerage fees (in accordance with and subject to Article 13 of the MiFID II Delegated Directive); (v) auditing, tax, legal, accounting, regulatory compliance, fiduciary and other professional adviser fees; (vi) insurance premia and other operating expenses including the disbursements of the Depositary and the Manager and of any of their agents and costs and expenses relating to any operational support arrangements.

The legal expenses relating to the establishment of the Company amounted to approximately €150,000. The legal expenses relating to the establishment of the Russell Investments Global Low Carbon Equity Fund are expected to amount to no more than €10,000 and will be amortised over a period of 5 years.

The Directors shall be entitled to a fee by way of remuneration at a rate to be determined from time to time by the Directors, and the payment of all travelling, hotel and other expenses properly incurred by them in attending and returning from meetings of the Directors or any meetings in connection with the business of the Company. The Directors' remuneration is subject to review annually and for the calendar year ending 31 December 2021 will not exceed €25,000. None of the Directors affiliated to Russell Investments, the Manager, the Principal Money Manager, the Distributor or the Administrator will receive a Director's fee.

### Fees and Expenses

The following fees and expenses will be borne by the Company (expressed as a maximum annual percentage of the Net Asset Value of a Class of Shares, except as otherwise noted) which fees shall accrue daily and be paid monthly in arrears (except as otherwise noted).

#### **Management Fee – Russell Investments Global Future Equity Fund only**

##### ***(i) Management Fee***

The maximum management fee (plus VAT, if any) for each Share Class of Russell Investments Global Future Equity Fund is set out in Schedule 2. The management fee set out in Schedule 2 is subject to an annual minimum fee per Fund up to €30,000 (plus VAT, if any). The management fee shall be payable to the Manager out of the assets of the Fund and will be calculated and accrued daily and shall be payable monthly in arrears. The Company shall pay all the reasonable out of pocket expenses incurred by the Manager.

##### ***(ii) Principal Money Manager Fee***

The Principal Money Manager shall receive a fee out of the assets of the Russell Investments Global Future Equity Fund as is set out in Schedule 2. The Principal Money Manager shall discharge all fees payable to the Money Managers, the Investment Managers, the Investment Advisers and Distributor, out of its management fee. The Principal Money Manager may at any time waive all or part of its fees or reimburse all or part of the Company's expenses, provided that any such waiver may be discontinued by the Principal Money Manager at any time at its discretion. The Company shall pay all reasonable out of pocket expenses properly incurred by the Principal Money Manager.

### **Management Fee**

The maximum management fee shall be set out in Schedule 1 below.

The fees of the Manager and Principal Money Manager are paid out of the below management fees which shall be paid out of the assets of each Fund, calculated and accrued daily and shall be payable monthly in arrears.

The Company shall pay all reasonable out of pocket properly incurred by the Manager and the Principal Money Manager.

The Principal Money Manager will discharge all fees (except for any Performance Fees as set out below) payable to the Money Managers, the Investment Managers, the Investment Advisers and the Distributor out of its management fee. The Principal Money Manager may at any time waive all or part of its fees or reimburse all or part of the Company's expenses, provided that any such waiver may be discontinued by the Principal Money Manager at any time at its discretion. The fees payable by the Company to Russell Investments Limited for the support services set out in the Support Services Agreement will be paid out of the assets of the Funds with such fees capped at 0.5 basis points of the Net Asset Value of the relevant Fund per annum.

In addition to the Share Classes listed in Schedule 1, other Share Classes may be established that may be subject to higher, lower or no fees. Information in relation to the fees applicable to other Share Classes within each Fund will be contained in a revised prospectus or a supplemental prospectus. Any increase of the management fee (where it is payable out of the assets of the Funds) as listed in Schedule 1 will be subject to prior approval of Shareholders of the Company or as applicable, of the relevant Fund or Class of Shares.

***Performance fees (other than in respect of Russell Investments Global Low Carbon Equity Fund and Russell Investments Global Future Equity Fund)***

In addition to the applicable investment management fee, a performance fee ("Performance Fee") may be payable from the assets of a Fund for certain Share Classes (other than in respect of Russell Investments Global Low Carbon Equity Fund and Russell Investments Global Future Equity Fund) as described below:

***Which Share Class pay performance fees?***

All Share Classes that pay performance fees are set out in the Performance Indexes table below.

***Who is a performance fee payable to?***

Any Performance Fee will be paid from the relevant assets of the Fund to the Principal Money Manager.

***In respect of what periods will a performance fee be payable?***

A Performance Fee will be paid to the Principal Money Manager on an annual basis on 30 June (the "Performance Period"). Any Performance Fee will normally be paid within 90 calendar days after the end of the Performance Period.

***On what basis will the performance fee accrue?***

A performance fee will be calculated and accrued for each Share Class in the relevant Fund on each Business Day during the Performance Period.

Performance will be measured as the performance of the Share Class above the performance index (as set out below, the "Performance Index") during the Performance Period.

The Performance Fee will be paid to the Principal Money Manager for the Performance Period. In no event will a Performance Fee accrue for any Performance Period in which the performance of the Share Class during the Performance Period is negative. Any negative performance must be clawed back before the Principal Money Manager can accrue a Performance Fee for future positive performance.

The first calculation period is the period commencing on the Business Day immediately following the end of the Initial Offer Period and ending on the last Dealing Day in the Performance Period. The initial price will be taken as the starting price of the first calculation period. Subsequent calculation periods shall be calculated in respect of each year ending on 30 June.

In no event will a Performance Fee calculated and accrued in respect of a Share Class exceed 20 per cent (the “Performance Fee Rate”) of the performance added during a Performance Period.

**It is possible that Performance Fees may be payable to the Principal Money Manager, out of the assets of the relevant Share Class even though the overall Net Asset Value of the Fund may not have increased; i.e. the Fund has negative performance.** For example, if the performance of the Performance Index is negative and the Fund is also in negative performance, but it has outperformed the Performance Index.

#### *Performance Indexes*

<b>Fund</b>	<b>Share Class</b>	<b>Index</b>	<b>S&amp;P Ticker</b>
Russell Investments Global Listed Infrastructure	A US\$	S&P Global Infrastructure Index – Net Total Return - USD	SPGTINNT
	B US\$		
	I US\$		
	P US\$		
	A EURO*		
	B EURO*		
	C EURO*		
	P EURO*		
	N EURO*		
	I Stg£**		
	Class N**		
	A JP¥***		
	I JP¥***		
	P JP¥***		
	A US\$ INCOME	S&P Global Infrastructure Index – Price Return - USD	SPGTIND
	B US\$ INCOME		
	I US\$ INCOME		
	P US\$ INCOME		
	A EURO INCOME*		
	B EURO INCOME*		
	I EURO INCOME*		
	P EURO INCOME*		
	B Stg£ INCOME**		
	I Stg £ INCOME**		
	A JP¥ INCOME***		
	I JP¥ INCOME***		
	P JP¥ INCOME***		

<b>Fund</b>	<b>Share Class</b>	<b>Index</b>	<b>Bloomberg Ticker</b>
Russell Investments Global High Dividend Equity	A US\$	MSCI ACWI Index – Net Return (USD)	MIWD
	I US\$		
	B US\$		
	I US\$ - NV		
	P US\$		
	A EURO		
	B EURO		
	C EURO		
	I EURO		
	N EURO		
	P EURO		
	A Stg£		
	I Stg£		
	A JP¥		

	I JPY		
	A US\$ INCOME	MSCI ACWI Index – Price Return (USD)	MSEUACWF
	B US\$ INCOME		
	I US\$ INCOME		
	P US\$ INCOME		
	A EURO INCOME*		
	B EURO INCOME*		
	C EURO INCOME*		
	I EURO INCOME*		
	P EURO INCOME*		
	B Stg£ INCOME**		
	I Stg£ INCOME**		
	A JPY INCOME***		
	I JPY INCOME***		
	P JPY INCOME***		

\* The performance of this class is calculated in Euro. The USD index is converted into Euros using World Markets/Reuters 4pm exchange rates.

\*\* The performance of this class is calculated in Sterling. The USD index is converted into Sterling using World Markets/Reuters 4pm exchange rates.

\*\*\* The performance of this class is calculated in Yen. The USD index is converted into Yen using World Markets/Reuters 4pm exchange rates.

All benchmarks used to calculate a Performance Fee have been determined by the Principal Money Manager to be consistent with the Fund's investment policy.

Please read the risks associated with Performance Fees in the Risk Considerations section of the Prospectus.

#### *How is the Performance Fee Calculated?*

Daily return of the Share Class – Daily return of the Performance Index x previous days NAV x Performance Fee Rate (taking into consideration any income distributions paid).

The calculation of any Performance Fee must be verified by the Depositary and is not open to the possibility of manipulation.

Further, the Performance Fee shall be calculated net of all costs and without deducting Performance Fee itself.

#### Example 1 – Russell Investments Global High Yield Dividend Equity, Class A US\$

Daily Return of Class A US\$ compared to the previous day = 2.00%

Daily return of the Performance Index compared to the previous days value = 1.10%

The previous days NAV of Class A US\$ = 10,000,000

Performance Fee Rate = 10%

Daily Performance Fee = (2.00% - 1.10%) x 10,000,000 x 10% = 9,000

The Depositary will verify the calculation of the performance fee.

#### ***Administrator and Depositary fees***

The Company shall pay the fees of the Administrator and the Depositary and all of the reasonable out of pocket expenses properly incurred by them. The aggregate of the administration and depositary fees will not exceed 0.50%

of a Fund's Net Asset Value. All transactions fees payable to the Depositary and the sub-custodians (which shall be charged at normal commercial rates) shall be paid by the Company. The Company shall reimburse the Depositary for reasonable fees paid to any sub-custodian.

The fees payable to the Administrator and the Depositary may be subject to benchmarking conditions as agreed in writing from time to time, which may result in renegotiation of the fees payable to the Administrator and/or the Depositary on the basis of normal commercial rates.

***Initial charge***

At the sole discretion of the Directors, an initial charge of up to 5% of the relevant subscription amount may be charged on subscriptions for Shares in any of the Funds. In addition, investors investing through an intermediary, such as a bank or independent financial adviser, may pay additional fees to the intermediary. Such investors should contact the intermediary for information concerning what additional fees, if any, they will be charged.

***Charging fees and expenses to capital***

In respect of Russell Investments Global High Dividend Equity and Russell Investments Global Listed Infrastructure, Shareholders should note that all of the management fees, performance fees, Administrator and Depositary fees, operational expenses and borrowing expenses of these Funds will be charged to the capital of the relevant Fund. Thus, there is an increased risk that on redemption of the Shares, Shareholders may not receive back the full amount invested. These fees and expenses are charged against the capital of the relevant Fund in order to increase the amount of income that can be distributed by that Fund. It should be noted that the distribution of income in a Fund which charges fees and expenses to capital may result in the erosion of capital, thus some of the potential for future capital growth will be lost as a consequence of seeking to increase the amount of income that can be distributed by the Fund.

## **OPERATION OF THE COMPANY**

### **The Share Capital**

The share capital of the Company shall at all times equal its Net Asset Value. The initial capital of the Company was EUR39,000 represented by 39,000 Subscriber Shares of no par value. The Company may issue up to five hundred billion Shares.

The proceeds from the issue of Shares (excluding the initial share capital) shall be applied in the books of the Company to the relevant Fund and shall be used in the acquisition on behalf of the relevant Fund of Transferable Securities and ancillary liquid assets.

The Directors are authorised from time to time to re-designate any existing Class of Shares and merge such Class or Classes of Shares in accordance with the requirements of the Central Bank provided that Shareholders in such Class or Classes of Shares are first notified by the Company and given the opportunity to have the Shares redeemed. In the event that the Directors transfer any asset to and from any Fund they shall advise Shareholders of any such transfer in the next succeeding annual or half-yearly report to Shareholders.

Each of the Shares entitles the holder to participate equally on a *pro rata* basis in the profits and dividends of the Fund attributable to such Shares and to attend and (except in the case of any non-voting Share Classes) vote at meetings of the Company and of the Fund represented by those Shares. No Class of Shares confers on the holder thereof any preferential or pre-emptive rights or any rights to participate in the profits and dividends of any other Class of Shares or any voting rights in relation to matters relating solely to any other Class of Shares.

Any resolution to alter the Class rights of the Shares requires the approval of three-quarters of the holders of the Shares represented or present and voting at a general meeting duly convened in accordance with the Articles. The quorum for any general meeting convened to consider any alteration to the Class rights of the Shares shall be such number of Shareholders whose holdings comprise one-third of the Shares.

The Articles empower the Directors to issue fractional Shares in the Company. Fractional Shares shall not carry any voting rights at general meetings of the Company or of any Fund and the Net Asset Value of any fractional Share shall be the Net Asset Value per Share adjusted in proportion to the fraction. Fractional Shares shall be rounded to 3 decimal places.

The Subscriber Shares entitle the Shareholders holding them to attend and vote at all meetings of the Company.

The Administrator shall be responsible for maintaining the Company's register of Shareholders in which all issues, redemptions, conversions and transfers of Shares will be recorded. No share certificates shall be issued in respect of the Shares, but each Shareholder shall receive a written confirmation of ownership in respect of the Shares. A Share may be registered in a single name or in up to four joint names. The register of Shareholders shall be available for inspection by Shareholders at the registered office of the Company.

### **The Funds and Segregation of Liability**

The Company is an umbrella fund with segregated liability between Funds and each Fund may comprise one or more Classes of Shares in the Company.

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

- (a) the proceeds from the issue of Shares representing a Fund shall be applied in the books of the Company to the Fund and the assets and liabilities and income and expenditure attributable thereto shall be applied to such Fund subject to the provisions of the Articles;
- (b) where any asset is derived from another asset, such derivative asset shall be applied in the books of the Company to the same Fund as the assets from which it was derived and in each valuation of an asset, the



increase or diminution in value shall be applied to the relevant Fund;

- (c) where the Company incurs a liability which relates to any asset of a particular Fund or to any action taken in connection with an asset of a particular Fund, such a liability shall be allocated to the relevant Fund, as the case may be; and
- (d) where an asset or a liability of the Company cannot be considered as being attributable to a particular Fund, such asset or liability, subject to the approval of the Depositary, shall be allocated to all the Funds pro rata to the Net Asset Value of each Fund.

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

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

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

All sums recoverable by the Company shall be credited against any concurrent liability pursuant to the implied terms set out in (i) to (iii) above.

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

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

A Fund is not a legal person separate from the Company but the Company may sue and be sued in respect of a particular Fund and may exercise the same rights of set-off, if any, as between its Funds as apply at law in respect of companies and the property of a Fund is subject to orders of the court as it would have been if the Fund were a separate legal person.

Separate records shall be maintained in respect of each Fund.

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

A notice of a general meeting of the Company shall specify the venue and time of the meeting and the business to

be transacted at the meeting. A proxy may attend on behalf of any Shareholder entitled to vote at the meeting. Two (2) Shareholders present in person or by proxy shall constitute a quorum, save in the case of a meeting of any one Class of Shares (other than a non-voting Class) where the quorum shall be at least two Shareholders who hold at least one-third of the Shares of the relevant Class. An ordinary resolution is a resolution passed by a simple majority of votes cast and a special resolution is a resolution passed by a majority of 75% or more of the votes cast. Matters may be determined by a majority at a meeting of Shareholders on a show of hands unless a poll is requested by Shareholders holding 10% or more of the Shares in number or by value or unless the chairman of the meeting requests a poll.

## **Reports**

In each year the Directors shall cause to be prepared an annual report and audited annual accounts for the Company which will be filed with the Central Bank within four months of the financial year end to which it relates. In addition, the Company shall prepare and file with the Central Bank within two months of the end of the period to which it relates a half yearly report which shall include unaudited half yearly accounts for the Company. All reports and accounts shall be made available to Shareholders as soon as possible after filing.

Annual accounts shall be made up to 30 June in each year and unaudited half-yearly reports of the Company shall be made up to 31 December of each year. Audited annual reports and unaudited half-yearly reports incorporating financial statements and other reports shall be sent via electronic communication if a Shareholder consents to such method or posted to each Shareholder at his registered address free of charge and will be made available for inspection at the registered office of the Company.

## **Termination of the Funds**

All of the Shares of a Class, Fund or the Company may be redeemed by the Company in the following circumstances:

- (i) a majority of votes cast at a general meeting of the Company or a Fund or a Class, as appropriate, approves the redemption of the Shares; or
- (ii) if so determined by the Directors, provided that not less than 21 days' written notice has been given to the holders of the Shares of the Company or the Fund or the Class, as appropriate, that all of the Shares of the Company, the Fund or the Class, as the case may be, shall be redeemed by the Company.

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

If all of the Shares are to be redeemed and it is proposed to transfer all or part of the assets of the Company to another company, the Company, with the sanction of a special resolution of Shareholders may exchange the assets of the Company for shares or similar interests in the transferee company for distribution among Shareholders. The Shareholder may request that a redemption of Shares be satisfied by a cash payment.

If all of the Shares in any Fund are to be redeemed, the assets available for distribution (after satisfaction of creditors' claims) shall be applied in the following priority:

- (i) firstly, in the payment to the Shareholders of each Class of each Fund of a sum in the Class Currency in which that Class is denominated or in any other currency selected by the liquidator as nearly as possible equal (at a rate of exchange reasonably determined by the liquidator) to the Net Asset Value of the Shares of such Class held by such holders respectively as at the date of commencement of the winding up provided

that there are sufficient assets available in the relevant Fund to enable such payment to be made. In the event that, as regards any Class of Shares, there are insufficient assets available in the relevant Fund to enable such payment to be made, recourse shall be had to the assets of the Company not comprised within any of the Funds;

- (ii) secondly, in the payment to the holders of the Subscriber Shares of sums up to the amount paid thereon (plus any interest accrued) out of the assets of the Company not comprised within any Funds remaining after any recourse thereto under paragraph (i) above. In the event that there are insufficient assets as aforesaid to enable such payment in full to be made, no recourse shall be had to the assets comprised within any of the Funds;
- (iii) thirdly, in the payment to the Shareholders of any balance then remaining in the relevant Fund, such payment being made in proportion to the number of Shares held; and
- (iv) fourthly, in the payment to the Shareholders of any balance then remaining and not comprised within any of the Funds, such payment being made in proportion to the value of each Fund and within each Fund to the value of each Class and in proportion to the Net Asset Value per Share. With the approval of Shareholders in general meeting the Company may make distributions in specie to Shareholders. The Subscriber Shares do not entitle the holders to participate in the dividends or net assets of any Fund. If a Shareholder so requests the Company shall arrange to dispose of the investments on behalf of the Shareholder. The price obtained by the Company may be different from the price at which the investments were valued when determining the Net Asset Value and the Company shall not be liable for any loss arising. The transaction costs incurred in the disposal of such investments shall be borne by the shareholder.

#### **Miscellaneous**

- (i) The Company has not been involved in any litigation or arbitration since its incorporation and no litigation or claim is known to the Company to be pending or threatened against the Company or any Fund.
- (ii) There are no service contracts in existence between the Company and any of its Directors, nor are any such contracts proposed.
- (iii) Mr. McMurray, Mr. Jenkins, Mr. Gonella, Mr. Pearce and Mr. Linhares are employees of entities within Russell Investments. Save as disclosed herein, none of the Directors is interested in any contract or arrangement subsisting at the date hereof which is significant in relation to the business of the Company.
- (iv) At the date of this document, neither the Directors nor any connected person have any interest in the share capital of the Company or any options in respect of such capital.
- (v) No Share or loan capital of the Company is under option or is agreed conditionally or unconditionally to be put under option.
- (vi) Save as disclosed in this Prospectus, no commissions, discounts, brokerage or other special terms have been granted by the Company in relation to Shares issued by the Company.
- (vii) The Company was incorporated on 12 June 2008 as Russell OpenWorld p.l.c. The name of the Company was changed to OpenWorld p.l.c. on 29 July 2008.

#### **Material Contracts**

The Company's material contracts are set out in Schedule 10.

## Supply and Inspection of Documents

The following documents may be obtained free of charge during normal business hours on weekdays (Saturdays and public holidays excepted) at the registered office of the Company:

(i) the Articles of Association;

(ii) once published, the latest annual and half yearly reports of the Company.

An up-to-date version of the key investor information document shall be made available for access in an electronic format on a website designated by the Company for this purpose at <https://russellinvestments.com>. On the basis that the Company has registered one or more Funds for public offering in other EU member states, it shall make the following additional documentation available on such website:

- this Prospectus;
- once published, the latest annual and half yearly reports of the Company;
- the Articles of Association.

To the extent not captured in this Prospectus or in the event such details have changed and have not been reflected in a revised version of this Prospectus, up-to-date information will be provided to Shareholders on request, free of charge regarding:

- (a) the identity of the Depositary and a description of its duties and of conflicts of interest that may arise; and
- (b) a description of any safe-keeping functions delegated by the Depositary, a list of delegates and sub-delegates and any conflicts of interest that may arise from such delegation.

## The Manager's Policies

### *Complaints Policy*

Information regarding the Manager's complaint procedures are available to Shareholders free of charge upon request and on <http://www.carnegroup.com/policies-and-procedures/>. Shareholders may file any complaints about the Company or Manager free of charge at the registered office of the Company or by contacting the Manager.

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

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

Details of the up-to-date remuneration policy of the Manager (including, but not limited to: (i) a description of how remuneration and benefits are calculated; (ii) the identities of persons responsible for awarding the remuneration and benefits; and (iii) the composition of the remuneration committee, where such a committee exists) will be available by means of a website <http://www.carnegroup.com/policies-and-procedures/> and a paper copy will be made available to Shareholders free of charge upon request.

## The Manager's Sustainability Risks Policy

The EU regulation on sustainability-related disclosures in the financial services sector, SFDR or the “Disclosure Regulation”, came into effect on 10 March 2021. SFDR is part of the EU financial policy framework of regulatory measures aimed at mobilising finance for sustainable growth and channelling private investment to the transition to a climate-neutral economy. SFDR imposes transparency and disclosure requirements on the Manager including in relation to the integration of sustainability risks in investment decisions.

As per SFDR, the Manager will be classified as a “financial market participant”. Under Article 3 of SFDR, a financial market participant must disclose information about its policies with regards to the integration of sustainability risks in its investment decision-making process. As the Manager has delegated the portfolio management function to the Principal Money Manager, it will subject to oversight by the Manager, be responsible for identifying and integrating Sustainability Risks and determining whether they are, or could potentially be, financially material.

“Sustainability Risks” are defined as an environmental, social or governance (“ESG”) event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of an investment.

Sustainability Risks are integrated by the Principal Money Manager into the investment decisions through the identification, evaluation and management of relevant risks in the investment review process and through the implementation of proprietary solutions. Sustainability Risks are considered most relevant to investment outcomes when they exhibit financial materiality, and, like all investment risks, are incorporated by balancing expected risk with expected reward. As at 1 December 2022, the Principal Money Manager has determined that the level of exposure to Sustainability Risks in each Fund is unlikely to have a material financial impact on expected returns.

Where relevant, exposure to Sustainability Risks in the Funds is assessed on an ongoing basis as well as taking into account the overriding objective and policy of the relevant Fund.

In managing the Funds, Sustainability Risks will be considered by the Principal Money Manager in the context of expected rewards using a blend of inputs from sources including, but not limited to, Money Managers, third-party data sources and Money Managers’ proprietary analysis. Sustainability Risks will be considered in all investment decisions taken in respect of the Funds except for investments in certain asset classes or where a strategy or service does not support the integration of Sustainability Risks. There may be circumstances in which Sustainability Risks will not be relevant to investments decisions including but not limited to:

- Where the purpose of the investment is to achieve one or more specific outcome(s) e.g. placing derivative trades to manage liquidity.
- In respect of certain instruments or asset classes e.g. Sustainability Risks are unlikely to affect the value or reserve currency.

For more details on how sustainability and ESG factors are integrated into the investment process and their potential impact on returns, please refer to the Principal Money Manager's Sustainable Investment Policy which is available at: <https://russellinvestments.com/ie/important-information>.

The principal adverse impacts of investment decisions on sustainability factors (“PAI”) are not currently considered by the Principal Money Manager either at entity level or in the management of the Funds. The Principal Money Manager has opted against considering the mandatory PAI following a detailed assessment of the mandatory PAI indicator reporting requirements under SFDR. It is the Principal Money Manager’s view that the data available on the mandatory PAI indicators does not have sufficient coverage of the investment universes of the Funds to provide transparent and reliable information to shareholders. While the Principal Money Manager will not consider PAI at this time, it has elected to invest in infrastructure to allow it to potentially consider PAI in the future. This includes contracting with a third-party data vendor for the indicators, monitoring corporate disclosure levels, and integrating PAI data into internal systems. The Principal Money Manager will continue to closely

monitor the development of data quality and shareholder demand with respect to PAI consideration and may revisit its' position in the future, in particular for Funds with a strong focus on ESG investing.

Notwithstanding the foregoing, while the Principal Money Manager does not consider and report on the PAI of the Funds, it will have regard to certain adverse impacts of its investment decisions on sustainability factors. An explanation as to how the Principal Money Manager does consider adverse impacts of its investment decisions on sustainability factors can be found at: <https://russellinvestments.com/ie/important-information>.

Consideration of the integration of sustainability risks into investment decisions will be detailed in pre-contractual disclosures in accordance with Article 6 of SFDR. This is determined during the on-boarding stage of a new Fund in conjunction with the Principal Money Manager.

Since the investment strategies of the Funds managed by the Manager differ in their consideration of sustainability factors and principal adverse impacts, the Manager has adopted appropriate policies covering all of these scenarios.

The Manager's policy framework has been amended in accordance with the above and will ensure appropriate classifications and respective disclosures for all Funds it manages.

## SCHEDULE 1: SHARE CLASS CHARACTERISTICS

The Funds may issue Class A, B, C, I, N and P Shares. Full details of the characteristics of each specific Class (such as the Class Currency) are listed below by Fund. The Manager reserves the right to reject in whole or in part any application for Shares. Any Class of Shares may be closed for subscription either temporarily or permanently at the discretion of the Manager.

The Initial Offer Period for all “new” Classes of Shares set out below will open at 9am (Irish time) on 9 June 2025 and will continue until 5pm (Irish time) on 8 December 2025.

### Russell Investments Global High Dividend Equity

Share Class	Class Currency	Hedged Currency Class	Management Fee as a % of Net Asset Value per Class	Initial Offer Price	Initial Offer Period Status	Voting Class
A US\$	US\$	No	1.50	1000	New	Yes
A US\$ INCOME	US\$	No	1.50	1000	New	Yes
B US\$	US\$	No	1.90	1000	New	Yes
B US\$ INCOME	US\$	No	1.80	-	Existing	Yes
I US\$	US\$	No	0.70	-	Existing	Yes
I US\$ - NV	US\$	No	0.70	1000	New	No
I US\$ INCOME	US\$	No	0.70	1000	New	Yes
P US\$	US\$	No	0.55	1000	New	Yes
P US\$ INCOME	US\$	No	0.55	-	Existing	Yes
A JP¥	JP¥	No	1.50	100,000	New	Yes
A JP¥ INCOME	JP¥	No	1.50	100,000	New	Yes
I JP¥	JP¥	No	0.70	100,000	New	Yes
I JP¥ INCOME	JP¥	No	0.70	100,000	New	Yes
P JP¥ INCOME	JP¥	No	0.55	100,000	New	Yes
A EURO	EURO	No	1.50	1000	New	Yes
A EURO INCOME	EURO	No	1.50	1000	New	Yes
B EURO	EURO	No	1.90	1000	New	Yes
B EURO INCOME	EURO	No	1.80	-	Existing	Yes
C EURO	EURO	No	2.60	-	Existing	Yes
C EURO INCOME	EURO	No	2.60	1000	New	Yes

I EURO	EURO	No	0.70	1000	New	Yes
I EURO INCOME	EURO	No	0.60	-	Existing	Yes
N EURO	EURO	No	0.60	-	Existing	Yes
P EURO	EURO	No	0.55	1000	New	Yes
P EURO INCOME	EURO	No	0.55	1000	New	Yes
A EURO H	EURO	Yes	1.55	1000	New	Yes
A EURO H INCOME	EURO	Yes	1.55	1000	New	Yes
B EURO H	EURO	Yes	1.95	1000	New	Yes
B EURO H INCOME	EURO	Yes	1.95	1000	New	Yes
C EURO H	EURO	Yes	2.65	1000	New	Yes
C EURO H INCOME	EURO	Yes	2.65	1000	New	Yes
I EURO H	EURO	Yes	0.75	1000	New	Yes
I EURO H INCOME	EURO	Yes	0.75	1000	New	Yes
P EURO H	EURO	Yes	0.60	1000	New	Yes
P EURO H INCOME	EURO	Yes	0.60	1000	New	Yes
A Stg£	Stg£	No	1.50	1000	New	Yes
B Stg£ INCOME	Stg£	No	1.80	-	Existing	Yes
I Stg£	Stg£	No	0.60	-	Existing	Yes
I Stg£ Income	Stg£	No	0.60	-	Existing	Yes

#### Russell Investments Global Listed Infrastructure

Share Class	Class Currency	Hedged Currency Class	Management Fee as a % of Net Asset Value per Class	Initial Offer Price	Initial Offer Period Status	Voting Class
A US\$	US\$	No	1.60	-	Existing	Yes
A US\$ INCOME	US\$	No	1.60	1000	New	Yes
B US\$	US\$	No	1.85	-	Existing	Yes
B US\$ INCOME	US\$	No	2.00	1000	New	Yes
I US\$	US\$	No	0.80	-	Existing	Yes
I US\$ INCOME	US\$	No	0.80	-	Existing	Yes
P US\$	US\$	No	0.70	-	Existing	Yes



P US\$ INCOME	US\$	No	0.70	1000	New	Yes
A JP¥	JP¥	No	1.60	100,000	New	Yes
A JP¥ INCOME	JP¥	No	1.60	100,000	New	Yes
I JP¥	JP¥	No	0.80	100,000	New	Yes
I JP¥ INCOME	JP¥	No	0.80	100,000	New	Yes
P JP¥	JP¥	No	0.70	100,000	New	Yes
P JP¥ INCOME	JP¥	No	0.70	100,000	New	Yes
A EURO	EURO	No	1.60	1000	New	Yes
A EURO INCOME	EURO	No	1.60	1000	New	Yes
B EURO	EURO	No	2.00	1000	New	Yes
B EURO INCOME	EURO	No	1.85	-	Existing	Yes
C EURO	EURO	No	2.90	-	Existing	Yes
I EURO INCOME	EURO	No	0.65	-	Existing	Yes
N EURO	EURO	No	0.65	-	Existing	Yes
P EURO	EURO	No	0.70	1000	New	Yes
P EURO INCOME	EURO	No	0.70	1000	New	Yes
A EURO H	EURO	Yes	1.65	1000	New	Yes
A EURO H INCOME	EURO	Yes	1.65	1000	New	Yes
B EURO H	EURO	Yes	2.05	1000	New	Yes
B EURO H INCOME	EURO	Yes	2.05	1000	New	Yes
I EURO H	EURO	Yes	0.85	1000	New	Yes
I EURO H INCOME	EURO	Yes	0.85	1000	New	Yes
P EURO H	EURO	Yes	0.75	1000	New	Yes
P EURO H INCOME	EURO	Yes	0.75	1000	New	Yes
I Stg£	Stg£	No	0.65	-	Existing	Yes
I Stg£ INCOME	Stg£	No	0.65	-	Existing	Yes
B Stg £ Income	Stg£	No	1.85	-	Existing	Yes
B Stg £ H Income	Stg£	Yes	2.05	1000	New	Yes
Class N	Stg£	No	1.40	-	Existing	Yes

### Russell Investments Global Low Carbon Equity Fund

Share Class	Class Currency	Hedged Currency Class	Management Fee as a % of Net Asset Value per Class	Initial Offer Price	Initial Offer Period Status	Voting Class
A EURO	EURO	No	0.30	-	Existing	Yes
A Stg£	Stg£	No	0.30	-	Existing	Yes
A US\$	US\$	No	0.30	-	Existing	Yes
A EURO H	EURO	Yes	0.35	1000	New	Yes
A Stg£ H	Stg£	Yes	0.35	1000	New	Yes
A JPY	JPY	No	Up to 1.00	100,000	New	Yes
B EURO H	EURO	Yes	1.05	1000	New	Yes
B Stg£ Income	Stg£	No	0.30	10,000	Existing	Yes
B US\$	US\$	No	0.30	-	Existing	Yes

### Russell Investments Global Future Equity Fund

Share Class	Class Currency	Hedged Currency Class	Management Fee as a % of Net Asset Value per Class	Principal Money Manager Fee as a % of Net Asset Value per Class	Initial Offer Price	Initial Offer Period Status	Voting Class
A EURO	EURO	No	Up to 0.05%	0.90%	10,000	New	Yes
A Stg£	Stg£	No	Up to 0.05%	0.90%	10,000	New	Yes
A US\$	US\$	No	Up to 0.05%	0.90%	10,000	New	Yes
A EURO H	EURO	Yes	Up to 0.05%	0.95%	1000	New	Yes
A Stg£ H	Stg	Yes	Up to 0.05%	0.95%	1000	New	Yes
A US\$ H	US\$	Yes	Up to 0.05%	0.95%	1000	New	Yes
B EURO	EURO	No	Up to 0.05%	1.60%	1000	New	Yes
B Stg£	Stg£	No	Up to 0.05%	1.60%	1000	New	Yes
B EURO H	EURO	Yes	Up to 0.05%	1.65%	1000	New	Yes
B Stg£ H	Stg£	Yes	Up to 0.05%	1.65%	1000	New	Yes
I Stg£	Stg	No	Up to 0.05%	0.65%	1000	New	Yes

I Stg£ H	Stg	Yes	Up to 0.05%	0.70%	1000	New	Yes
----------	-----	-----	-------------	-------	------	-----	-----

## SCHEDULE 2: FINANCIAL DERIVATIVE INSTRUMENTS

1. Unless express disclosure to the contrary has been made in the relevant part of the section titled “The Funds”:
  - (a) a Fund may use FDIs for efficient portfolio management purposes within the limits set forth in Schedule 6; and
  - (b) a Fund may use FDIs for investment purposes within the limits set forth in Schedule 6.

“Efficient portfolio management” means investment decisions involving transactions that are entered into for one or more of the following specific aims: the reduction of risk; the reduction of cost; or the generation of additional capital or income for a fund with an appropriate level of risk, taking into account the risk profile of the fund as described in the Prospectus and the general provisions of the UCITS Directive.

2. The following paragraphs detail the primary ways in which a Fund may use FDIs where such use is permitted pursuant to paragraph 1(a) and/or 1(b) above:
  - Futures contracts may be used to hedge against market or interest rate risk or gain exposure to an underlying market, index or security;
  - Forward contracts may be used to hedge or gain exposure to an increase in the value of an asset, currency or deposit;
  - Options may be used to hedge or achieve exposure to a particular market, index or security instead of using a physical security;
  - Warrants may be used to hedge or achieve exposure to a particular market, index or security instead of using a physical security;
  - Swaps (including swaptions) may be used for investment purposes to achieve profit as well as to hedge existing long positions;
  - Forward foreign exchange contracts may be used to alter the currency exposure of securities held, to hedge against exchange risks, to increase exposure to a currency, to shift exposure to currency fluctuations from one currency to another;
  - Caps and floors may be used to hedge against interest rate movements exceeding given minimum or maximum levels; and
  - Credit derivatives may be used to isolate and transfer the exposure to or transfer the credit risk associated with a reference asset or index of reference assets.

Other uses of FDIs are permitted where they are consistent with the investment objectives and strategies of the relevant Fund.

3. The following is a description of the primary types of FDIs which may be used by a Fund where such use is permitted pursuant to paragraph 1(a) and/or 1(b) above:

**Futures:** Futures are contracts to buy or sell a standard quantity of a specific asset (or, in some cases, receive or pay cash based on the performance of an underlying asset, instrument or index) at a pre-determined future date and at a price agreed through a transaction undertaken on an exchange. Futures contracts allow investors to hedge against market risk or gain exposure to the underlying market. Since these contracts are marked-to-market daily, investors can, by closing out their position, exit from their obligation to buy or sell the underlying assets prior to the contract’s delivery

date. Futures may also be used to equitise cash balances, both pending investment of a cash flow and with respect to fixed cash targets. Frequently, using futures to achieve a particular strategy instead of using the underlying or related security or index results in lower transaction costs being incurred.

**Forwards:** A forward contract locks-in the price an index or asset may be purchased or sold on a future date. In currency forward contracts, the contract holders are obligated to buy or sell the currency at a specified price, at a specified quantity and on a specified future date, whereas an interest rate forward determines an interest rate to be paid or received on an obligation beginning at a start date sometime in the future. Forward contracts may be cash settled between the parties. These contracts cannot be transferred. The Funds' use of forward foreign exchange contracts may include, but is not be limited to, altering the currency exposure of securities held, hedging against exchange risks, increasing exposure to a currency, and shifting exposure to currency fluctuations from one currency to another.

**Options:** There are two forms of options - put and call. Put options are contracts sold for a premium that gives one party (the buyer) the right, but not the obligation, to sell to the other party (the seller) of the contract, a specific quantity of a particular product or financial instrument at a specified price. Call options are similar contracts sold for a premium that gives the buyer the right, but not the obligation, to buy from the seller of the option. Options may also be cash settled. A Fund may be a seller or buyer of put and call options.

**Warrants:** Warrant are financial instruments that are typically issued by banks and other financial institutions. They provide investors with an alternative means of gaining exposure to a variety of underlying assets, such as shares. There are different types of warrants which can suit investment and/or trading purposes.

**Swaps:** A standard swap is an agreement between two counterparties in which the cash flows from two assets are exchanged as they are received for a fixed time period, with the terms initially set so that the present value of the swap is zero. The Funds may enter into swaps, including, but not limited to, equity swaps, swaptions, interest rate swaps or currency swaps and other derivative instruments both as independent profit opportunities and to hedge existing long positions. Swaps may extend over substantial periods of time, and typically call for the making of payments on a periodic basis. Swaptions are contracts whereby one party receives a fee in return for agreeing to enter into a forward swap at a predetermined fixed rate if some contingency event occurs (normally where future rates are set in relation to a fixed benchmark). Interest rate swaps involve the exchange by a Fund with another party of their respective commitments to make or receive interest payments (e.g. an exchange of fixed rate payments for floating rate payments). On each payment date under an interest rate swap, the net payments owed by each party, and only the net amount, is paid by one party to the other. Currency swaps are agreements between two parties to exchange future payments in one currency for payments in another currency. These agreements are used to transform the currency denomination of assets and liabilities. Unlike interest rate swaps, currency swaps must include an exchange of principal at maturity.

**Spot foreign exchange transactions:** The Funds may enter into spot foreign exchange transactions which involve the purchase of one currency with another, a fixed amount of the first currency being paid to receive a fixed amount of the second currency. "Spot" settlement means that delivery of the currency amounts normally takes place 2 business days in both relevant centres after the trade is executed.

**Caps and floors:** The Funds may enter into caps and floors which are agreements under which the seller agrees to compensate the buyer if interest rates rise above a pre-agreed strike rate on pre-agreed dates during the life of the agreement. In return the buyer pays the seller a premium up front. A floor is similar to a cap except that the seller compensates the buyer if interest rates fall below a pre-agreed strike rate on pre-agreed dates during the life of the agreement. As with a cap, the buyer pays the seller a premium up front.

**Credit derivatives:** The Funds may enter into credit derivatives such as credit default swaps to isolate and transfer the credit risk associated with a particular reference asset. Credit default swaps provide a measure of protection against defaults of debt issuers. The Funds' use of credit default swaps does not assure their use will be effective or will have the desired result. A Fund may either be the buyer or seller in a credit default swap transaction. Credit default swaps are transactions under which the parties' obligations depend on whether a credit event has occurred in relation to the reference asset. The credit events are specified in the contract and are intended to identify the occurrence of a significant deterioration in the creditworthiness of the reference asset. On settlement, credit default products may be cash settled or involve the physical delivery of an obligation of the reference entity following a default. The buyer in a credit default swap 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 asset has occurred. If a credit event occurs, the seller must pay the buyer the full notional value of the reference asset that may have little or no value. If the Fund is a buyer and no credit event occurs the Fund's losses will be limited to the periodic stream of payments over the term of the contract. As a seller, the Funds will receive a fixed rate of income throughout the term of the contract, provided that there is no credit event. If a credit event occurs, the seller must pay the buyer the full notional value of the reference obligation.

The use of other types of FDI is permitted where such use is consistent with the investment objectives and strategies of the relevant Fund.

## **SCHEDULE 3: BOARD OF DIRECTORS AND DIRECTORS OF THE MANAGER**

### **The Directors**

The principal occupations of the Directors are listed below:

#### ***James Firn***

Mr. Firn, American and British, was an employee of Russell Investments from 1988 until his retirement in June 2014. He spent eight years advising Russell Investments' US investment advisory, mutual fund and ERISA businesses before relocating to London in 1996. During his 18 years with Russell Investments in London he managed several departments, including the assurance functions, product development and marketing teams. He was the principal liaison with government, regulatory and industry groups in EMEA, and advised members of senior management in other regions in which the Russell Investments Group operates on business, product and legal matters. Currently Mr. Firn is a non-executive director on the boards of fund management, administration and distribution companies authorised by the Central Bank and in the Cayman Islands. He holds a law degree from Southern Methodist University, Dallas, Texas, and is a member of the Washington State, American and International Bar Associations as well as the UK's Institute of Directors.

#### ***John McMurray***

Mr. McMurray, American, is global chief risk officer and chief audit executive for Russell Investments. He leads Russell Investments' global risk management function which provides strategic direction on and assessment of Russell Investments' risk exposures including investment, credit and operational risks. In addition, he heads Russell Investments' internal audit function. He serves as a director on the Board of the Company and regularly engages the Board and EMEA management on risk-related topics. Mr. McMurray joined Russell Investments in 2010 and has more than 30 years of risk and investment management experience with large commercial and government sponsored institutions. His experience spans multiple asset classes across several market cycles. John's risk management experience encompasses consumer, commercial and counterparty market and credit exposures for securities, options, whole loans, derivatives, guarantees and insurance. Prior to joining Russell Investments, Mr. McMurray worked for the Federal Home Loan Bank of Seattle where he led that institution's risk management activities as chief risk officer. Before that, John was with JP Morgan Chase. He is a director of a number of collective investment schemes authorised by the Central Bank.

#### ***William Roberts***

Mr. Roberts, British, (and Irish resident) qualified as a solicitor in Scotland in 1983, as a solicitor of the Supreme Court in Hong Kong in 1985, as a barrister and an attorney at law in Bermuda in 1988 and as an attorney at law in the Cayman Islands in 1990. He worked for several law firms in Scotland, Hong Kong, London and Bermuda between 1982 and 1990. During the period from 1990 to 1999 he was a member of W.S. Walker & Company in the Cayman Islands where he became a partner in 1994. Mr. Roberts has experience in international financial services law. He was a director of a number of companies established in Bermuda and was a director of the Cayman Islands Stock Exchange from 1996 to 1999. He is currently a director of a number of collective investment schemes authorised by the Central Bank and a number of collective investment schemes in the Cayman Islands.

#### ***David Shubotham***

Mr. Shubotham, Irish, was a main board director of J. & E. Davy (an Irish stockbroking firm) from 1975 until 2002. Following graduate training with Aer Lingus, he joined J. & E. Davy in 1973. Mr. Shubotham became a partner of J. & E. Davy in 1977 with responsibility for the bond desk. In 1991 he became chief executive of Davy International, a company operating in Dublin's International Financial Services Centre. He retired in 2001. He qualified as an accountant in 1971 having graduated with a Bachelor of Commerce degree from University College Dublin in 1970 and became a member of the Society of Investment Analysts in 1975. Mr. Shubotham has served on various state committees in Ireland including the Committee for the Development of Science and Technology Strategy and the Committee for the Development of Bio Strategy. He has served as chairman of the boards of directors of the National Stud of Ireland and the National Digital Park, a joint venture with the Irish Industrial Development Authority. He was chairman of the board of directors of the Hugh Lane Municipal Gallery, Dublin for 6 years. He is a director of a number of collective investment schemes authorised by the Central Bank as well as collective investment schemes established in the Cayman Islands.

#### ***Joseph Linhares***

Mr Linhares, American, is the Head of Europe, Middle East and Africa at Russell Investments. Mr Linhares is responsible for leading and developing all aspects of Russell Investments' business in the EMEA region which includes France, Italy, the Netherlands, the Nordics, Germany, Austria, Switzerland and the Middle East. Prior to joining Russell Investments in 2017, Mr Linhares spent 16 years at Barclays Global Investors and later BlackRock. Whilst at Barclays Global Investors, he focused on the iShares ETF business, including heading up institutional and retail sales in the US. He is credited with being one of the architects for the rapid expansion of the iShares business in Europe, where he was head of iShares for EMEA until 2013. Prior to that, Mr Linhares also held positions at Citigroup and J.P. Morgan. He is a Series 7 and 24 registered representative. Mr Linhares is a director of a number of collective investment schemes authorised by the Central Bank and certain corporate entities that are part of the Russell Investments group of companies.

#### ***Neil Jenkins***

Mr. Jenkins, British, is Managing Director, Investments of the Principal Money Manager which he joined in October 2006. Mr. Jenkins was educated at Keble College, Oxford, where he received first class honours in Modern Languages (German and Russian). He also holds an MSc from London Business School. In 1985 Mr. Jenkins joined Morgan Grenfell in London where he worked in export project finance in Eastern Europe. From 1988 to 1990 he was Morgan Grenfell's representative based in Moscow. From 1990 to 2000 Mr. Jenkins worked in various investment roles at Morgan Grenfell (Deutsche) Asset Management Investment Services and also spent five years assigned to Morgan Grenfell Capital Management in New York. Mr. Jenkins was Managing Director of AXA Multi Manager from January 2001 until June 2003, after which he joined Rothschild Private Management Limited as Executive Director and Head of Multi- Manager Investment, a position he held until October 2006 when he joined the Principal Money Manager. Mr. Jenkins worked in Russell's London office as senior portfolio manager of a number of funds for the Principal Money Manager and he also worked in Russell Investments' Seattle office from April 2016 to January 2018. He moved away from portfolio management responsibilities in Q3 2018, and in January 2019 he moved to a half-time position within the Principal Money Manager. He is also a director of other collective investment schemes authorised by the Central Bank.

#### ***Tom Murray***

Mr Murray, Irish, has worked in investment banking and financial services for over 25 years. He is currently an independent non-executive director of several collective investment vehicles and management companies.

He obtained a Bachelor of Commerce Degree from University College Dublin in 1976 and qualified as a Chartered Accountant with Coopers & Lybrand in 1980 where he was a computer audit specialist and systems analyst. He was also a member of the National Futures Association between 1990 and 1992. In 2011, Mr Murray was awarded a Diploma in Directors Duties & Responsibilities by the Institute of Chartered Accountants in Ireland.

Between 2004 and 2008, Mr Murray was a director of Merrion Corporate Finance Ltd where he was involved in several high profile transactions including the initial public offering of Aer Lingus, Eircom and the sale of Reox. Prior to joining Merrion, he was Treasury Director of Investec Bank Ireland where he was responsible for funding, asset and liability management, corporate and proprietary foreign exchange dealing, stock lending and borrowing, equity financing and structured finance activities. In 1987, he was a founder director and early shareholder in Gandon Securities Ltd, the first entity to be licenced to operate in the International Financial Services Centre, Dublin. Initially, Mr Murray served as Finance Director where, inter alia, he was instrumental in the design and implementation of the financial control and risk management systems for the proprietary trading division. In 1990 Mr Murray moved into a business development role where he established the structured finance, managed futures and equity financing units. In 2000, Gandon Securities Ltd was acquired by Investec Bank and Mr Murray was appointed Treasury Director in which role he served for 4 years.

Prior to joining Gandon between 1981 and 1987, Mr Murray was the Chief Financial Officer of Wang International Finance Ltd, the vendor financing division of Wang Computers, where he established the tax, legal and financial reporting structures for computer leasing operations in 14 countries globally.

#### ***Peter Gonella***

Mr. Gonella, British, is Director of Operations for the Principal Money Manager, since 2007, where he is responsible for fund services in Europe, Middle East & Africa. His management and operational responsibilities



primarily include overseeing the delivery of fund administration, fund accounting and client services. Mr. Gonella was educated at the University of Hull where he received honours in English Language & Literature. He is a Certified Investment Fund Director, a designation awarded in 2016 by The CIFD within The Institute of Banking, Ireland. Mr Gonella worked for Deutsche (Morgan Grenfell) Asset Management from 1986 to 2005 and Aberdeen Asset Management from 2005 to 2007, holding a variety of senior management and Operations Director roles including responsibility for fund accounting, client administration and vendor management. He is a director of a number of collective investment schemes authorised by the Central Bank and is also a director of other subsidiaries within Russell Investments.

#### **William Pearce**

Mr. Pearce, British, is Senior Portfolio Manager for the Principal Money Manager, since 2005 where he is responsible for Global Equity pooled funds and segregated mandates managed for a number of sovereign wealth and national pension funds. Mr Pearce was educated at the University of Sheffield where he received honours in Business Studies and French. He holds the ASIP qualification from the UK Society of Investment Professionals and is an Associate of the CFA Society of the UK. Mr Pearce worked for Tilney Investment Management's institutional group from 1998 to 2003, managing UK equity and balanced portfolios for UK pension funds and charities. He is a director of a number of collective investment schemes authorized by the Central Bank.

#### **The directors of the Manager**

The principal occupations of the directors of the Manager are listed below:

##### **Neil Clifford (nationality: Irish – Irish resident)**

Mr. Clifford is a Director and Chief Executive Officer of the Manager. He is an experienced Irish-based investment management professional and fund director, with wide experience in the governance and operations of traditional and alternative investment funds. Neil joined the Manager in October 2014 from Irish Life Investment Managers ("ILIM") (April 2006 – September 2014), where he was Head of Alternative Investments. He began his career with Irish Life as a sector-focused equity fund manager. Prior to this, Neil was a senior equity analyst for Goodbody Stockbrokers (September 2000 - April 2006) in Dublin. He has also worked as an engineer with a number of leading engineering and telecoms firms in Ireland. Neil holds a degree in Electrical Engineering from University College Cork and a Masters of Business Administration from the Smurfit School of Business, University College, Dublin. He has also attained the professional certifications of Chartered Alternative Investment Analyst (CAIA) and Financial Risk Manager (FRM – Global Association of Risk Professionals).

##### **Teddy Otto (nationality: German – Irish resident)**

Mr. Otto is a Principal with the Carne Group. He specialises mainly in product development, fund establishment and risk management. Before joining the Manager, Mr. Otto was employed by the Allianz/ Dresdner Bank group in Ireland for six years. During this time, he acted as head of fund operations, head of product management and was appointed as a director of the Irish management company for Allianz Global Investors and a range of Irish and Cayman domiciled investment companies. He had previously held senior positions in the areas of market data and custody at Deutsche International (Ireland) Limited and worked in the investment banking division of Deutsche Bank, Frankfurt. He spent over six years at DeutscheBank group. Prior to that, he was employed with Bankgesellschaft Berlin for two years. Mr. Otto holds a degree in business administration from Technische Universität Berlin.

##### **Sarah Murphy (nationality: Irish – Irish resident)**

Sarah is an Executive Director and the Chief Operating Officer of the Manager. The Manager is a UCITS Management Company and Alternative Investment Fund Manager which currently manages in excess of €130bn in assets across a wide range of fund structures and asset classes. Sarah began her career at the Carne Group as a business manager where she was tasked with leading the launch and development of a number of the firm's corporate services businesses.

Prior to joining the Carne Group, Sarah held a number of senior management roles in BDO Ireland's corporate services business. During this period, Sarah was responsible for providing advisory services to a broad range of

domestic and international clients in relation to corporate governance and company law issues associated with acquisitions, disposals and company re-organisations.

**Elizabeth Beazley (nationality: Irish – Irish resident)**

Elizabeth is a Director with the Carne Group specialising in corporate governance, product development, financial reporting and fund oversight for both mutual and hedge funds. Elizabeth has a 20-year track record in financial services. As Group Chief of Staff for Carne Group, Elizabeth works on various strategic projects within the Executive Committee and oversees the Global Onboarding team at Carne which is responsible for overseeing a team project managing the establishment of UCITS and AIFs and several third-party management companies covering service provider selection, governance documentation drafting and operational set-up.

Elizabeth currently acts as Director on a number of funds/management companies. Prior to joining Carne Elizabeth spent four years with AIB/BNY Fund Management in Ireland, and before that worked for HSBC. Elizabeth has been a member of various industry working groups including the Technical committee and the ETF committee and currently sits on the Irish Funds Management Company working group. She graduated with a Bachelor of Commerce from University College Cork and has a Masters' degree in Business Studies from the Smurfit Graduate School of Business. Elizabeth is a member of the Association of Chartered Certified Accountants.

**Christophe Douche (nationality: French – Luxembourg resident)**

Christophe Douche is a Director with the Carne Group with over 23 years' experience in the funds industry, focusing on risk management, compliance, AML and corporate governance. His roles have included acting as conducting officer, executive director and chairman on fund boards, committees and management companies.

Christophe currently acts as conducting officer in charge of risk for Carne Global Fund Managers (Luxembourg) SA. He also acts as Head of the Carne Group Risk & Valuation Teams. Previously he worked as a director with responsibility for risk & operations with FundRock where he was the conducting officer in charge of risk, distribution, central administration and depositary oversight. He also acted as Head of Regulatory Compliance and AML and Head of Investment Compliance during his time with FundRock. Prior to that he worked with State Street Bank Luxembourg as fund compliance manager and with Natixis Private Banking Luxembourg as a manager in the fund compliance and fund depositary department.

Christophe has a master's degree in Finance and Economics and a degree in Banking, Finance and Insurance from University Nancy.

**Jackie O'Connor - (nationality: British – Irish resident)**

Jackie O'Connor is an independent non-executive director on Carne Group's Irish and Luxembourg management companies. She has over 20 years' experience within the asset management industry, most recently as Managing Director and CEO of Goldman Sachs Asset Management Fund Services Ltd ("GSAMFSL"), GSAM's Irish domiciled UCITS management company and Alternative Investment Fund Manager based in Ireland. Jackie was responsible for setting up GSAMFSL in Ireland.

Prior to that, Jackie was international head of regulatory reform for Goldman Sachs Asset Management ("GSAM"), responsible for identifying and implementing requirements under new regulations within the EMEA and Asia Pacific regions.

Earlier in her career, Jackie worked in a number of roles within the GSAM and the wider Goldman Sachs Group, including global project manager for the GSAM Client Relationship Team as well as five years in Goldman Sachs's Internal Audit department.

Jackie holds a bachelor's degree with honours in Zoology from Sheffield University in the UK.

The Secretary of the Manager is Carne Global Financial Services Limited.

#### SCHEDULE 4: THE REGULATED MARKETS

Each Fund may deal through securities and derivative markets which are regulated markets and meet the requirements for Regulated Markets as set out in accordance with the regulatory criteria as defined in the Central Bank Rules which includes any market which is regulated, operates regularly, is open to the public and is located in an EEA state (except Malta), the U.S., the United Kingdom (at any time it is not an EEA state), Australia, Canada, Japan, New Zealand, Hong Kong or Switzerland.

Each Fund may also deal through:

- The market organised by the International Capital Markets Association;
- AIM – the Alternative Investment Market in the UK, regulated and operated by the London Stock Exchange;
- The over-the-counter market in Japan regulated by the Securities Dealers Association of Japan;
- NASDAQ in the United States;
- The market in US government securities conducted by primary dealers regulated by the Federal Reserve Bank of New York and the Securities and Exchange Commission;
- The over-the-counter market in the United States conducted by primary and secondary dealers regulated by the Securities and Exchanges Commission and by the National Association of Securities Dealers (and by banking institutions regulated by the US Comptroller of the Currency, the Federal Reserve System or Federal Deposit Insurance Corporation);
- The French market for “Titres de Creance Negotiable (over-the-counter market in negotiable debt instruments);
- The over-the-counter market in Canadian Government bonds, regulated by the Investment Dealers Association of Canada.
- The South African Futures Exchange.
- The following securities markets established in non-EEA States:

Argentina:	Bolsas y Mercados Argentinos (BYMA) Mercado Abierto Electronico
Bahrain:	Bahrain Bourse
Bangladesh:	Dhaka Stock Exchange
Brazil:	BM&F BOVESPA S.A
Chile:	Bolsa de Comercio de Santiago Bolsa Electronica de Chile
China:	Shenzhen Stock Exchange (SZSE), Shanghai Stock Exchange (SSE), China Interbank Bond Market (CIBM)
Colombia:	Bolsa de Valores de Colombia
Egypt:	Egyptian Exchange
India:	Bombay Stock Exchange Ltd, National Stock Exchange of India
Indonesia:	Indonesia Stock Exchange
Israel:	Tel Aviv Stock Exchange
Jordan:	Amman Stock Exchange
Kazakhstan:	Kazakhstan Stock Exchange
Kenya:	Nairobi Securities Exchange
Kuwait:	Kuwait Stock Exchange
Malaysia:	Bursa Malaysia Securities Berhad
Mauritius:	Stock Exchange of Mauritius
Mexico:	Bolsa Mexicana de Valores
Morocco:	Exchange Bourse de Casablanca
Namibia:	Namibian Stock Exchange
Nigeria:	Nigeria Stock Exchange
Oman:	Muscat Stock Exchange
Pakistan:	Karachi Stock Exchange
Peru:	Bolsa de Valores de Lima

The Philippines:	Philippine Stock Exchange
Qatar:	Qatar Exchange
Russia:	Moscow Exchange (MOEX)* Russian Trading System
Saudi Arabia:	Saudi Exchange
Singapore:	Singapore Exchange Limited (SGX)
South Africa:	JSE Limited
South Korea:	Korea Exchange
Sri Lanka:	Colombo Stock Exchange
Taiwan:	Taiwan Stock Exchange, GreTai Securities Market
Tanzania:	Dar es Salaam Stock Exchange
Thailand:	The Stock Exchange of Thailand
Tunisia:	Bourse des Valeurs Mobilieres de Tunis
Turkey:	Istanbul Stock Exchange
Uganda:	Uganda Securities Exchange
Ukraine:	Persha Fondova Torgoveln Systema
United Arab Emirates:	Abu Dhabi Securities Exchange, Dubai Financial Market, Nasdaq Dubai
Uruguay:	Bolsa de Valores de Montevideo
Vietnam:	Ho Chi Minh Stock Exchange
West Africa:	Bourse Regionale des Valeurs Mobilieres (BVRM)

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

## **SCHEDULE 5: INVESTMENT RESTRICTIONS**

### **1 Permitted Investments**

Investments of a UCITS are confined to:

- 1.1 Transferable Securities and money market instruments, which are either admitted to official listing on a stock exchange in an EU member state or non-member state or which are dealt on a market which is regulated, operates regularly, is recognised and open to the public in an EU member state or non-member state.
- 1.2 Recently issued Transferable Securities which will be admitted to official listing on a stock exchange or other market (as described above) within a year.
- 1.3 Money market instruments, as defined in the Central Bank Rules other than those dealt on a regulated market.
- 1.4 Units of UCITS.
- 1.5 Units of AIFs.
- 1.6 Deposits with credit institutions.
- 1.7 Financial derivative instruments.

### **2 Investment Restrictions**

- 2.1 A UCITS may invest no more than 10 per cent of net assets in Transferable Securities and money market instruments other than those referred to in paragraph 1.
- 2.2 A UCITS may invest no more than 10 per cent of net assets in recently issued Transferable Securities which will be admitted to official listing on a stock exchange or other market (as described in paragraph 1.1) within a year. This restriction will not apply in relation to investment by the UCITS in certain US securities known as Rule 144A securities provided that:
  - 2.3 the securities are issued with an undertaking to register with the US Securities and Exchanges Commission within one year of issue; and
  - 2.4 the securities are not illiquid securities i.e. they may be realised by the UCITS within seven days at the price, or approximately at the price, at which they are valued by the UCITS.
- 2.5 A UCITS may invest no more than 10 per cent of net assets in Transferable Securities or money market instruments issued by the same body provided that the total value of transferable securities and money market instruments held in the issuing bodies in each of which it invests more than 5 per cent is less than 40 per cent.
- 2.6 Subject to the prior approval of the Central Bank, the limit of 10 per cent (in 2.3) is raised to 25 per cent in the case of bonds that are issued by a credit institution which has its registered office in an EU member state and is subject by law to special public supervision designed to protect bondholders. If a UCITS invests more than 5 per cent of its net assets in these bonds issued by one issuer, the total value of these investments may not exceed 80 per cent of the net asset value of the UCITS.
- 2.7 The limit of 10 per cent (in 2.3) is raised to 35 per cent if the Transferable Securities or money market instruments are issued or guaranteed by an EU member state or its local authorities or by a non-member state or public international body of which one or more EU member states are members.
- 2.8 The Transferable Securities and money market instruments referred to in 2.4. and 2.5 shall not be

taken into account for the purpose of applying the limit of 40 per cent referred to in 2.3.

- 2.9 Cash booked in accounts and held as ancillary liquidity shall not exceed 20 per cent. of the net assets of the UCITS.
- 2.10 The risk exposure of a UCITS to a counterparty to an OTC derivative may not exceed 5% of net assets. This limit is raised to 10% in the case of a credit institution authorised in the EEA; a credit institution authorised within a signatory state (other than an EEA Member State) to the Basle Capital Convergence Agreement of July 1988; or a credit institution authorised in Jersey, Guernsey, the Isle of Man, Australia or New Zealand
- 2.11 Notwithstanding paragraphs 2.3, 2.7 and 2.8 above, a combination of two or more of the following issued by, or made or undertaken with, the same body may not exceed 20 per cent of net assets:
- (a) investments in Transferable Securities or money market instruments;
  - (b) deposits, and/or
  - (c) counterparty risk exposures arising from OTC derivatives transactions.
- 2.12 The limits referred to in 2.3, 2.4, 2.5, 2.7, 2.8 and 2.9 above may not be combined, so that exposure to a single body shall not exceed 35 per cent of net assets.
- 2.13 Group companies are regarded as a single issuer for the purposes of 2.3, 2.4, 2.5, 2.7, 2.8 and 2.9. However, a limit of 20 per cent of net assets may be applied to investment in Transferable Securities and money market instruments within the same group.
- 2.14 A UCITS may invest up to 100 per cent of net assets in different Transferable Securities and money market instruments issued or guaranteed by any EU member state, its local authorities, non-member states or public international body of which one or more EU member states are members.

The individual issuers must be listed in the prospectus and may be drawn from the following list:

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

The UCITS must hold securities from at least 6 different issues, with securities from any one issue not

exceeding 30 per cent of net assets.

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

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

### **4 Index Tracking UCITS**

- 4.1 A UCITS may invest up to 20 per cent of net assets in shares and/or debt securities issued by the same body where the investment policy of the UCITS is to replicate an index which satisfies the criteria set out in the Central Bank Rules and is recognised by the Central Bank.
- 4.2 The limit in 4.1 may be raised to 35 per cent, and applied to a single issuer, where this is justified by exceptional market conditions.

### **5 General Provisions**

- 5.1 An investment company, ICAV, or management company acting in connection with all of the CIS it manages, may not acquire any shares carrying voting rights which would enable it to exercise significant influence over the management of an issuing body.
- 5.2 A UCITS may acquire no more than:

- (i) 10 per cent of the non-voting shares of any single issuing body;
- (ii) 10 per cent of the debt securities of any single issuing body;
- (iii) 25 per cent of the units of any single CIS;
- (iv) 10 per cent of the money market instruments of any single issuing body.

**NOTE:** The limits laid down in (ii), (iii) and (iv) above may be disregarded at the time of acquisition if at that time the gross amount of the debt securities or of the money market instruments, or the net amount of the securities in issue cannot be calculated.

- 5.3 5.1 and 5.2 shall not be applicable to:
  - (i) Transferable Securities and money market instruments issued or guaranteed by an EU member state or its local authorities;
  - (ii) Transferable Securities and money market instruments issued or guaranteed by a non-member state;
  - (iii) Transferable Securities and money market instruments issued by public international bodies of which one or more EU member states are members;

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

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

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

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

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

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

- Transferable Securities;
- money market instruments\*;
- units of CIS; or
- financial derivative instruments.

5.8 A UCITS may hold ancillary liquid assets.

## **6 Financial Derivative Instruments ("FDIs")**

6.1 The UCITS global exposure relating to FDI must not exceed its total net asset value (this provision may not be applied to Funds that calculate their global exposure using the VaR methodology as disclosed herein).

6.2 Position exposure to the underlying assets of FDI, including embedded FDI in Transferable Securities or money market instruments, when combined where relevant with positions resulting from direct investments, may not exceed the investment limits set out in the Central Bank Rules. (This provision does not apply in the case of index based FDI provided the underlying index is one which meets with the criteria set out in the Central Bank Rules.)

6.3 UCITS may invest in FDIs dealt in over-the-counter (OTC) provided that:

- The counterparties to over-the-counter transactions (OTCs) are institutions subject to prudential supervision and belonging to categories approved by the Central Bank.

6.4 Investment in FDIs are subject to the conditions and limits laid down by the Central Bank.

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



## SCHEDULE 6: LIMITS ON THE USE OF FINANCIAL DERIVATIVE INSTRUMENTS

In this Schedule, the phrase “**Relevant Institution**” means a credit institution authorised in the EEA; (ii) a credit institution authorised within a signatory state, other than a member state of the EEA, to the Basle Capital Convergence Agreement of July 1988 (Canada, Japan, Switzerland, the U.S. and the United Kingdom); or (iii) a credit institution authorised in Australia, Guernsey, the Isle of Man, Jersey or New Zealand.

### Permitted Financial Derivative Instruments ("FDI")

1. A Fund may invest in FDI provided that:

- (i) the relevant reference items or indices, consist of one or more of the following <sup>1</sup>:
  - (a) instruments referred to in Regulation 68 including financial instruments having one or several characteristics of those assets;
  - (b) financial indices;
  - (c) interest rates;
  - (d) foreign exchange rates; and
  - (e) currencies;
- (ii) the FDI do not expose the UCITS to risks which it could not otherwise assume (e.g. gain exposure to an instrument/issuer/currency to which the UCITS cannot have a direct exposure);
- (iii) the FDI do not cause the UCITS to diverge from its investment objectives; and
- (iv) the reference in 1(i) above to financial indices shall be understood as a reference to indices which fulfil the following criteria:
  - (a) they are sufficiently diversified, in that the following criteria are fulfilled:
    - (i) the index is composed in such a way that price movements or trading activities regarding one component do not unduly influence the performance of the whole index;
    - (ii) where the index is composed of assets referred to in Regulation 68(1), its composition is at least diversified in accordance with Regulation 71;
    - (iii) where the index is composed of assets other than those referred to in Regulation 68(1), it is diversified in a way which is equivalent to that provided for in Regulation 71;
  - (b) they represent an adequate benchmark for the market to which they refer, in that the following criteria are fulfilled:
    - (i) the index measures the performance of a representative group of underlyings in a relevant and appropriate way;
    - (ii) the index is revised or rebalanced periodically to ensure that it continues to reflect the markets to which it refers following criteria which are publicly available;
    - (iii) the underlyings are sufficiently liquid, which allows users to replicate the index, if necessary;

---

<sup>1</sup> FDI on commodities are excluded.

- (c) they are published in an appropriate manner, in that the following criteria are fulfilled:
  - (i) their publication process relies on sound procedures to collect prices and to calculate and to subsequently publish the index value, including pricing procedures for components where a market price is not available;
  - (ii) material information on matters such as index calculation, rebalancing methodologies, index changes or any operational difficulties in providing timely or accurate information is provided on a wide and timely basis.

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

## 2. Credit Derivatives

Credit derivatives are permitted where:

- (i) they allow the transfer of the credit risk of an asset as referred to in paragraph 1(i) above, independently from the other risks associated with that asset;
- (ii) they do not result in the delivery or in the transfer, including in the form of cash, of assets other than those referred to in Regulations 68(1) and 68(2);
- (iii) they comply with the criteria for OTC derivatives set out in paragraph 4 below;
- (iv) their risks are adequately captured by the risk management process of the UCITS, and by its internal control mechanisms in the case of risks of asymmetry of information between the UCITS and the counterparty to the credit derivative resulting from potential access of the counterparty to non-public information on firms the assets of which are used as underlyings by credit derivatives. The UCITS must undertake the risk assessment with the highest care when the counterparty to the FDI is a related party of the UCITS or the credit risk issuer.

3. FDI must be dealt in on a Regulated Market. Restrictions in respect of individual stock exchanges and markets may be imposed by the Central Bank on a case by case basis.

4. Notwithstanding paragraph 3, a UCITS may invest in FDI dealt in over-the-counter, “OTC derivatives” provided that:

- (i) the counterparty is a credit institution listed in Regulation 7 of the Central Bank Regulations or an investment firm, authorised in accordance with the Markets in Financial Instruments Directive in an EEA member state, or is an entity subject to regulation as a Consolidated Supervised Entity (“CSE”) by the US Securities and Exchange Commission;
- (ii) risk exposure to the counterparty does not exceed the limits set out in Regulation 70(1)(c). The Fund shall calculate the counterparty exposure using the positive mark-to-market value of the OTC derivative contract with that counterparty. The UCITS may net its derivatives positions with the same counterparty, provided that the UCITS is able to legally enforce netting arrangements with the counterparty. Netting is only permissible with respect to OTC derivative instruments with the same counterparty and not in relation to any other exposures the UCITS may have to that counterparty;
- (iii) the UCITS is satisfied that (a) the counterparty will value the OTC derivative with reasonable accuracy and on a reliable basis at least daily; (b) the OTC derivative can be sold, liquidated or closed by an offsetting transaction at fair value, at any time at the UCITS’ initiative;

- (iv) the UCITS must subject its OTC derivatives to reliable and verifiable valuation on a daily basis and ensure that it has appropriate systems, controls and processes in place to achieve this. The valuation arrangements and procedures must be adequate and proportionate to the nature and complexity of the OTC derivative concerned and shall be adequately documented; and
  - (v) Reliable and verifiable valuation shall be understood as a reference to a valuation, by the UCITS, corresponding to fair value which does not rely only on market quotations by the counterparty and which fulfils the following criteria:
    - (a) the basis for the valuation is either a reliable up-to-date market value of the instrument, or, if such a value is not available, a pricing model using an adequate recognised methodology;
    - (b) verification of the valuation is carried out by one of the following:
      - (i) an appropriate third party which is independent from the counterparty of the OTC-derivative, at an adequate frequency and in such a way that the UCITS is able to check it;
      - (ii) a unit within the UCITS which is independent from the department in charge of managing the assets and which is adequately equipped for such purpose.
5. Risk exposure to an OTC derivative counterparty may be reduced where the counterparty will provide the UCITS with collateral. The UCITS may disregard the counterparty risk in circumstances where the value of the collateral, valued at market price and taking into account appropriate discounts, exceeds the value of the amount exposed to risk at any given time.

Collateral received must at all times meet with the following criteria outlined in the Central Bank Rules:

- (i) Liquidity;
- (ii) Valuation;
- (iii) Issuer credit quality;
- (iv) Correlation;
- (v) Diversification (asset concentration); and
- (vi) Immediately available.
- (vii) Non-cash collateral cannot be sold pledged or re-invested.
- (viii) Cash collateral may not be invested other than in the following:
  - (a) deposits with Relevant Institutions;
  - (b) high-quality government bonds;
  - (c) reverse repurchase agreements provided the transactions are with credit institutions subject to prudential supervision and the UCITS is able to recall at any time the full amount of cash on an accrued basis;
  - (d) short-term money market funds as defined in the ESMA Guidelines on a Common Definition of European Money Market Funds (*ref CESR/10-049*).

Collateral passed to an OTC derivative counterparty by or on behalf of a UCITS must be taken into account in calculating exposure of the UCITS to counterparty risk as referred to in Regulation 70(1)(c) of the Regulations. Collateral passed may be taken into account on a net basis only if the UCITS is able to legally enforce netting arrangements with this counterparty.

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

Each UCITS must calculate issuer concentration limits as referred to in Regulation 70 of the Regulations on the basis of the underlying exposure created through the use of FDI pursuant to the commitment approach. The calculation of exposure arising from OTC derivative transactions must include any exposure to OTC derivative counterparty risk. A UCITS must calculate exposure arising from initial margin posted to and variation margin receivable from a broker relating to exchange-traded or OTC derivatives, which is not protected by client money rules or other similar arrangements to protect the UCITS against the insolvency of the broker, and that exposure cannot exceed the OTC counterparty limit referred to in Regulation 70(1)(c) of the Regulations.

The calculation of issuer concentration limits as referred to in Regulation 70 of the Regulations must take account of any net exposure to a counterparty generated through a securities lending or repurchase agreement. Net exposure refers to the amount receivable by a UCITS less any collateral provided by the UCITS. Exposures created through the reinvestment of collateral must also be taken into account in the issuer concentration calculations. When calculating exposures for the purposes of Regulation 70 of the Regulations, a UCITS must establish whether its exposure is to an OTC counterparty, a broker or a clearing house.

6. Position exposure to the underlying assets of FDI, including embedded FDI in Transferable Securities, money market instruments or collective investment schemes, when combined where relevant with positions resulting from direct investments, may not exceed the investment limits set out in Regulations 70 and 73. When calculating issuer-concentration risk, the FDI (including embedded FDI) must be looked through in determining the resultant position exposure. This position exposure must be taken into account in the issuer concentration calculations. Issuer concentration must be calculated using the commitment approach when appropriate or the maximum potential loss as a result of default by the issuer if more conservative. It must also be calculated by all UCITS, regardless of whether they use VaR for global exposure purposes. This provision does not apply in the case of index based FDI provided the underlying index is one which meets with the criteria set out in Regulation 71(1) of the Regulations.
7. A transferable security or money market instrument embedding a FDI shall be understood as a reference to financial instruments which fulfil the criteria for Transferable Securities or money market instruments set out in Regulation 4 of the Central Bank Regulations and which contain a component which fulfils the following criteria:
  - (a) by virtue of that component some or all of the cash flows that otherwise would be required by the transferable security or money market instrument which functions as host contract can be modified according to a specified interest rate, financial instrument price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, and therefore vary in a way similar to a stand-alone derivative;
  - (b) its economic characteristics and risks are not closely related to the economic characteristics and risks of the host contract;
  - (c) it has a significant impact on the risk profile and pricing of the transferable security or money market instrument.
8. A transferable security or a money market instrument shall not be regarded as embedding a FDI where it contains a component which is contractually transferable independently of the transferable security or the money market instrument. Such a component shall be deemed to be a separate financial instrument.

## Cover requirements

9. A UCITS must ensure that its global exposure (as prescribed in the Central Bank Rules) relating to FDI does not exceed its total net asset value. A UCITS may not therefore be leveraged, including any short positions, in excess of 100 per cent of net asset value. To the extent permitted under the relevant rules, the UCITS may take account of netting and hedging arrangements when calculating global exposure. The commitment approach is detailed in the UCITS risk management procedures for FDI, which are described below under “Risk Management Process and Reporting”.

A UCITS using the VaR approach must employ back testing and stress testing and comply with other regulatory requirements regarding the use of VaR. The VaR method is detailed in the relevant UCITS’ risk management procedures for FDI, which are described below under “Risk Management Process and Reporting”.

A UCITS must, at any given time, be capable of meeting all its payment and delivery obligations incurred by transactions involving FDI. Monitoring of FDI transactions to ensure they are adequately covered must form part of the risk management process of the UCITS.

10. A transaction in FDI which gives rise, or may give rise, to a future commitment on behalf of a UCITS must be covered as follows:
- (i) in the case of FDI which automatically, or at the discretion of the UCITS, are cash settled a UCITS must hold, at all times, liquid assets which are sufficient to cover the exposure.
  - (ii) in the case of FDI which require physical delivery of the underlying asset, the asset must be held at all times by a UCITS. Alternatively a UCITS may cover the exposure with sufficient liquid assets where:
    - the underlying assets consists of highly liquid fixed income securities; and/or
    - the UCITS considers that the exposure can be adequately covered without the need to hold the underlying assets, the specific FDI are addressed in the Risk Management Process, which is described in paragraph 11 below, and details are provided in the Prospectus.

## Risk management process and reporting

11. (i) A UCITS must employ a risk management process to accurately monitor, measure and manage the risks attached to FDI positions and their contribution to the overall risk profile of the portfolio.
- (ii) A UCITS must provide the Central Bank with details of its proposed Risk Management Process in respect of its FDI activity. The initial filing is required to include information in relation to:
- Permitted types of FDI, including embedded derivatives in Transferable Securities and money market instruments;
  - Details of the underlying risks;
  - Relevant quantitative limits and how these will be monitored and enforced;
  - Methods for estimating risks.
- (ii) Material amendments to the initial filing must be notified to the Central Bank in advance. The Central Bank may object to the amendments notified to it and amendments and/or associated activities objected to by the Central Bank may not be made.
12. The Company must submit a report to the Central Bank on its FDI positions on an annual basis. The report, which must contain information which reflects a true and fair value of the types of FDI used by the UCITS, the underlying risks, the quantitative limits and the methods used to estimate those risks, must be submitted with the annual report of the UCITS. The Company must, at the request of the Central Bank, provide this report at any time.

### 13. Repurchase Agreements, Reverse Repurchase Agreements and Securities Lending Agreements

- I. Repurchase/reverse repurchase agreements, and securities lending (together “**efficient portfolio management techniques**”) may only be effected in accordance with normal market practice and the Central Bank Rules. All assets received in the context of efficient portfolio management techniques should be considered as collateral and should comply with the criteria set down in paragraph II below.
- II. Collateral must, at all times, meet with the specific criteria outlined in the Central Bank Rules:
  - (i) **Liquidity;**
  - (ii) **Valuation;**
  - (iii) **Issuer credit quality;**
  - (iv) **Correlation;**
  - (v) **Diversification (asset concentration);**
  - (vi) **Immediately available.**
- III. Risks linked to the management of collateral, such as operational and legal risks, should be identified, managed and mitigated by the risk management process.
- IV. Collateral received on a title transfer basis should be held by the trustee. For other types of collateral arrangement, the collateral can be held by a third party custodian which is subject to prudential supervision, and which is unrelated to the provider of collateral.
- V. Non-cash collateral cannot be sold pledged or re-invested.
- VI. Cash collateral may not be invested other than in the following:
  - (i) deposits with Relevant Institutions;
  - (ii) high-quality government bonds;
  - (iii) reverse repurchase agreements provided the transactions are with credit institutions subject to prudential supervision and the UCITS is able to recall at any time the full amount of cash on an accrued basis;
  - (iv) short-term money market funds as defined in the ESMA Guidelines on a Common Definition of European Money Market Funds (*ref CESR/10-049*).
- VII. In accordance with the requirement that efficient portfolio management techniques cannot result in a change to the UCITS declared investment objective or add substantial supplementary risks, invested cash collateral should be diversified in accordance with the diversification requirement applicable to non-cash collateral. Invested cash collateral may not be placed on deposit with the counterparty or a related entity.
- VIII. A UCITS receiving collateral for at least 30% of its assets should have an appropriate stress testing policy in place to ensure regular stress tests are carried out under normal and exceptional liquidity conditions to enable the UCITS to assess the liquidity risk attached to the collateral. The liquidity stress testing should at least prescribe the components set out in Regulation 24 paragraph (8) of the Central Bank Regulations.
- IX. A UCITS should have in place a clear haircut policy adapted for each class of assets received as collateral. When devising the haircut policy, a UCITS should take into account the characteristics of the assets such as the credit standing or the price volatility, as well as the outcome of the stress tests performed in accordance with paragraph VIII. This policy should be documented and should justify each decision to apply a specific haircut, or to refrain from applying any haircut, to a certain class of assets. To the extent that a Fund avails of the increased issuer exposure facility in section 5(ii) of

Schedule 3 of the Central Bank Regulations, such increased issuer exposure may be to any of the issuers listed in section 2.12 of Schedule 5 to the Prospectus.

- X. A UCITS should ensure that it is able at any time to recall any security that has been lent out or terminate any securities lending agreement into which it has entered.
- XI. A UCITS that enters into a reverse repurchase agreement should ensure that it is able at any time to recall the full amount of cash or to terminate the reverse repurchase agreement on either an accrued basis or a mark-to-market basis. When the cash is callable at any time on a mark-to-market basis, the mark-to-market value of the reverse repurchase agreement should be used for the calculation of the net asset value of the UCITS.
- XII. A UCITS that enters into a repurchase agreement should ensure that it is able at any time to recall any securities subject to the repurchase agreement or to terminate the repurchase agreement into which it has entered (fixed-term repurchase and reverse repurchase agreements that do not exceed seven days should be considered as arrangements on terms that allow the assets to be recalled at any time by the UCITS).
- XIII. Efficient portfolio management techniques do not constitute borrowing or lending for the purpose of Regulation 103 and Regulation 111 respectively.

## SCHEDULE 7: DISTRIBUTION OF SHARES IN OTHER JURISDICTIONS

### Special Provisions Applicable to the Distribution of Shares in the United Kingdom

The Company has been granted the status of a “**recognised scheme**” by the Financial Conduct Authority (“**FCA**”) in the UK for the purposes of s264 of the Financial Services and Markets Act 2000 (as amended) (“**FSMA**”). Russell Investments Limited whose registered office is at Rex House, 10 Regent Street, London SW1Y 4PE (the “**Facilities Agent**”) has been appointed as the Company’s facilities agent in the UK to provide the facilities required under the rules and guidance of the FCA (the “**FCA Rules**”) to be maintained in the UK for a recognised scheme. Russell Investments Limited is authorised by the FCA to conduct investment business in the UK.

Accordingly facilities are maintained at the offices of the Facilities Agent:

- (a) for any person to inspect and obtain (free of charge) copies of the Articles (and of any amendments), the latest version of this Prospectus and the key investor information documents and the latest annual and half-yearly reports of the Company during normal business hours on any weekday (UK public holidays excepted);
- (b) for any person to obtain information about the price of Shares in any Fund and for any Shareholder to arrange for redemption of his Shares and obtain payment; and
- (c) at which any person, who has a complaint to make about the operation of the Company, may submit a complaint for transmission to the Manager.

Notwithstanding that the Company is a recognised scheme, to the extent that this Prospectus is made available in the UK by any person who is not an “**Authorised Person**” (as defined in FSMA):

- (i) it will only be communicated or caused to be communicated to persons falling within a relevant exemption contained in the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended, (“**FPO**”) to whom this Prospectus may lawfully be communicated or caused to be communicated (“**Exempt Persons**”). Exempt Persons includes but, in accordance with the FPO, is not limited to: (a) persons who have professional experience in matters relating to investments falling within Article 19(5) of the FPO; or (b) high net worth entities, and other persons to whom this material may otherwise lawfully be communicated, falling within Article 49(1) of the FPO. Any person who is not an Exempt Person should not act or rely on this material or any of its contents. In these circumstances, be aware that for your purposes, the content has not been approved by an Authorised Person for the purposes of s21 FSMA; and
- (ii) neither this Prospectus nor the Shares will be available to persons in the UK who are not Exempt Persons and no one in the UK who is not an Exempt Person is entitled to rely on, and they must not act on, any information in this Prospectus. Any communication from within the UK other than by an Authorised Person to any person in the UK not falling within a relevant exemption contained in the FPO, is unauthorised and is likely to contravene FSMA.

Notwithstanding that the Company is a recognised scheme, to the extent that this Prospectus is made available in the UK by Russell Investments Limited (who is an Authorised Person) or another Authorised Person:

- (i) the restrictions in the FPO on communicating this Prospectus do not apply; and
- (ii) this Prospectus has been approved for the purpose of Section 21 of FSMA by Russell Investments Limited, but solely for such purpose.

Notwithstanding that the Company is a recognised scheme, to the extent that this Prospectus is made available in



the UK by a distributor other than Russell Investments Limited (for the purpose of this paragraph only, the “**distributor**”), this Prospectus may be made available to retail clients and approved for that purpose under Section 21 of FSMA by the distributor. Russell Investments Limited accepts no responsibility for the distribution of this Prospectus to retail clients.

Some or all of the protections provided by the FCA’s regulatory system in the UK do not apply to investments in the Company or a Fund and compensation under the UK’s Financial Services Compensation Scheme may not be available.

The contents of the Prospectus are confidential and should not be distributed, published or reproduced (in whole or in part) or disclosed by recipients to any other person.

Any individual who is in any doubt about the investment to which this Prospectus relates should consult an Authorised Person specialising in advising on investments of this kind.

#### **Special Provisions Applicable to the Distribution of Shares to U.S. Persons**

Shares will only be offered to U.S. Persons pursuant to the terms of the current U.S. Supplement to the Prospectus. Investors who are U.S. Persons will be provided with a copy of the current U.S. Supplement and the Prospectus prior to their investment in the Company. Copies of the U.S. Supplement and Prospectus may also be obtained free of charge from the Manager.

#### **Special Provisions Applicable to the Distribution of Shares in Japan**

Shares in the Funds have not been and will not be registered under Article 4, Paragraph 1 of the FIE Law (Japan). The Distributor will not offer or sell any Shares in Japan except by way of a private placement to Qualified Institutional Investors (as defined under the FIE Law (Japan) and the Cabinet Office Ordinance; hereafter “QIIs” or “Qualified Institutional Investors”) pursuant to the exemption available under Article 2, Paragraph 3, Item 2 (a) of the FIE Law (Japan) after filing a registration statement concerning a foreign investment company with the Commissioner of the Financial Services Agency under the Law Concerning Investment Trusts and Investment Companies of Japan (the “Investment Fund Law”). The Shares sold by way of a private placement to QIIs are subject to resale restrictions that such Shares cannot be resold to anyone other than QIIs.

#### **Special Provisions Applicable to the Distribution of Shares in Singapore**

The Funds are not authorised or recognised by the Monetary Authority of Singapore (“MAS”) and are not allowed to be offered to the Singapore retail public. The Prospectus is not a prospectus as defined in the Securities and Futures Act, Cap. 289 of Singapore (the “SFA”) and accordingly, statutory liability under the SFA in relation to the content of prospectuses would not apply.

The Prospectus has not been registered as a prospectus by the MAS, and the offer of the Shares is made pursuant to the exemptions under Sections 304 and 305 of the SFA. Accordingly, the Shares may not be offered or sold, nor may the Shares be the subject of an invitation for subscription or purchase, nor may the Prospectus or any other document or material in connection with the offer or sale, or invitation for subscription or purchase of the Shares be circulated or distributed, whether directly or indirectly, to any person in Singapore other than under exemptions provided in the SFA for offers made (a) to an institutional investor (as defined in Section 4A of the SFA) pursuant to Section 304 of the SFA, (b) to a relevant person (as defined in Section 305(5) of the SFA), or any person pursuant to an offer referred to in Section 305(2) of the SFA, and in accordance with the conditions specified in Section 305 of the SFA or (c) otherwise pursuant to, and in accordance with, the conditions of any other applicable provision of the SFA.

Where the Shares are acquired by persons who are relevant persons specified in Section 305A of the SFA, namely:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each

beneficiary of the trust is an individual who is an accredited investor,

the shares, debentures and units of shares and debentures of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six (6) months after that corporation or that trust has acquired the Shares pursuant to an offer made under Section 305 of the SFA except:

- (i) to an institutional investor or to a relevant person as defined in Section 305(5) of the SFA, or which arises from an offer referred to in Section 275(1A) of the SFA (in the case of that corporation) or which arises from an offer that is made on terms that such rights or interest in that trust are acquired at a consideration of not less than S\$200,000 (or its equivalent in a foreign currency) for each transaction, whether such amount is to be paid for in cash or by exchange of securities or other assets (in the case of that trust);
- (ii) where no consideration is or will be given for the transfer; or
- (iii) where the transfer is by operation of law.

## SCHEDULE 8: IRISH TAXATION

The following is a general summary of the main Irish tax considerations applicable to the Company and certain investors in the Company who are the beneficial owners of Shares in the Company. It does not purport to deal with all of the tax consequences applicable to the Company or to all categories of investors, some of whom may be subject to special rules. Accordingly, its applicability will depend on the particular circumstances of each Shareholder. It does not constitute tax advice and Shareholders and potential investors are advised to consult their professional advisers concerning possible taxation or other consequences of purchasing, holding, selling, converting or otherwise disposing of the Shares under the laws of their country of incorporation, establishment, citizenship, residence or domicile, and in the light of their particular circumstances.

The following statements on taxation are based on advice received by the Directors regarding the law and practice in force in Ireland at the date of this document. Legislative, administrative or judicial changes may modify the tax consequences described below and as is the case with any investment, there can be no guarantee that the tax position or proposed tax position prevailing at the time an investment is made will endure indefinitely.

### Taxation of the Company

The Directors have been advised that, under current Irish law and practice, the Company qualifies as an investment undertaking for the purposes of Section 739B of the TCA so long as the Company is resident for tax purposes in Ireland. Accordingly, it is generally not chargeable to Irish tax on its income and gains.

#### *Chargeable Event*

However, Irish tax can arise on the happening of a “**chargeable event**” in the Company. A chargeable event includes any payments or distributions to Shareholders, any encashment, repurchase, cancellation or transfer of Shares and any deemed disposal of Shares as described below for Irish tax purposes arising as a result of holding Shares in the Company for a period of eight years or more. Where a chargeable event occurs, the Company may be required to withhold and account for Irish investment undertaking tax thereon, depending on the location or tax residence status of the Shareholder.

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

- (a) the Shareholder is neither resident nor ordinarily resident in Ireland (“**Non-Irish Resident**”) and it (or an intermediary acting on its behalf) has made the necessary declaration to that effect and the Company is not in possession of any information which would reasonably suggest that the information contained in the declaration is not, or is no longer, materially correct; or
- (b) the Shareholder is Non-Irish Resident and has confirmed that to the Company and the Company is in possession of written notice of approval from the Revenue Commissioners to the effect that the requirement to provide the necessary declaration of non-residence has been complied with in respect of the Shareholder and the approval has not been withdrawn; or
- (c) the Shareholder is an Exempt Irish Resident as defined below and it (or an intermediary acting on its behalf) has made the necessary declaration to that effect.

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

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

A chargeable event does not include:

- any transactions (which might otherwise be a chargeable event) in relation to Shares held in a recognised clearing system as designated by order of the Revenue Commissioners of Ireland; or
- a transfer of Shares between spouses or civil partners and any transfer of Shares between spouses or former spouses and civil partners or former civil partners on the occasion of judicial separation and/or divorce; or
- an exchange by a Shareholder, effected by way of arm's length bargain where no payment is made to the Shareholder, of Shares in the Company for other Shares in the Company; or
- an exchange of Shares arising on a qualifying amalgamation or reconstruction (within the meaning of Section 739H of the TCA) of the Company with another investment undertaking; or
- the cancellation of Shares in the Company arising from an exchange in relation to a scheme of amalgamation (as defined in Section 739HA of the TCA).

If the Company becomes liable to account for tax on a chargeable event, the Company shall be entitled to deduct from any payment arising on that chargeable event an amount equal to the appropriate tax and/or, where applicable, to repurchase and cancel such number of Shares held by the Shareholder as is required to meet the amount of tax. The relevant Shareholder shall indemnify and keep the Company indemnified against loss arising to the Company by reason of the Company becoming liable to account for tax on the happening of a chargeable event.

#### *Deemed Disposals*

The Company may elect not to account for Irish tax in respect of deemed disposals in certain circumstances. Where the total value of Shares in a Fund held by Shareholders who are Irish Resident and, who are not Exempt Irish Residents as defined below, is 10% or more of the Net Asset Value of the Fund, the Company will be liable to account for the tax arising on a deemed disposal in respect of Shares in that Fund as set out below. However, where the total value of Shares in the Fund held by such Shareholders is less than 10% of the Net Asset Value of the Fund, the Company may, and it is expected that the Company will, elect not to account for tax on the deemed disposal. In this instance, the Company will notify relevant Shareholders that it has made such an election and those Shareholders will be obliged to account for the tax arising under the self-assessment system themselves. Further details of this are set out below under the heading "Taxation of Irish Resident Shareholders".

#### *Irish Courts Service*

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

#### **Exempt Irish Resident Shareholders**

The Company will not be required to deduct tax in respect of the following categories of Irish Resident Shareholders, provided the Company has in its possession the necessary declarations from those persons (or an intermediary acting on their behalf) and the Company is not in possession of any information which would reasonably suggest that the information contained in the declarations is not, or is no longer, materially correct. A Shareholder who comes within any of the categories listed below and who (directly or through an intermediary) has provided the necessary declaration to the Company is referred to herein as

an “**Exempt Irish Resident**”:

- (a) a pension scheme which is an exempt approved scheme within the meaning of Section 774 of the TCA, or a retirement annuity contract or a trust scheme to which Section 784 or Section 785 of the TCA, applies;
- (b) a company carrying on life business within the meaning of Section 706 of the TCA;
- (c) an investment undertaking within the meaning of Section 739B(1) of the TCA;
- (d) an investment limited partnership within the meaning of Section 739J of the TCA;
- (e) a special investment scheme within the meaning of Section 737 of the TCA;
- (f) a charity being a person referred to in Section 739D(6)(f)(i) of the TCA;
- (g) a qualifying management company within the meaning of Section 739B(1) of the TCA;
- (h) a unit trust to which Section 731(5)(a) of the TCA applies;
- (i) a person who is entitled to exemption from income tax and capital gains tax by virtue of Section 784A(2) of the TCA or Section 848B of the TCA and the Shares held are assets of an approved retirement fund or an approved minimum retirement fund;
- (j) a person who is entitled to exemption from income tax and capital gains tax by virtue of Section 787I of the TCA, and the Shares are assets of a PRSA as defined in Section 787A of the TCA;
- (k) a credit union within the meaning of Section 2 of the Credit Union Act, 1997;
- (l) the National Asset Management Agency;
- (m) a company within the charge to corporation tax in accordance with Section 110(2) of the TCA (securitisation companies);
- (n) in certain circumstances, a company within the charge to corporation tax under Section 739G(2) of the TCA but only where the Company (or a Fund) is a money market fund;
- (o) the National Treasury Management Agency of Ireland, or a fund investment vehicle within the meaning of Section 739D(6)(kb) of the TCA; or
- (p) any other person who is resident or ordinarily resident in Ireland who may be permitted to own Shares under taxation legislation or by written practice or concession of the Revenue Commissioners without giving rise to a charge to tax in the Company or jeopardising the tax exemptions associated with the Company.

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

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

Non-Irish Resident Shareholders who (directly or through an intermediary) have made the necessary declaration of non-residence in Ireland (the "Relevant Declaration"), where required, are not liable to Irish tax on the income or gains arising to them from their investment in the Company and no tax will be deducted on distributions from the Company or payments by the Company in respect of a repurchase, cancellation or other disposal of their investment. Such Shareholders are generally not liable to Irish tax in respect of income or gains

made from holding or disposing of Shares except where the Shares are attributable to an Irish branch or agency of such Shareholder.

Tax will be deducted as described above on the happening of a chargeable event where a Shareholder fails to provide the Company with a Relevant Declaration unless the Company is not required to collect Relevant Declarations (and this has been confirmed in writing by the Revenue Commissioners). Furthermore, if the Company is in possession of information which would reasonably suggest that a Relevant Declaration provided to it in respect of a Shareholder is not or is no longer materially correct then it will be required to deduct tax on the happening of a chargeable event in respect of that Shareholder's Shares.

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

## **Taxation of Irish Resident Shareholders**

### *Deduction of Tax*

Tax will be deducted and remitted to the Revenue Commissioners by the Company from any distributions made by the Company (other than on a disposal) to an Irish Resident Shareholder who is not an Exempt Irish Resident, where the Shareholder is a company, at a rate of 25 per cent., and where the Shareholder is not a company, at the rate of 41%.

Tax will also be deducted by the Company and remitted to the Revenue Commissioners from any gain arising on an encashment, repurchase or other disposal of Shares by such a Shareholder where the Shareholder is a company (and has provided a declaration to the Company including its Irish tax reference number), at the rate of 25 per cent., and where the Shareholder is not a company, at the rate of 41 per cent. Any gain will be computed as the difference between the value of the Shareholder's investment in the Company at the date of the chargeable event and the original cost of the investment as calculated under special rules.

### *Deemed Disposals*

Tax will also be deducted by the Company and remitted to the Revenue Commissioners in respect of any deemed disposal where the total value of Shares in a Fund held by Irish Resident Shareholders who are not Exempt Irish Residents is 10% or more of the Net Asset Value of the Fund. A deemed disposal will occur on each and every eighth anniversary of the acquisition of Shares in the Fund by such Shareholders. The deemed gain will be calculated as the difference between the value of the Shares held by the Shareholder on the relevant eighth year anniversary or, as described below where the Company so elects, the value of the Shares on the later of the 30 June or 31 December prior to the date of the deemed disposal and the relevant cost of those Shares. The excess arising will be taxable where the Shareholder is a company, at the rate of 25 per cent., and where the Shareholder is not a company, at the rate of 41 per cent. Tax paid on a deemed disposal should be creditable against the tax liability on an actual disposal of those Shares.

Where the Company is obliged to account for tax on deemed disposals it is expected that the Company will elect to calculate any gain arising for Irish Resident Shareholders who are not Exempt Irish Residents by reference to the Net Asset Value of the relevant Fund on the later of the 30 June or 31 December prior to the date of the deemed disposal, in lieu of the value of the Shares on the relevant eighth year anniversary.

The Company may elect not to account for tax arising on a deemed disposal where the total value of Shares in the relevant Fund held by Irish Resident Shareholders who are not Exempt Irish Residents is less than 10% of the Net Asset Value of the Fund. In this case, such Shareholders will be obliged to account for the tax arising on the deemed disposal under the self-assessment system themselves. The deemed gain will be calculated as the difference between the value of the Shares held by the Shareholder on the relevant eighth year anniversary and the relevant cost of those Shares. The excess arising will be regarded as an amount taxable under Case IV of Schedule D and will be subject to tax where the Shareholder is a company, at the rate of 25 per cent., and where the Shareholder is not a company, at the rate of 41 per cent. Tax paid on a

deemed disposal should be creditable against the tax payable on an actual disposal of those Shares.

### *Residual Irish Tax Liability*

Corporate Shareholders resident in Ireland which receive distributions (where payments are made annually or at more frequent intervals) from which tax has been deducted will be treated as having received an annual payment chargeable to tax under Case IV of Schedule D from which tax at the rate of 41% has been deducted. In practice, a credit of the excess tax deducted from such distributions over the higher corporation tax rate of 25% may be available to corporate Shareholders resident in Ireland. Subject to the comments below concerning tax on a currency gain, in general, such Shareholders will not be subject to further Irish tax on payments received in respect of their holding from which tax has been deducted. A corporate Shareholder resident in Ireland which holds the Shares in connection with a trade will be taxable on any income or gains received from the Company as part of that trade with a set-off against corporation tax payable for any tax deducted from those payments by the Company.

Subject to the comments below concerning tax on a currency gain, in general, non-corporate Irish Resident Shareholders will not be subject to further Irish tax on income arising on the Shares or gains made on disposal of the Shares, where the appropriate tax has been deducted by the Company from distributions paid to them.

Where a currency gain is made by a Shareholder on the disposal of Shares, the Shareholder will be liable to capital gains tax in respect of that gain in the year/s of assessment in which the Shares are disposed of.

Any Irish Resident Shareholder who is not an Exempt Irish Resident and who receives a distribution from which tax has not been deducted (for example, because the Shares are held in a recognised clearing system) will be liable to account for income tax or corporation tax as the case may be on that payment. Where such Shareholder receives a gain on an encashment, repurchase, cancellation or transfer from which tax has not been deducted, (for example, because the Shares are held in a recognised clearing system) the Shareholder will also be liable to account for income tax or corporation tax on the amount of the gain under the self-assessment system and in particular, Part 41 of the TCA. Shareholders who are individuals should also note that failure to comply with these provisions may result in them being subject to tax at their marginal rate (currently up to 41%) on the income and gains together with a surcharge, penalties, leverage and interest.

### **Overseas Dividends**

Dividends (if any) and interest which the Company receives with respect to investments (other than securities of Irish issuers) may be subject to taxes, including withholding taxes, in the countries in which the issuers of the investments are located. It is not known whether the Company will be able to benefit from reduced rates of withholding tax under the provisions of the double tax treaties which Ireland has entered into with various countries.

However, in the event that the Company receives any repayment of withholding tax suffered, the Net Asset Value of the relevant Fund will not be restated and the benefit of any repayment will be allocated to the then existing Shareholders rateably at the time of such repayment.

### **Personal Portfolio Investment Undertaking**

An investment undertaking will be considered to be a personal portfolio investment undertaking ("PPIU") in relation to a specific Irish Resident Shareholder where that Irish Resident Shareholder can influence the selection of some or all of the property of the undertaking. The undertaking will only be a PPIU in respect of those Irish Resident Shareholders who can influence the selection. A gain arising on a chargeable event in relation to a PPIU will be taxed at the rate of 60%. An undertaking will not be considered to be a PPIU where certain conditions are complied with as set out in Section 739BA of the TCA.

### **Stamp Duty**

On the basis that the Company qualifies as an investment undertaking within the meaning of Section 739B

of the TCA, generally, no stamp duty will be payable in Ireland on the issue, transfer, or repurchase of Shares in the Company. However, where any subscription for or repurchase of Shares is satisfied by an in-kind or in specie transfer of Irish securities or other Irish property, Irish stamp duty might arise on the transfer of such securities or properties.

No Irish stamp duty will be payable by the Company on the conveyance or transfer of stock or marketable securities of a company not registered in Ireland, 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 of the TCA) which is registered in Ireland.

#### **Automatic Exchange of Information**

The Company is obliged, pursuant to the IGA, Council Directive 2011/16/EU, Section 891E, Section 891F and Section 891G of the TCA and regulations made pursuant to those sections, to collect certain information about its investors.

The Company will be required to provide certain information to the Revenue Commissioners in relation to the investors (including information in respect of the investor's tax residence status) and also in relation to accounts held by investors. For further information on FATCA or CRS please refer to the website of the Revenue Commissioners at [www.revenue.ie/en/business/aeoi/index.html](http://www.revenue.ie/en/business/aeoi/index.html).

Further detail in respect of FATCA and CRS is set out below.

#### *FATCA Implementation in Ireland*

On 21 December 2012, the governments of Ireland and the U.S. signed the IGA.

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

The IGA provides that Irish financial institutions will report to the Revenue Commissioners in respect of U.S. account-holders and, in exchange, U.S. financial institutions will be required to report to the IRS in respect of any Irish-resident account-holders. The two tax authorities will then automatically exchange this information on an annual basis.

The Company (and/or any of its duly appointed agents) shall be entitled to require Shareholders to provide any information regarding their tax status, identity or residency in order to satisfy any reporting requirements which the Company may have as a result of the IGA or any legislation promulgated in connection with the agreement and Shareholders will be deemed, by their subscription for or holding of Shares to have authorised the automatic disclosure of such information by the Company or any other person to the relevant tax authorities.

#### *OECD Common Reporting Standard*

Ireland has provided for the implementation of CRS through Section 891F of the TCA and the enactment of the CRS Regulations.

CRS is a global OECD tax information exchange initiative which is aimed at encouraging a coordinated



approach to disclosure of income earned by individuals and organisations.

Ireland and a number of other jurisdictions have entered or will enter into multilateral arrangements modelled on the Common Reporting Standard for Automatic Exchange of Financial Account Information published by the OECD. The Company is required to provide certain information to the Revenue Commissioners about investors resident or established in jurisdictions which are party to CRS arrangements.

The Company, or a person appointed by the Company, will request and obtain certain information in relation to the tax residence of its shareholders or "account holders" for CRS purposes and (where applicable) will request information in relation to the beneficial owners of any such account holders. The Company, or a person appointed by the Company, will report the information required to the Revenue Commissioners by 30 June in the year following the year of assessment for which a return is due. The Revenue Commissioners will share the appropriate information with the relevant tax authorities in participating jurisdictions. Ireland introduced CRS Regulations in December 2015 and implementation of CRS among early adopting countries (including Ireland) occurred with effect from 1 January 2016.

## **Residence**

In general, investors in the Company will be either individuals, corporate entities or trusts. Under Irish rules, both individuals and trusts may be resident or ordinarily resident. The concept of ordinary residence does not apply to corporate entities.

## **Individual Investors**

### **Test of Residence**

An individual will be regarded as resident in Ireland for a particular tax year if the individual is present in Ireland: (1) for a period of at least 183 days in any one tax year; or (2) for a period of at least 280 days in any two consecutive tax years, provided that the individual is resident in Ireland for at least 31 days in each tax year. In determining days present in Ireland, for periods up to 31 December 2008; an individual is deemed to be present if the individual is in the country at the end of the day (midnight). Since 1 January 2009, an individual is deemed to be present if he/she is present in the country at any time during the day. Therefore, for tax years from 1 January 2009 on, any day during which the individual is present in Ireland counts in ascertaining the total number of days spent in Ireland for residence purposes. If an individual is not resident in Ireland in a particular tax year the individual may, in certain circumstances, elect to be treated as resident.

### **Test of Ordinary Residence**

If an individual has been resident for the three previous tax years then the individual will be deemed "ordinarily resident" from the start of the fourth year. An individual will remain ordinarily resident in Ireland until the individual has been non-resident for three consecutive tax years.

## **Trust Investors**

A trust will generally be regarded as resident in Ireland where all of the trustees are resident in Ireland and the trust is administered in Ireland. Trustees are advised to seek specific tax advice if they are in doubt as to whether the trust is resident in Ireland.

## **Corporate Investors**

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 is regarded as not resident in Ireland under a double taxation treaty between Ireland and another country. In certain limited circumstances, companies incorporated in Ireland but managed and controlled outside of a double taxation

treaty territory may not be regarded as resident in Ireland. Specific rules may apply to companies incorporated prior to 1 January 2015.

### **Disposal of Shares and Irish Capital Acquisitions Tax**

#### **(a) Persons Domiciled or Ordinarily Resident in Ireland**

The disposal of Shares by means of a gift or inheritance made by a disposer domiciled or ordinarily resident in Ireland or received by a beneficiary domiciled or ordinarily resident in Ireland may give rise to a charge to Irish Capital Acquisitions Tax for the beneficiary of such a gift or inheritance with respect to those Shares.

#### **(b) Persons Not Domiciled or Ordinarily Resident in Ireland**

On the basis that the Company qualifies as an investment undertaking within the meaning of Section 739B of the TCA, the disposal of Shares will not be within the charge to Irish Capital Acquisitions Tax provided that;

- the Shares are comprised in the gift or inheritance at the date of the gift or inheritance and at the valuation date;
- the donor is not domiciled or ordinarily resident in Ireland at the date of the disposition; and
- the beneficiary is not domiciled or ordinarily resident in Ireland at the date of the gift or inheritance.

## SCHEDULE 9: SUB-CUSTODIAN LIST

The Depositary has delegated those safekeeping duties set out in Article 22(5)(a) UCITS V to State Street Bank and Trust Company with registered office at Copley Place 100, Huntington Avenue, Boston, Massachusetts 02116, USA, whom it has appointed as its global sub-custodian.

At the date of this Prospectus State Street Bank and Trust Company as global sub-custodian has appointed local sub-custodians within the State Street Global Custody Network as listed below.

MARKET	SUB CUSTODIAN
<b>Albania</b>	Raiffeisen Bank sh.a.
<b>Argentina</b>	Citibank N.A.
<b>Australia</b>	Hongkong and Shanghai Banking Corporation Ltd.
<b>Austria</b>	UniCredit Bank Austria AG
<b>Bahrain</b>	First Abu Dhabi Bank
<b>Bangladesh</b>	Standard Chartered Bank
<b>Belgium</b>	BNP Paribas S.A. (operating through the Paris office with support from its Brussels branch)
<b>Benin</b>	via Standard Chartered Bank Côte d'Ivoire S.A., Abidjan, Ivory Coast
<b>Bermuda</b>	HSBC Bank Bermuda Limited
<b>Federation of Bosnia and Herzegovina</b>	UniCredit Bank d.d
<b>Botswana</b>	Standard Chartered Bank Botswana Limited
<b>Brazil</b>	Citibank, N.A.
<b>Bulgaria</b>	Citibank Europe plc, Bulgaria Branch
	UniCredit Bulbank AD
<b>Burkina Faso</b>	via Standard Chartered Bank Côte d'Ivoire S.A., Abidjan, Ivory Coast
<b>Canada</b>	State Street Trust Company Canada
<b>Chile</b>	Banco de Chile
<b>People's Republic of China</b>	HSBC Bank (China) Company Limited (as delegate of The Hongkong and Shanghai Banking Corporation Limited)
	China Construction Bank Corporation (for A-share market only)
	Standard Chartered Bank (Hong Kong) Limited (for Hong Kong – Shanghai Stock Connect market and Hong Kong Shenzhen Stock Connect only)
<b>Colombia</b>	Cititrust Colombia S.A. Sociedad Fiduciaria
<b>Costa Rica</b>	Banco BCT
<b>Croatia</b>	Privredna banka Zagreb dd
	Zagrebacka banka d.d
<b>Cyprus</b>	BNP Paribas S.A., Athens (operating remotely to service the Cyprus market)
<b>Czech Republic</b>	Československá Obchodní Banka A.S. (CSOB)
	UniCredit Bank Czech Republic and Slovakia, a.s.
<b>Denmark</b>	Skandinaviska Enskilda Banken AB (SEB)
<b>Egypt</b>	First Abu Dhabi Bank Misr (FAB)
<b>Estonia</b>	AS SEB Pank
<b>Finland</b>	Skandinaviska Enskilda Banken AB (Publ) (SEB)
<b>France</b>	BNP Paribas S.A.
<b>Republic of Georgia</b>	JSC Bank of Georgia
<b>Germany</b>	State Street Bank International GmbH
	Deutsche Bank AG
<b>Ghana</b>	Standard Chartered Bank Ghana PLC

<b>MARKET</b>	<b>SUB CUSTODIAN</b>
<b>Greece</b>	BNP Paribas S.A.
<b>Guinea-Bissau</b>	via Standard Chartered Bank Côte d'Ivoire S.A., Abidjan, Ivory Coast
<b>Hong Kong</b>	The Hongkong and Shanghai Banking Corporation Limited
<b>Hungary</b>	Citibank Europe plc, Hungarian Branch UniCredit Bank Hungary Zrt
<b>Iceland</b>	Landsbankinn hf.
<b>India</b>	Deutsche Bank AG Citibank, N.A. The Hongkong and Shanghai Banking Corporation Limited
<b>Indonesia</b>	Deutsche Bank AG Standard Chartered Bank, Indonesia Branch
<b>Israel</b>	Bank Hapoalim B.M.
<b>Italy</b>	Intesa Sanpaolo S.p.A.
<b>Ivory Coast</b>	Standard Chartered Bank Côte d'Ivoire S.A.
<b>Japan</b>	Mizuho Bank, Limited The Hongkong and Shanghai Banking Corporation Limited
<b>Jordan</b>	Standard Chartered Bank, Dubai
<b>Kazakhstan</b>	JSC Citibank Kazakhstan
<b>Kenya</b>	Standard Chartered Bank Kenya Limited
<b>Republic of Korea</b>	Deutsche Bank AG Hongkong and Shanghai Banking Corporation Limited
<b>Kuwait</b>	First Abu Dhabi Bank
<b>Latvia</b>	AS SEB Banka
<b>Lithuania</b>	SEB Bankas
<b>Malawi</b>	Standard Bank PLC
<b>Malaysia</b>	Standard Chartered Bank Malaysia
<b>Mali</b>	via Standard Chartered Bank Côte d'Ivoire S.A., Abidjan, Ivory Coast
<b>Mauritius</b>	Hongkong and Shanghai Banking Corp. Ltd.
<b>Mexico</b>	Banco Nacional de México S.A.
<b>Morocco</b>	Citibank Maghreb
<b>Namibia</b>	Standard Bank Namibia
<b>Netherlands</b>	BNP Paribas S.A.
<b>New Zealand</b>	The Hongkong and Shanghai Banking Corporation Ltd.
<b>Niger</b>	via Standard Chartered Bank Côte d'Ivoire S.A., Abidjan, Ivory Coast
<b>Nigeria</b>	Stanbic IBTC Bank Plc.
<b>Norway</b>	Skandinaviska Enskilda Banken
<b>Oman</b>	First Abu Dhabi Bank
<b>Pakistan</b>	Deutsche Bank A.G. Citibank N.A., Karachi
<b>Panama</b>	Citibank, N.A.
<b>Peru</b>	Citibank del Perú, S.A.
<b>Philippines</b>	Deutsche Bank AG Philippines branch
<b>Poland</b>	Bank Handlowy w Warszawie S.A.
<b>Portugal</b>	Citibank Europe Plc
<b>Puerto Rico</b>	Citibank N.A.
<b>Qatar</b>	HSBC Bank Middle East Limited
<b>Romania</b>	Citibank Europe plc, Dublin – Romania Branch
<b>Russia</b>	AO Citibank
<b>Saudi Arabia</b>	FAB Capital
<b>Senegal</b>	via Standard Chartered Bank Côte d'Ivoire S.A., Abidjan, Ivory Coast
<b>Serbia</b>	UniCredit Bank Serbia JSC
<b>Singapore</b>	Citibank, N.A.

<b>MARKET</b>	<b>SUB CUSTODIAN</b>
<b>Slovak Republic</b>	UniCredit Bank Czech Republic and Slovakia, a.s.
<b>Slovenia</b>	UniCredit Banka Slovenija d.d.
<b>South Africa</b>	FirstRand Bank Limited
	Standard Chartered Bank Johannesburg Branch
<b>Spain</b>	Citibank Europe Plc
<b>Sri Lanka</b>	The Hongkong and Shanghai Banking Corporation Limited
<b>Republic of Srpska</b>	UniCredit Bank d.d
<b>Sweden</b>	Skandinaviska Enskilda Banken
<b>Switzerland</b>	UBS Switzerland AG
<b>Taiwan - R.O.C.</b>	Deutsche Bank AG, Taipei branch
<b>Tanzania</b>	Standard Chartered Bank Tanzania Limited
<b>Thailand</b>	Standard Chartered Bank (Thai) Public Company Limited
<b>Togo</b>	via Standard Chartered Bank Côte d'Ivoire S.A., Abidjan, Ivory Coast
<b>Tunisia</b>	Union Internationale de Banques (UIB)
<b>Turkey</b>	Citibank, A.Ş
<b>Uganda</b>	Standard Chartered Bank Uganda Limited
<b>Ukraine</b>	JSC Citibank
<b>United Arab Emirates</b>	First Abu Dhabi Bank PJSC
<b>United Kingdom</b>	State Street Bank and Trust Company
<b>Uruguay</b>	Banco Itaú Uruguay S.A.
<b>Venezuela</b>	Citibank, N.A.
<b>Vietnam</b>	Hongkong & Shanghai Banking Corp. Ltd
<b>Zambia</b>	Standard Chartered Bank Zambia Plc
<b>Zimbabwe</b>	Stanbic Bank Zimbabwe Limited

## **SCHEDULE 10: MATERIAL CONTRACTS**

The following contracts, details of which have been sent out in the section entitled “Management and Administration”, have been entered into and are, or may be, material:

The Management Agreement between the Company and the Manager, pursuant to which the latter was appointed manager in relation to the Funds.

Pursuant to the Management Agreement the Manager is responsible for the general management and administration of the Company’s affairs, subject to the overall supervision and control of the Directors. Pursuant to the provisions of the Management Agreement the Manager may delegate one or more of its functions subject to the overall supervision and control of the Company.

The Manager shall exercise the due care of a professional UCITS manager in the performance of its duties under the Management Agreement, including with regard to the selection, appointment and monitoring of any delegates and shall use its best endeavours, skill and judgment and all due care in performing its duties and obligations and exercising its rights and authorities under the Management Agreement provided that for the avoidance of any doubt the Manager shall not be liable for any decline in the value of the Investments of the Company or any Fund or any part thereof to the extent that such decline results from any investment decision made by the Manager in good faith unless such decision was made negligently, fraudulently, in bad faith or with wilful misconduct.

Neither the Manager nor any of its directors, officers or employees shall be liable for any loss or damage arising directly or indirectly out of or in connection with the performance by the Manager of its obligations and duties under the Management Agreement unless such loss or damage arose out of or in connection with the negligence, wilful misconduct, fraud, reckless disregard or bad faith of or by the Manager in the performance of its duties under the Management Agreement.

The Company shall be liable and shall indemnify and keep indemnified and hold harmless the Manager (and each of its directors, officers, employees, delegates and agents) from and against any and all actions, proceedings, claims, demands, losses, damages, costs and expenses (including reasonable legal and professional fees and expenses arising) which may be made or brought against or suffered or incurred by the Manager (or any of its directors, officers, employees, delegates or agents) arising out of or in connection with the performance of its obligations and duties under the Management Agreement in the absence of any negligence, wilful default, fraud, reckless disregard or bad faith of or by the Manager in the performance of its duties under the Management Agreement or as otherwise may be required by law.

The Manager may perform any of its duties, obligations and responsibilities under the Management Agreement by or through its directors, officers, servants or agents and shall be entitled to delegate or sub-contract all or any of its functions, powers, discretions, duties and obligations as the Manager under the Management Agreement to any person approved by the Directors and the Central Bank on such terms and conditions as agreed between the Company and the Manager, provided that any such delegation or sub-contract shall terminate automatically on the termination of the Management Agreement. The Manager’s liability to the Company shall not be affected by the fact that the Manager has delegated all or any part of its function set out in the Regulations and the Central Bank Regulations to a third party.

The Management Agreement shall continue in full force and effect unless terminated by unless and until terminated by the Manager giving to the Company not less than 12 months’ prior written notice or the Company giving to the Manager not less than 90 days’ prior written notice (or such other period as may be agreed between the parties). The Management Agreement may be terminated by either Party ("Party X") if:

(a) the other Party ("Party Y") shall materially breach any of its obligations under this Agreement and (if such breach is capable of remedy) shall fail to make good such material breach within thirty (30) calendar days of receipt of notice from Party X requiring it to do so; or

(b) Party Y shall pass a resolution for its winding-up (except a voluntary liquidation for the purpose of reconstruction or amalgamation on terms previously approved in writing by Party X) or if a court of competent jurisdiction shall order a winding-up of Party Y, or a receiver shall be appointed over Party Y's assets, or an examiner shall be appointed to Party Y (or proceedings analogous to the foregoing are commenced against Party Y in any jurisdiction);

(c) the Manager shall cease to be authorised under applicable law to carry out its functions under this Agreement; or

(d) so requested by the Central Bank.

The **Principal Money Manager and Advisory Agreement** between the Company, Manager and the Principal Money Manager pursuant to which the latter was appointed as discretionary investment manager and adviser.

The Principal Money Manager and Advisory Agreement shall continue in force until terminated by any party on 90 days' notice in writing to the other parties (or such other period as may be agreed between the parties), but any such termination will not affect the outstanding obligations or liabilities of any party hereto to the other.

Any party may terminate this Agreement immediately without notice upon:

(i) another party passing a resolution for its winding-up (except a voluntary liquidation for the purpose of reconstruction or amalgamation on terms previously approved in writing by the parties) or the appointment of a liquidator or an examiner or receiver of another party or upon the happening of a like event at the direction of a regulatory agency or court of competent jurisdiction or otherwise; (ii) any party being unable to perform its obligations under this Agreement because it is no longer permitted to do so by its regulator or under applicable laws; (iii) any party breaching any material provision of this Agreement, provided that if the breach is capable of being remedied, the breaching party has not remedied such breach within thirty (30) days of receipt of a notice from the other party of such material breach; (iv) the request of its or another party's regulator.

The Principal Money Manager and Advisory Agreement provides that, save in the case of fraud, wilful misconduct, bad faith, negligence or reckless disregard of its functions and duties, the Principal Money Manager shall not be liable to the Manager or the Company or the Shareholders of the Company for any error of judgment or loss suffered by any of them in connection with the performance by the Principal Money Manager of its functions and duties thereunder and the Company shall indemnify the Principal Money Manager, out of the Company's assets against all claims, demands, liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever (including the cost of investigating or defending against such claims, demands or liabilities and any legal costs incurred in connection therewith) incurred by the Principal Money Manager, its employees, officers, directors, agents or delegates in the performance of its functions and duties and against all taxes on profits or gains of the Company which may be assessed upon or become payable by the Principal Money Manager, its employees, officers, directors, agents or delegates, to the extent permitted by law and the Articles of Association, provided that such indemnity shall not be given where the Principal Money Manager, its directors, officers or agents are guilty of any negligence, bad faith, fraud, wilful misconduct or reckless disregard of its or their duties.

The **Administration Agreement** between the Company, the Manager and the Administrator as may be amended or supplemented from time to time in accordance with the requirements of the Central Bank, pursuant to which the latter was appointed as administrator, transfer agent and registrar of the Company.

The Administration Agreement shall remain in full force and effect for a fixed term ending 31 October 2023 (the "Fixed Term"). During the Fixed Term the Manager or the Company may without cause terminate the Administration Agreement on giving at least six (6) months' prior written notice to the Administrator.

If the Administration Agreement is terminated before 31 October 2022, a compensation amount will be payable by the Company to the Administrator for services up to the relevant effective date of termination as agreed in writing between the Fund and the Administrator (the "Compensation Amount"), for any 12 month period of 40% of the

Administrator's compensation due (for services that otherwise would have been rendered), based on the average monthly fees paid in the financial year preceding the date that notice of termination is made.

Following the expiry of the Fixed Term, the Administration Agreement shall continue in force until terminated and may be terminated (without the payment of any Compensation Amount by the Company) on giving three (3) months' prior written notice or by the Administrator on giving six (6) months' notice or such other period as may be agreed between the parties in writing.

The Administration Agreement may be terminated at any time forthwith by any party and without the obligation to pay any Compensation Amount on the part of the Company upon giving notice in writing to the other parties if at any time; (i) the party notified shall be unable to pay its debts as they fall due or go into liquidation or receivership or an examiner shall be appointed pursuant to the Companies Act 2014, (ii) the party notified shall commit any material breach of the provisions of the Administration Agreement and, if such breach is capable of remedy, shall not have remedied that within thirty (30) days after the service of written notice requiring it to be remedied.

The Administration Agreement provides that the Administrator shall exercise its power and discretion under the Administration Agreement using its reasonable endeavours and applying the level of skill and expertise that can be reasonably expected of a professional administrator for hire. The Administrator shall not be liable for any loss of any nature whatsoever suffered by the Manager, the Company or the Shareholders in connection with the performance of its obligations under the Administration Agreement, except where that loss results directly from negligence, bad faith, fraud, wilful misconduct on the part of the Administrator. The Administrator shall not be liable for any indirect, special or consequential loss howsoever arising.

The Company shall indemnify, hold harmless and defend the Administrator out of the assets of the relevant sub-fund from and against any loss, liability, claim or expense (including reasonable attorneys' fees and disbursements) suffered or incurred by the Administrator in connection with the performance of its duties hereunder, including, without limitation, any liability or expense suffered or incurred as a result of the acts or omissions of the Company or any third party agent whose data or services the Administrator must rely upon in performing its duties hereunder, or as a result of acting upon any instructions reasonably believed by it to have been duly authorized by the Fund; provided, however, that such indemnity shall not apply to any loss, liability, claim or expense resulting directly from the fraud, negligence, bad faith or wilful misconduct of the Administrator.

The **Depositary Agreement** between the Company and the Depositary as may be amended or supplemented from time to time in accordance with the requirements of the Central Bank, pursuant to which the latter was appointed as depositary in relation to the Funds.

The Depositary Agreement shall remain in full force and effect for a fixed term ending 31 October 2023 (the "Fixed Term"). During the Fixed Term the Manager or the Company may without cause terminate the Depositary Agreement on giving at least six (6) months' prior written notice to the Depositary.

If the Depositary Agreement is terminated before 31 October 2022, a compensation amount will be payable by the Company to the Depositary for services up to the relevant effective date of termination as agreed in writing between the Fund and the Depositary (the "Compensation Amount"), for any 12 month period of 40% of the Depositary's compensation due (for services that otherwise would have been rendered), based on the average monthly fees paid in the financial year preceding the date that notice of termination is made.

Following the expiry of the Fixed Term, the Depositary Agreement shall continue in force until terminated and may be terminated by the Manager or the Company (without the payment of any Additional Compensation Amount by the Company) on giving at least three (3) months' notice to the Depositary or by the Depositary on giving six (6) months' written notice to the other parties such other period as may be agreed between the parties.

Termination may be immediate in certain circumstances such as insolvency of the Depositary. The Depositary may not be replaced without the approval of the Central Bank.



The Depositary Agreement shall be governed by the laws of Ireland and the courts of Ireland shall have non-exclusive jurisdiction to hear any disputes or claims arising out of or in connection with the Depositary Agreement.

The Distribution Agreement between the Manager, the Company and the Distributor pursuant to which the latter was appointed to distribute the Funds.

The Distribution Agreement may be terminated by any party, without the payment of any penalty, immediately upon receipt of 90 days' written notice to the other party. The Company will indemnify the Distributor and its directors, officers or employees against claims, demands, liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever (including the cost of investigating or defending against such claims, demands or liabilities and any legal costs incurred in connection therewith) resulting from the fact that the Distributor or employees, officers, directors or agents appointed by the Distributor have acted thereunder as agent of the Management Company in accordance with the terms of this Agreement and not resulting from a material breach of this Agreement, wilful misconduct, negligence, fraud, reckless disregard or bad faith of its duties under this Agreement by the Distributor or its employees, officers, directors or agents.

The **Support Services Agreement** between the Manager and Russell Investments Limited.

These services include assisting in relation to the registration of the Funds for distribution, attending to compliance matters, co-ordinating the preparation of the financial statements and the preparation of materials for meetings of the board of Directors and assisting with the appointment and assessment of the various service providers appointed to the Company. In the absence of fraud, wilful default or bad faith on the part of Russell Investments Limited in the performance or unjustifiable non-performance of its obligations or duties under the Support Services Agreement, Russell Investments Limited, its directors, officers, employees or agents shall not be liable to the Company for any loss or damage suffered by the Company as a result of any act or omission of Russell Investments Limited. The Support Services Agreement may be terminated by either party upon 90 days' written notice to the other party (or such lesser period as may be agreed) or immediately in the event of the winding up or the appointment of an examiner or receiver to the other party or upon the happening of a like event at the direction of an appropriate regulatory agency or court of competent jurisdiction, where either party fails to remedy a material breach of the agreement (if capable of remedy) within 30 days after service of notice by the other party requesting it to do so or where either party is no longer permitted to perform its obligations.

## SCHEDULE 11: SFDR ANNEXES

### ANNEX II

Template pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

**Product name:** Russell Investments Global Future Equity Fund  
**Legal entity identifier:** 5493000NV9N96HMCW967

#### Environmental and/or social characteristics

##### Does this financial product have a sustainable investment objective?

☒ ☐ Yes

☒ ☐ ☒ No

☐ It will make a minimum of **sustainable investments with an environmental objective:** \_\_\_\_%

☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy

☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

☐ It will make a minimum of **sustainable investments with a social objective:** \_\_\_\_%

☐ It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of \_\_\_\_% of sustainable investments

☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy

☐ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

☐ with a social objective

☒ It promotes E/S characteristics, but **will not make any sustainable investments**

##### What environmental and/or social characteristics are promoted by this financial product?

The Russell Investments Global Future Equity Fund (the “Fund”) promotes the following environmental and social characteristics:

- Reduction in carbon emissions: by investing in accordance with the Paris-Aligned Investment Initiative’s Net Zero Investment Framework (“**PAII NZIF**”). This is a top-down portfolio level reference target which is an accountability mechanism ensuring that the decarbonisation of the portfolio is consistent with a “Net Zero” pathway. Net Zero pathways refer to science-based emissions, technology, and/or investment trajectories that limit global average temperature rise with sufficiently high probability. “Net Zero” is further defined in the PAII NZIF Implementation Guide (the “Implementation Guide”) which is available at this link: <https://www.parisalignedassetowners.org/>

The Principal Money Manager utilises the PAII NZIF as its primary target-setting framework for measuring Net Zero alignment, as described in the Implementation Guide. The PAII NZIF includes guidance on how to assess the strength and maturity of a company’s Net Zero target and performance

against six core criteria – ambition, targets, emission performance, disclosure, decarbonisation strategy and capital allocation alignment. The Principal Money Manager uses data from climate-focused organisations such as Climate Action 100+, Transition Pathway Initiative (TPI), and the Science-Based Targets initiative (SBTi) to undertake this analysis. Using this data the Principal Money Manager classifies each underlying company in the Russell Investments Global Future Equity Fund’s portfolio on a quarterly basis into the following categories (listed worst to best):

- (i) **Not Aligned to Net Zero:** refers to assets without a commitment to decarbonise in a manner consistent with achieving global net zero.
- (ii) **Committed to Net Zero Alignment:** refers to assets with a long term decarbonisation goal consistent with achieving global net zero by 2050.
- (iii) **Aligning to Net Zero:** refers to assets with emissions performance not equal to a contextually relevant net zero pathway. However, importantly they have science-based targets and a decarbonisation plan, and are thus ready to transition.
- (iv) **Aligned with a Net Zero Pathway:** refers to assets which have science-based targets, a decarbonisation plan, and current absolute or emissions intensity at least equal to a relevant net zero pathway. This category broadly signifies that transition risk is being managed at an asset level.
- (v) **Net Zero:** refers to when assets meet all relevant criteria and have an emissions performance at net zero which can be expected to continue.

Net Zero alignment is measured by the Principal Money Manager, as follows: (i) by monitoring the weighted average carbon dioxide equivalent emissions of investee companies to ensure that the emissions at fund level decrease in line with defined carbon emissions reduction targets; and (ii) by monitoring investee company holdings and categorising them by Net Zero alignment status to ensure that the holdings within the Fund meet specified Net Zero alignment targets. If the Principal Money Manager has insufficient data to make this determination about a company, it will be classified as not aligned to Net Zero.

- Exclusion of companies with 'qualifying involvement' in certain activities that are considered harmful to the environment and/or society; namely companies which have an exposure to the following industries or activities (in some cases above the applicable exposure limits as set out in the table below): controversial weapons, companies with a significant involvement (measured as against revenue proportion, operational focus or investments and assets of such companies as detailed in the table below) with oil sands, arctic oil and gas, shale energy, thermal coal, tobacco, gambling, adult entertainment and palm oil (“**Excluded Companies**”).

The environmental and social characteristics, and the indicators used to measure them set out below are subject to change. For the avoidance of doubt, this pre-contractual disclosure document will be updated in line with any changes to these characteristics or indicators.

The Fund is actively managed with reference to the MSCI ACWI Index (USD) – Net Returns (the “**Index**”). The Index is a broad market index and is not used by the Fund to attain the environmental or social characteristics promoted by the Fund.

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

**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

Characteristic	Indicators
Reduction in carbon emissions.	1. Carbon Emissions Reduction: 2030 Target.

	<p>By 2030, the Fund aims to achieve a weighted average carbon dioxide equivalent emissions reduction of at least 50% (scope 1 and 2 emissions) versus the Baseline Emissions.</p> <p>‘Baseline Emissions’ means the weighted average carbon dioxide equivalent emissions of the Index as at 31 December 2019.</p> <p><b>2. Net Zero Alignment: 2028 Target.</b></p> <p>By 2028, the Fund aims to have at least 40% of it’s investments in Equities and Equity Related Instruments in companies that are: (i) Net Zero; (ii) Aligned with a Net Zero Pathway; or (iii) aligning to Net Zero.</p> <p><b>3. Net Zero Alignment: 2040 Target.</b></p> <p>By 2040, the Fund aims to have at least 100% of it’s investments in Equities and Equity Related Instruments in companies that are: (i) Net Zero; or (ii) Aligned with a Net Zero Pathway.</p> <p><b>4. Engagement on Net Zero Alignment: Ongoing Target.</b></p> <p>The Fund aims to have at least 70% of Financed Emissions in Material Sectors within the Fund portfolio in companies which: (i) are Net Zero; (ii) are Aligned with a Net Zero Pathway; or (iii) will be the subject of direct or collective engagement and stewardship actions by the Principal Money Manager, such as proxy voting or selective divestment.</p> <p>This target is measured on a quarterly rolling average basis, which means that at any given point in time, the target is assessed based on the average of the most recent four quarters, rather than being evaluated at a single point in time or on a calendar-year basis.</p> <p>‘Financed Emissions’ means the carbon equivalent emissions (scope 1 and 2) financed by loans and investments by a company, calculated as specified by the Partnership for Carbon Accounting Financials.</p> <p>‘Material Sectors’ mean those sectors in NACE codes A-H and J-L, which are Agriculture, forestry and fishing, Mining and quarrying, Manufacturing, Electricity, gas, steam and air conditioning supply, Water supply; sewerage; waste management and</p>
--	--

	<p>remediation activities, Construction, Wholesale and retail trade; repair of motor vehicles and motorcycles, Transporting and storage, Information and communication, Financial and insurance activities, Real estate activities. 'NACE codes' refers to the statistical classification of economic activities in Europe.</p> <p><b>5. Engagement on Net Zero Alignment: 2030 Target.</b></p> <p>By 2030, the Fund aims to have 90% of Financed Emissions in Material Sectors within the Fund portfolio, on aggregate, in companies which: (i) are Net Zero; (ii) are Aligned with a Net Zero Pathway; or (iii) will be the subject of direct or collective engagement and stewardship actions by the Principal Money Manager, such as proxy voting or selective divestment.</p>
<p><b>Exclusion of companies with qualifying involvement in certain activities that are considered harmful to the environment and/or society, namely, thermal coal, controversial weapons, oil sands, arctic oil and gas, shale energy, tobacco, gambling, adult entertainment and palm oil.</b></p>	<p><b>6. No Fund holdings in Excluded Companies.</b></p> <p>'Excluded Companies' means Equity or Equity-Related Instruments of companies with exposure to the industries or activities at the applicable exposure limits set out in the table in the section entitled "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?"</p>

- *What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?*

N/A

- *How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?*

N/A

*How have the indicators for adverse impacts on sustainability factors been taken into account?*

N/A

*How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:*

N/A

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

*The EU Taxonomy sets out a “do not significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.*

The “do no significant harm” principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

*Any other sustainable investments must also not significantly harm any environmental or social objectives.*

**Does this financial product consider principal adverse impacts on sustainability factors?**



☐ Yes

☒ No

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

The Fund will seek to invest at least 80% of its Net Asset Value in Equities and Equity-Related Instruments that are listed, traded or dealt in on Regulated Markets globally, all of which will be subject to the binding elements of the Fund's investment strategy used to attain the environmental and social characteristics promoted by the Fund, as further described above.

In order to construct the Fund portfolio, the Principal Money Manager will appoint one or more Investment Advisers who will provide model portfolios comprised of global equities.

The Principal Money Manager will then construct the Fund portfolio based on an aggregation of these model portfolios. The Principal Money Manager may adjust the aggregated model portfolios, using proprietary investment strategies, as required, to enable the management of exposures at a total portfolio level for risk management, return enhancement purposes and/or to ensure that the Fund's environmental and/or social characteristics are achieved.

● ***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?***

The Fund has a binding environmental and social targets which are measured using the objective sustainability indicators (described above). The binding elements of the investment strategy used to achieve these targets are set out below.

Performance of the environmental and social indicators will be reported in the Fund's mandatory periodic report SFDR template (as per the requirements of Article 11 of SFDR).

**1. Carbon Emissions: 2030 Target.**

By 2030, the Fund aims to achieve a weighted average carbon dioxide equivalent emissions reduction of at least 50% (scope 1 and 2 emissions) versus the Baseline Emissions.

**2. Net Zero Alignment: 2028 Target.**

By 2028, the Fund aims to have at least 40% of its investments in Equities and Equity Related Instruments in companies that are: (i) Net Zero; (ii) Aligned with a Net Zero Pathway; or (iii) Aligning to Net Zero.

### 3. Net Zero Alignment: 2040 Target.

By 2040, the Fund aims to have at least 100% of its investments in Equities and Equity Related Instruments in companies that are: (i) Net Zero; or (ii) Aligned with a Net Zero pathway.

### 4. Engagement on Net Zero Alignment: Ongoing Target.

The Fund aims to have at least 70% of Financed Emissions in Material Sectors within the Fund portfolio in companies that: (i) are Net Zero; (ii) are Aligned with a Net Zero Pathway; or (iii) will be the subject of direct or collective engagement and stewardship actions by the Principal Money Manager, such as proxy voting or selective divestment.

This target is measured on a quarterly rolling average basis, which means that at any given point in time, the target is assessed based on the average of the most recent four quarters, rather than being evaluated at a single point in time or on a calendar-year basis.

### 5. Engagement on Net Zero Alignment: 2030 Target.

By 2030, the Fund aims to have 90% of Financed Emissions in Material Sectors within the Fund portfolio in companies that: (i) are Net Zero; (ii) are Aligned with a Net Zero Pathway; or (iii) will be the subject of direct or collective engagement and stewardship actions by the Principal Money Manager, such as proxy voting or selective divestment.

### 6. No Fund holdings in Excluded Companies.

The Principal Money Manager has processes in place designed to ensure that the Fund does not invest in Equity or Equity-Related Instruments that it believes should not be included in an investment strategy used to attain the environmental and social characteristics promoted by the Fund.

The table below outlines the industries and activities which the Principal Money Manager has chosen to exclude from investment by the Fund. Equity or Equity-Related Instruments of companies involved in these industries or activities will be excluded where their exposure to the industry or activity exceeds the exposure limits outlined in the table below.

The Principal Money Manager uses data provided by a third party data provider to assess whether a company's exposure to an industry or activity is above the exposure limits outlined here.

If the exposure to an industry or activity of a particular company changes post-investment, so as to render it an Excluded Company, the company will be added to the exclusions list of the Fund which is updated quarterly. In such cases, the Principal Money Manager will take corrective action to divest of that company as part of the subsequent rebalance of the Fund or at the very latest within one month of the quarterly update to the exclusions list.

#### Excluded companies with exposure to the following industries or activities at the applicable exposure limits.

Industry/Activity	Exposure Limits (percentage of total Revenue)	Rationale and explanatory notes
Adult entertainment	10%	The production of adult entertainment, and/or owns/operates adult entertainment establishments.
	10%	The distribution of adult entertainment materials.
Arctic Oil & Gas	2%	Revenue from oil and gas exploration in Arctic regions.
Gambling	10%	The company owns and/or operates a gambling establishment.
	10%	The company manufactures specialised equipment used exclusively for gambling.
	10%	The company provides supporting products/services to gambling operations

Oil sands	2%	The company extracts oil sands.
Palm oil	10%	The company is involved in the production and/or distribution of palm oil.
Shale energy	2%	The company is involved in shale energy exploration and/or production.
Thermal Coal	10%	The company is involved in coal power generation or mining thermal coal (i.e. thermal coal extraction).
Tobacco products	10%	The company manufactures tobacco products.
	10%	The company supplies tobacco-related products/services.
	10%	The company derives revenues from the distribution and/or retail sale of tobacco products.
Controversial weapons (meaning anti-personnel mines, cluster munitions, and nuclear weapons)	Directly: 0% Indirectly: 20%	The company is involved in the production of the core weapon system, or components/services of the core weapon system that are considered tailor made and essential for the lethal use of the controversial weapon.

***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

An exclusion screen is applied to the Fund, however, there is no commitment to a minimum rate to reduce the scope of investments prior to the application of the investment strategy.

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

The Principal Money Manager will only invest in companies which follow good governance practices by international standards.



The Principal Money Manager utilises the services of a third-party data provider to assist it in identifying companies which are aligned to the United Nations Global Compact Principles (“UNGC Principles”). These companies are deemed by the Principal Money Manager as having good governance practices and are therefore investable by the Fund. An assessment of UNGC

Principle alignment includes a holistic assessment of core metrics for measuring a company’s governance practices, including company responsibility, labour relations, company management and the severity of impacts on stakeholders and/or the environment. Companies deemed to not be aligned with the UNGC Principles are placed on an exclusions list for the Fund (subject to the exception below), which is updated quarterly.

If a company is identified by the third-party data provider as not being aligned with the UNGC Principles, the company may still be investable by the Fund, if the Principal Money Manager determines that it does in fact follow good governance practices despite this UNGC Principle assessment. In order to reach this conclusion, the Principal Money Manager shall carry out its own further analysis of the company’s governance practices. This additional layer of analysis is undertaken based on advice from Investment Advisers, as relevant, or the Principal Money Manager’s own research or insights, supplemental to the research provided by the third-party provider for assessing governance. This review will include an assessment of the company’s labour practices, management structure and tax compliance. Following this review, the Principal Money Manager may determine, by recommendation from its investment and responsible investing teams and by approval of the relevant governance body, that the company does in fact demonstrate good governance practices. Only after such a determination is made, can the company form part of the portfolio in the Fund. This review of a company by the Principal Money Manager is overseen and managed by the Principal Money Manager's Global Exclusions Committee.

If a company already held by the Fund is identified as having breached a UNGC Principle by the third-party data provider, during a quarterly update to the Fund’s exclusions list, the Principal Money Manager may undertake the further analysis outlined above to determine whether, in its view, the company follows good



governance practices. If no such determination is made before the next quarterly update to the Fund's exclusions list, the relevant company will be added to the exclusions list.

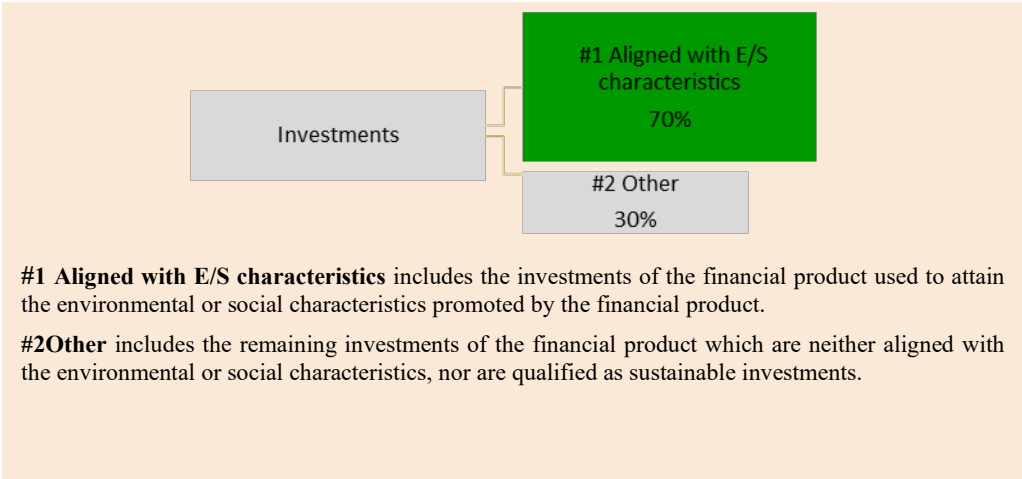
**What is the asset allocation planned for this financial product?**

It is expected that 70% of the Fund's Net Asset Value will on aggregate be aligned with the environmental and social characteristics promoted by the Fund.

The asset allocation of the Fund will be reported in the Fund's mandatory periodic report SFDR template for the relevant reference period. This asset allocation percentage will be calculated based on average monthly asset allocation percentages throughout the reference period.

The remainder of the Fund's assets and their purposes are detailed below in “#2 Other” and further in the Prospectus.

The Fund does not commit to investing in sustainable investments or investments aligned with the Taxonomy Regulation.



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

While the Fund may use derivatives, it does not use derivatives for the purpose of attaining the environmental or social characteristics it promotes.

**To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?**

0%

Asset allocation describes the share of investments in specific assets.

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules. **Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective. **Transitional activities** are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

**Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>1</sup>?**

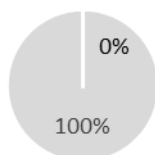
Yes: ☐ In fossil gas ☐ In nuclear energy

No ☐

*The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds\*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.*

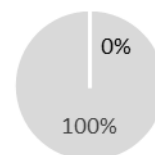
1. Taxonomy-alignment of investments including sovereign bonds\*

■ Taxonomy-aligned: Fossil gas  
■ Taxonomy-aligned: Nuclear  
■ Taxonomy-aligned (no fossil gas & nuclear)  
■ Non Taxonomy-aligned



2. Taxonomy-alignment of investments excluding sovereign bonds\*

■ Taxonomy-aligned: Fossil gas  
■ Taxonomy-aligned: Nuclear  
■ Taxonomy-aligned (no fossil gas & nuclear)  
■ Non Taxonomy-aligned



\* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.

● **What is the minimum share of investments in transitional and enabling activities?**

N/A



**What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**

N/A

**What is the minimum share of socially sustainable investments?**

N/A



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

The investments of the Fund which may comprise of "Other" include:

and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change (mitigation) and do not significantly harm any EU Taxonomy objective - see explanatory note in the prospectus. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are Commission Delegated Regulation (EU) 2022/1214.

- collective investment schemes (including Exchange Traded Funds), unlisted securities, new issues for which application for listing on a Regulated Market will be sought, convertible debt securities, warrants, Short-Term Instruments and cash for investment purposes. The Fund may invest up to 5% of its Net Asset Value in REITS (being real estate investment trusts).
- currency hedging transactions to hedge against exchange rate risk for efficient portfolio management purposes. The Fund will carry out spot foreign exchange transactions. Futures contracts will be used to hedge against market risk or gain exposure to an underlying market. Forward contracts will be used to hedge or gain exposure to an increase in the value of an asset, currency, commodity or deposit. Options will be used to hedge or achieve long or short exposure to particular markets or securities instead of using a physical security. Swaps (including swaptions) will be used to achieve profit by gaining long or short exposure to markets or securities as well as to hedge existing long positions. Forward foreign exchange transactions will be used to reduce the risk of adverse market changes in exchange rates or to increase exposure to foreign currencies or to shift exposure to foreign currency fluctuations from one country to another. Caps and floors will be used to hedge against interest rate movements exceeding given minimum or maximum levels.
- Cash and cash equivalents may be used for liquidity management purposes.

This portion of the Fund's investments (i.e. up to 30% of the Fund's Net Asset Value) may not be aligned with the environmental or social characteristics.

This "Other" section may also include investments or assets for which the Principal Money Manager does not have sufficient data to confirm whether or not they are aligned with the environmental or social characteristics promoted by the Fund.

No minimum environmental or social safeguards will be in place in relation to such holdings.

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



No.

*How ☐ the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?*

N/A

- ☐ *How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?*

N/A

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

N/A

- ☐ *Where can the methodology used for the calculation of the designated index be found?*

N/A

**Where can I find more product specific information online?**

More product-specific information can be found on the website: <https://russellinvestments.com/emea/important-information>.

