

**This prospectus is a consolidation of the prospectus of the Company and the supplement thereto dated 6 April 2017 and the Additional Information for Investors in Germany dated 8 May 2017. This prospectus is a consolidated prospectus for investors in Germany. This prospectus is exclusively used for offer and distribution of the Shares of the Company in or from Germany. It may not be used for the offer or distribution of the Shares in the Company in any other jurisdiction. It does not constitute a prospectus for the purposes of Irish law.**

The Directors of the Company whose names appear on page (v) 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.

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## **MCKINLEY CAPITAL MANAGEMENT FUNDS PLC**

(an investment company with variable capital incorporated with limited liability in Ireland with registered number 464355 and established as an umbrella fund with segregated liability between Funds pursuant to the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011 as amended)

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## **CONSOLIDATED PROSPECTUS FOR INVESTORS IN GERMANY (THE "PROSPECTUS") for**

### **McKinley Capital Dividend Growth Fund**

Dated 19 May 2017

**THIS DOCUMENT CONTAINS IMPORTANT INFORMATION ABOUT THE COMPANY AND THE FUNDS AND SHOULD BE READ CAREFULLY BEFORE INVESTING. IF YOU HAVE ANY QUESTIONS ABOUT THE CONTENTS OF THIS PROSPECTUS YOU SHOULD CONSULT YOUR BANK MANAGER, LEGAL ADVISER, ACCOUNTANT OR OTHER FINANCIAL ADVISER.**

*Certain terms used in this Prospectus are defined on pages 3 to 9 of this document.*

### ***Central Bank Authorisation***

*The Company has been authorised by the Central Bank as a UCITS within the meaning of the UCITS Regulations. The authorisation of the Company is not an endorsement or guarantee of the Company by the Central Bank nor is the Central Bank responsible for the contents of this Prospectus. Authorisation of the Company by the Central Bank does not constitute a warranty by the Central Bank as to the performance of the Company and the Central Bank shall not be liable for the performance or default of the Company or of any Fund.*

### ***Investment Risks***

**There can be no assurance that each Fund will achieve its investment objective. It should be appreciated that the value of Shares may go down as well as up. An investment in a Fund involves investment risks, including possible loss of the entire amount invested.** The capital return and income of a Fund are based on the capital appreciation and income on the investments it holds, less expenses incurred. Therefore, a Fund's return may be expected to fluctuate in response to changes in such capital appreciation or income. Investors' attention is drawn to the specific risk factors set out on pages 30 to 37. **It is recommended that an investment in any of the Funds should not constitute a substantial proportion of an investment portfolio and may not be appropriate for all investors. Subject to the conditions and within the limits from time to time laid down by the Central Bank, and except where otherwise stated in the investment objective and policies of a Fund, each Fund may engage in transactions in financial derivative instruments, whether for efficient portfolio management purposes (i.e. hedging, reducing risks or costs, or increasing capital or income returns) or investment purposes. In view of the fact that a contingent deferred sales charge of up to 2 per cent of repurchase monies may, at the sole discretion of the Investment Manager be deducted and retained by a Fund, the difference at any one time between the sale and repurchase price of the Shares means that an investment in any of the Funds should be viewed as medium to long term.**

### ***Selling Restrictions***

*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 the 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 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 any applicable*

*exchange control regulations and taxes in the countries of their respective citizenship, residence, incorporation or domicile.*

*Before investing in a Fund an investor shall be required to confirm whether the investor is an Irish Resident for tax purposes.*

*The Netherlands: This document is not addressed to or intended for any individual or legal entity in the Netherlands except individuals or legal entities who or which trade or invest in securities in the course of a profession or trade within the meaning of Dutch securities legislation (which includes banks, brokers, insurance companies, pension funds, other institutional investors, and treasuries and financing companies of groups which are active in a professional manner in the financial markets for their own account).*

*Spain: The offer of Shares has not been registered with the Spanish National Securities Market Commission (Comision Nacional del Mercado de Valores) and, therefore, no Shares may be offered, sold or delivered, nor may this Prospectus or any offering or publicity material relating to the Shares be distributed, in the Kingdom of Spain by the Company or any other person acting on its behalf.*

*United Kingdom: The Company is a collective investment scheme as defined in the Financial Services and Markets Act 2000 ("FSMA") of the United Kingdom. It has not been authorised, or otherwise recognised or approved by the Financial Services Authority ("FSA") and as a collective investment scheme unregulated by the FSA cannot be promoted in the United Kingdom to the general public. The issue or distribution of this Prospectus in the United Kingdom is being made only to, or directed only at, persons who are: (i) investment professionals within the meaning of Article 19 of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "FP Order") or Article 14 of the Financial Services and Markets Act 2000 (Promotion of Collective Investment Schemes) (Exemptions) Order 2001 (the "PCISE Order"); (ii) high net worth companies and certain other entities falling within Article 49 of the FP Order or Article 22 of the PCISE Order; or (iii) any other persons to whom the Company may lawfully be promoted in accordance with Section 4.12 of the FSA's Conduct of Business Sourcebook (the persons in (i), (ii) and (iii) together, the "relevant persons").*

*This Prospectus must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity, to which this Prospectus relates, including the Shares, is available only to relevant persons and will be engaged in only with relevant persons. Prior to accepting an application from any applicant who claims to fall within any of the above categories, verifiable evidence of the applicant's status may be required.*

*Potential investors in the United Kingdom are advised that all, or most, of the protections afforded by the United Kingdom regulatory system will not apply to an investment in a Fund and that compensation will not be available under the United Kingdom Financial Services Compensation Scheme.*

*United States: The Shares have not been and will not be registered under the U.S. Securities Act of 1933, or any U.S. state securities laws, and neither the Funds nor the Company has been or will be registered under the U.S. Investment Company Act of 1940. Except as otherwise described herein, such Shares may not be offered or sold, directly or indirectly to, or for the benefit of, any U.S. Person. For this purpose, a U.S. Person has the meaning set forth at page 9 of this Prospectus. Shares may in the future be offered and sold to a limited number or category of U.S. Persons, but only pursuant to authorisation by the Directors, and in such a manner that will not require the registration of the Company, any Fund, or the Shares under the securities laws of the U.S. or any state thereof.*

## **Marketing Rules**

*Shares are offered only on the basis of the information contained in the current Prospectus and the latest audited annual accounts and any subsequent half-yearly report. Investors should note that the auditor's report on the Company's annual accounts is made only to the Company and the Shareholders as a body at the date of the auditor's report and is not addressed to, and therefore cannot be relied upon by, prospective investors.*

*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. 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 any such translation shall be a direct translation of the English text. In the event of any inconsistency or ambiguity in relation to the meaning of any word or phrase in translation, the English text shall prevail and all disputes as to the terms thereof shall be governed by, and construed in accordance with, the law of Ireland.*

*This Prospectus should be read in its entirety before making an application for Shares.*

# MCKINLEY CAPITAL MANAGEMENT FUNDS PLC

## DIRECTORY

### *Board of Directors*

John Hamrock  
Deborah Lamb  
John Skelly

### *Administrator, Registrar and Transfer Agent*

BNY Mellon Fund Services (Ireland) Designated  
Activity Company  
Guild House  
Guild Street  
IFSC  
Dublin 1  
Ireland

### *Registered Office of the Company*

Guild House  
Guild Street  
IFSC  
Dublin 1  
Ireland

### *Depositary*

BNY Mellon Trust Company (Ireland) Limited  
Guild House  
Guild Street  
IFSC  
Dublin 1  
Ireland

### *Investment Manager*

McKinley Capital Management, LLC  
3301 C Street  
Suite 500  
Anchorage  
Alaska  
USA 99503

### *Legal Advisers in Ireland*

Arthur Cox  
Earlsfort Centre  
Earlsfort Terrace  
Dublin 2  
Ireland

### *Auditors*

Ernst & Young  
Harcourt Centre  
Harcourt Street  
Dublin 2  
Ireland

# MCKINLEY CAPITAL MANAGEMENT FUNDS PLC

## SUMMARY

### Structure

The Company is an umbrella fund with segregated liability between Funds, established as an open-ended, variable capital investment company incorporated as a public limited company under the laws of Ireland. The Articles of Association provide for separate Funds, each representing interests in a separate and defined portfolio of assets and liabilities which may be issued from time to time with the approval of the Central Bank.

### Investment Objectives and Policies

#### *McKinley Capital Dividend Growth Fund*

The investment objective of the McKinley Capital Dividend Growth Fund is to seek to achieve long term growth of capital independent of stock market direction. The Fund may invest in exchange traded or over the counter derivative instruments, such as futures, options and swaps, the value of which will be based upon the anticipated and subsequently realised dividends of the issuers of equity securities which are listed, traded or dealt on Regulated Markets. The issuers of the equity securities may be located anywhere in the world (including the U.S. and Emerging Market Countries), across all industries, sectors and product lines and a cross selection of small, medium and large capitalisation issuers. The Fund may also invest directly in the equities of such issuers that are expected to pay dividends and which are listed, traded or dealt on Regulated Markets. The Fund may also take long (synthetic short) positions in companies and/or related financial derivative instruments that are expected to outperform (underperform) the equity markets and/or for hedging purposes.

### Taxation

As an investment undertaking within the meaning of section 739B (1) of the Taxes Act, the Company is exempt from Irish tax on its income and gains and the Company will not be required to account for any tax in respect of Shareholders who are not Irish Residents provided that the necessary signed declarations are in place. The Company may be required to account for tax in respect of Shareholders who are Irish Residents.

Shareholders who are not Irish Residents will not be liable to Irish tax on income from their Shares or gains made on the disposal of their Shares, provided that the Shares are not held directly or indirectly by or for a branch or agency in Ireland.

No stamp duty or other tax is payable in Ireland on the subscription, issue, holding, repurchase or transfer of Shares. Where any subscription for or repurchase of Shares is satisfied by an *in specie* transfer of Irish securities or other Irish property, Irish stamp duty may arise on the transfer of such securities or property. A gift or inheritance of Shares may be liable to Irish capital acquisitions tax. Potential investors are advised to consult their own tax advisers as to the implications of an investment in the Company. Please refer to the section entitled "Taxation" on pages 56 to 65 for further information.

### Distributions

Each Share Class is designated as a Distributing Share Class or an Accumulating Share Class. Accumulating Share Classes do not make any distributions whereas the Company proposes to

declare a distribution in respect of the Distributing Share Classes, which may be paid out of net income (if any) of the relevant Fund.

### **Fees and Expenses**

Investors' attention is drawn to the details of the fees and expenses charged to the Funds set out on pages 37 to 41.

### **Dealing Days**

Shares may be issued on a Dealing Day by sending an application form to the Administrator to arrive no later than the Trade Cut-Off Time. Shares in the Funds may be repurchased on a Dealing Day by sending a repurchase form to the Administrator to arrive no later than the Trade Cut-Off Time.

In relation to McKinley Capital Dividend Growth Fund, unless otherwise determined by the Directors, the 10<sup>th</sup>, the 20<sup>th</sup> of each month (or the immediately preceding Business Day if it is not a Business Day) and the last Business Day of the each month shall be a Dealing Day, except where the Net Asset Value determination has been temporarily suspended in the circumstances outlined on page 50.

### **Investor Restrictions**

The Shares may not be offered or sold in any jurisdiction in which such offer or sale is not lawful or in which the person making such offer or sale is not qualified to do so or to anyone to whom it is unlawful to make such an offer or sale. Except as otherwise permitted by the Directors, Shares may not be purchased or held by or for the account of any U.S. Person. Applicants and transferees will be required to certify whether or not they are Irish Residents.

### **Investment Risks**

An investment in a Fund involves investment risks, including possible loss of the amount invested. There can be no assurance that a Fund will achieve its investment objective. A more detailed description of certain investment risks relevant to investors in the Company is set out under "Investment Objectives and Policies of the Funds" and "Risk Factors".

## DEFINITIONS

In this Prospectus the following words and phrases shall have the meanings indicated below:

"1933 Act"	means the U.S. Securities Act of 1933, as amended;
"1940 Act"	means the U.S. Investment Company Act of 1940, as amended;
"Administrator"	means BNY Mellon Fund Services (Ireland) Designated Activity Company;
"Administration Agreement"	means the agreement dated 27 March 2009 between the Company and the Administrator pursuant to which the latter was appointed administrator, registrar and transfer agent of the Company;
"ADRs"	means American Depositary Receipts;
"Articles of Association" or "Articles"	means the articles of association of the Company;
"Australian Dollar" or "AUD"	means Australian dollars, the lawful currency of Australia;
"Base Currency"	means the base currency of a Fund as specified in the section entitled "Investment Objectives and Policies of the Funds";
"Business Day"	means unless otherwise determined by the Directors and notified in advance to Shareholders, a day on which retail banks are open for business in Dublin;
"Canadian Dollar" or "CAD"	means Canadian dollars, the lawful currency of Canada;
"Central Bank"	means the Central Bank of Ireland or any successor regulatory authority with responsibility for the authorisation and supervision of the Company;
"Central Bank Act"	means the Central Bank (Supervision and Enforcement) Act 2013, as such may be amended, supplemented or replaced from time to time;
"Central Bank Regulations"	means the Central Bank (Supervision And Enforcement) Act 2013 (Section 48(1)) (Undertakings For Collective Investment In Transferable Securities) Regulations 2015 and any other notices, regulations and conditions issued by the Central Bank from time to time pursuant to the UCITS Regulations and/or the Central Bank Act, as such may be amended,

	supplemented or replaced from time to time;
“class” or “Class”	means any class of Shares;
“Companies Acts”	means the Companies Act 2014, all enactments which are to be read as one with or construed or read together as one with the Companies Act 2014 and every statutory modification and re-enactment thereof for the time being in force;
“Company”	means McKinley Capital Management Funds Plc, an investment company with variable capital, incorporated in Ireland pursuant to the Companies Acts, and the UCITS Regulations;
“Credit Institution”	means a credit institution that has its registered office in an EU member state or, if the registered office of the credit institution is situated in a non-EU Member State, provided that it is subject to prudential rules considered by the Central Bank as equivalent to those specified in any act adopted by an institution of the EU;
“Dealing Day”	means such day or days as the Directors from time to time may determine for each Fund provided that: <ul style="list-style-type: none"> <li>(i) in the case of McKinley Capital Dividend Growth Fund, unless otherwise determined by the Directors and notified in advance to Shareholders, the 10<sup>th</sup>, the 20<sup>th</sup> of each month (or the immediately preceding Business Day if it is not a Business Day) and the last Business Day of the month shall be a Dealing Day; and</li> <li>(ii) there shall be at least one Dealing Day per fortnight;</li> </ul>
“Depositary”	means BNY Mellon Trust Company (Ireland) Limited;
“Depositary Agreement”	means the agreement dated 26 August 2016 between the Company and the Depositary pursuant to which the latter was appointed depositary of the Company;
“Directive”	means the Directive 2009/65/EC of the European Parliament and of the Council of 13 July 2009 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective

	investment in transferable securities (UCITS) as amended or replaced from time to time;
“Directors”	means the directors of the Company for the time being and any duly constituted committee thereof;
“EDRs”	means European Depositary Receipts;
“EEA”	means the European Economic Area;
“Emerging Market Countries”	means any country that is categorised by the World Bank and the International Finance Corporation and United Nations as “developing” or is a country included in the International Finance Corporation Free Index, the MSCI Emerging Markets Index, or the FTSE Emerging Markets Index, countries announced as emerging markets but not yet formally reclassified to a recognised index, and/or those countries deriving a significant proportion of their revenues or profits from emerging markets;
“Eonia”	means the weighted average of overnight Euro Interbank Offer Rate for interbank loans. EONIA is the standard interest rate for Euro currency deposits. The European Central Bank is responsible for calculating the EONIA every day;
“€” or “Euro” or “EUR”	means the currency unit referred to in the Second Council Regulation (EC) no. 974/98 of 3 May 1998 on the introduction of the EUR;
“EU”	means the European Union;
“FDI”	means financial derivative instruments;
“Frontier Markets”	means any country that is categorised by the World Bank and the International Finance Corporation and United Nations as a subset of emerging markets or is a country included in the International Finance Corporation Free Index, the MSCI Emerging Markets Index, the FTSE Emerging Markets Index, countries announced as frontier markets but not yet formally reclassified to a recognised index. Frontier markets may have market capitalisations that are smaller and less liquid than the more developed emerging markets, but demonstrate relative accessibility for foreign investors and are not generally considered extremely economically or politically unstable on a comparable basis;
“Fund”	means any fund from time to time established

	by the Company including the Funds which are the subject of this Prospectus;
"GDRs"	means Global Depositary Receipts;
"Initial Offer Period"	means the period determined by the Directors during which a Class of Shares is first offered for subscription;
"Initial Offer Price"	means the price at which a class of Shares is first offered or at which it is reoffered and as identified in Schedule III;
"Intermediary"	means an intermediary within the meaning of Section 739B(1) of the TCA, being a person who: <ul style="list-style-type: none"> <li>(a) carries on a business which consists of, or includes, the receipt of payments from an investment undertaking on behalf of other persons, or</li> <li>(b) holds Shares in an investment undertaking on behalf of other persons;</li> </ul>
"Investment Manager"	means McKinley Capital Management, LLC, provided that the Investment Manager may appoint sub-investment managers in accordance with the requirements of the Central Bank;
"Investment Management Agreement"	means the agreement dated 27 March 2009 as amended from time to time between the Company and the Investment Manager;
"Investor Money Regulations"	means the Central Bank (Supervision and Enforcement) Act 2013 (Section 48(1)) Investor Money Regulations 2015 for Fund Service Providers;
"Member State"	means a member state of the EU;
"Minimum Holding"	means such minimum value of a holding of shares in any Fund as the Directors may determine and as set out in the section entitled "Share Classes";
"MSCI All Country World Growth Index"	is a free float-adjusted market capitalisation index that is designed to measure equity market performance in the global developed and emerging markets;
"Net Asset Value" or "NAV"	means the Net Asset Value of the Company, or of a Fund or Class, as appropriate, calculated

as described herein;

"Net Asset Value per Share"	means, in respect of any Shares, the Net Asset Value attributable to the Shares issued in respect of a Fund or Class, divided by the number of Shares in issue in respect of the Fund or Class;
"OECD"	means the Organisation for Economic Co-Operation and Development;
"Recognised Rating Agency"	means Moody's, S&P and any other internationally recognised rating agency equivalent to either of them;
"Regulated Market"	means any stock exchange or regulated market in the European Union or a stock exchange or regulated market which is set forth in Schedule I to this Prospectus, or such other markets as the Directors may from time to time determine in accordance with the UCITS Regulations and as shall be specified in a supplement or addendum to this Prospectus;
"Relevant Period"	means in relation to a Share in the Fund, a period of eight years beginning with the acquisition of a Share by a Shareholder and each subsequent period of eight years beginning immediately after the end of the preceding Relevant Period for as long as the Shareholder holds that Share;
"Relevant Institution"	means an EU credit institution; a bank authorised in a member state of the EEA (Norway, Iceland, Liechtenstein); a bank authorised by a signatory other than an EU member state or a member state of the EEA, to the Basle Capital Convergence Agreement of July 1988 (Switzerland, Canada, Japan, U.S.); or a bank authorised in Jersey, Guernsey, the Isle of Man, Australia or New Zealand;
"Rule 144A Securities"	means securities (i) which are not registered under the 1933 Act and are eligible for resale in the US pursuant to Rule 144A under the 1933 Act; and (ii) are not illiquid, meaning that they may be realised by the Company within seven days at the price, or approximately at the price, at which they are valued by the Company;
"Securities Financing Transactions Regulation"	means Regulation (EU) 2015/2365 of the European Parliament and of the Council of 25 November 2015 on transparency of securities financing transactions and of reuse and amending Regulation (EU) No 648/2012;

“Securities Financing Transaction”	means any of the following: a repurchase transaction, securities or commodities lending and securities or commodities borrowing, a buy-sell back transaction or sell-buy back transaction and a margin lending transaction;
“Settlement Day”	means the third Business Day following the relevant Dealing Day for subscriptions and redemptions;
“Share” or “Shares”	means any class of Share or Shares in the Company or a Fund, as the context so requires;
“Shareholder”	means a holder of Shares;
“Shareholder Monies”	means subscription monies received from, and redemption monies due to, investors in the Funds and dividend monies due to Shareholders;
“Sterling” or “GBP”	means pounds sterling, the lawful currency of the United Kingdom;
“Subscriber Shares”	means the initial Share capital of 2 Shares of no par value subscribed for EUR2;
“Supplemental Prospectus”	means any supplemental prospectus issued by the Company in connection with a Fund from time to time in accordance with the requirements of the Central Bank;
“Swedish Kronor” or “SEK”	means Swedish Kronor, the lawful currency of Sweden;
“TCA”	means the Taxes Consolidation Act, 1997, as amended from time to time;
“Trade Cut-Off Time”	means <ul style="list-style-type: none"> <li>(i) in the case of subscriptions and repurchases of McKinley Capital Dividend Growth Fund, 4:00 p.m. (Irish time) on the sixth Business Day prior to the relevant Dealing Day or such other later time as the Directors may resolve, provided that in no event shall applications be accepted after the Valuation Point;</li> </ul>
“UCITS”	means an undertaking for collective investment in transferable securities established pursuant

to the UCITS Regulations or, in the case of UCITS established in a Member State other than Ireland, the Directive;

“UCITS Regulations”

the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011 as amended or any further amendment or replacements thereto for the time being in force;

“UCITS Rules”

the UCITS Regulations, Central Bank Regulations and any guidance, regulations and conditions issued by the Central Bank from time to time pursuant to the UCITS Regulations, Central Bank Regulations and/or the Central Bank Act regarding the regulation of undertakings for collective investment in transferable securities, as such may be amended, supplemented or replaced from time to time;

“Umbrella Cash Account”

means any single umbrella cash account in the name of the Company;

“U.S.”

means the United States government, a State, or the District of Columbia (including their agencies and instrumentalities), a citizen or resident of the United States, a domestic partnership; a domestic corporation, any estate (with certain exceptions), and any trust if (i) a court within the United States is able to exercise primary supervision over the administration of the trust, and (ii) one or more United States persons have the authority to control all substantial decisions of the trust;

“US\$” or “U.S. Dollar” or “USD” or “\$”

means U.S. Dollars, the lawful currency of the U.S.;

“U.S. Person”

means “U.S. person” as defined in Regulation S under the 1933 Act;

“Valuation Point”

means close of the New York Stock Exchange (4 p.m. US Eastern Time) on each Dealing Day.

## INTRODUCTION

The Company is an open-ended investment company with variable capital organised under the laws of Ireland as a public limited company pursuant to the Companies Acts and the UCITS Regulations. It was incorporated on November 14, 2008 under registration number 464355. It was authorised by the Central Bank on 27 March 2009. Its sole object, as set out in Clause 2 of the Company's Memorandum of Association, is the collective investment in transferable securities and other liquid financial assets referred to in Regulation 68 of the UCITS Regulations of capital raised from the public and which operates on the basis of risk spreading.

The Company is organised in the form of an umbrella fund with segregated liability between Funds. The Articles of Association provide that the Company may offer separate classes of Shares, each representing interests in a Fund, with each Fund comprising a separate and distinct portfolio of investments. The Company has obtained the approval of the Central Bank for the establishment of the McKinley Capital Dividend Growth Fund. Additional Funds may be established by the Company with the prior approval of the Central Bank. A Fund may consist of one or more classes of Shares. Initially, the following Classes of Shares will be issued in respect of the McKinley Capital Dividend Growth Fund: Class I EUR Accumulating, Class I EUR Distributing, Class II EUR Accumulating, Class II EUR Distributing, Class III EUR Accumulating, Class IV USD Accumulating NV, Class IV EUR Accumulating NV, Class V USD Accumulating NV, Class V EUR Accumulating NV, Class VI USD Accumulating NV, Class VI EUR Accumulating NV, Class VII Hedged SEK Accumulating, Class VII Hedged USD Accumulating NV, Class VII Hedged CAD Accumulating Class VII Hedged GBP Accumulating and Class VII Hedged AUD Accumulating. A separate pool of assets will not be maintained for each class within a Fund. Further classes of Shares may be issued on advance notification to, and in accordance with the requirements of, the Central Bank.

## INVESTMENT OBJECTIVES AND POLICIES OF THE FUNDS

Each Fund aims to achieve its investment objective, as set out below, while spreading investment risks through investment in transferable securities and liquid financial assets in accordance with the UCITS Regulations. The transferable securities and liquid financial assets in which each Fund may invest generally must be listed, traded or dealt in on a Regulated Market except that up to 10 per cent of the Net Asset Value of a Fund may be invested in transferable securities and liquid financial assets which are not so listed, traded or dealt and which may include unregulated collective investment schemes. As set out in the investment objectives of the relevant Fund, the Fund may invest in collective investment schemes, subject to the limits set out in Schedule II and the limitations contained in Regulation 68. Such investment in collective investment schemes includes investing in other Funds. However a Fund may not invest in another Fund which itself holds Shares in other Funds. Where a Fund invests in another Fund, the investing Fund may not charge an annual management and/or investment management fee in respect of the portion of its assets invested in the other Fund. The Regulated Markets in which the Funds' investments will be traded are set out in Schedule I.

Each Fund may invest in liquid financial assets traded on a Regulated Market and moderate reserves in cash deposits, particularly during periods of perceived uncertainty and volatility. The liquid financial assets in which a Fund may invest will include securities such as government securities, commercial paper, certificates of deposit and bankers' acceptances all rated investment grade by a Recognised Rating Agency or deemed by the Investment Manager to have a rating of investment grade or better. **Unlike bank deposits, the value of investments in the Funds may fluctuate.**

Any change in the investment objective and any material change to the investment policies of a Fund shall be in accordance with the requirements of the Central Bank and will be subject

to the prior approval of Shareholders of that Fund evidenced by a majority vote of such Shareholders in general meeting or by a resolution in writing signed by all of the Shareholders. In the event of a change in the investment objective and/or the investment policies of a Fund a reasonable notification period shall be provided by the Fund to Shareholders to enable Shareholders to redeem their Shares prior to the implementation of the change.

## **Investment Objectives and Policies of the Funds**

### ***McKinley Capital Dividend Growth Fund***

The investment objective of the Fund is to seek to achieve long term growth of capital independent of stock market direction. The Fund may invest in exchange traded or over the counter derivative instruments, such as futures, options, and swaps, the value of which will be based upon the anticipated and subsequently realised dividends of the issuers of equity securities which are listed, traded or dealt on Regulated Markets. Accordingly, when the Fund enters into such a derivative transaction, the profit or loss that may be realised by the Fund under that transaction will depend on whether the anticipated or actual dividends in respect of a particular underlying security are greater or less than previously anticipated by the market. The Fund may also take long (synthetic short) positions in companies and/or related financial derivative instruments (including options, futures and swaps on equities and equity indices, and currency forwards) that are expected to outperform (underperform) the equity markets and/or for hedging purposes. The Fund can invest up to 100 per cent of its Net Asset Value in long positions and 100 per cent of its Net Asset Value in short positions. As the Fund will invest in derivative instruments, the Fund may have a leveraged portfolio, which leverage, including any synthetic short positions, will not exceed 100 per cent of Net Asset Value. The issuers of the underlying equity securities may be located anywhere in the world, (including the U.S. and Emerging Market Countries), across all industries, sectors and product lines and a cross selection of small, medium and large capitalisation issuers. The Fund may also invest directly in the equities of such issuers that are expected to pay dividends and which are listed, traded or dealt on Regulated Markets. The Fund may also invest up to 10 per cent of its Net Asset Value in open-ended collective investment schemes and exchange traded funds (ETFs) within the meaning of Regulation 68(1)(e) of the UCITS Regulations. The Fund may invest in the following: equity and equity-related securities, ordinary shares or common stock, ADRs, EDRs, GDRs, convertible preferred securities, money market instruments, government securities, and cash equivalent securities, Rule 144A and/or foreign equivalents, equity linked warrants, options, futures, and swaps, currency transactions and repurchase agreements (for efficient portfolio management purposes only and subject to the requirements of the Central Bank). The Fund may also hold greater than 10 per cent of its Net Asset Value in cash and cash equivalents.

Please refer to the "Further Information on the Securities in which the Funds may invest" section for further information regarding the securities in which the Fund may invest.

The Fund may invest in exchange traded or over the counter derivative instruments. Such investment in derivative instruments will be subject to the conditions and within the limits from time to time laid down by the Central Bank. The Fund will not engage in directly selling securities short, but may enter into short derivatives contracts (through financial derivative instruments of the types described above) to gain indirect exposure to exchange traded securities, including in circumstances where the Investment Manager believes that the market's anticipated dividends in respect of a particular securities are too high. The use of any leverage may negatively affect the total return to Fund investors if the value of the underlying collateral deteriorates. A description of the techniques and instruments in which the Fund may invest is set out in the section entitled "Investment Techniques and Instruments" on pages 16 to 29. Please see "Currency Transactions" on pages 28 to 29 for further information with respect to techniques and instruments which may be employed by the Fund with the intention of providing protection against exchange risks.

The Fund will be actively managed with the objective of achieving long term growth of capital independent of stock market direction. Due to the specialised nature of the transactions, and availability of investments, brokerage fees and commissions and counterparty fees may be higher than if the Fund traded solely in listed equity transactions.

An investment in the Fund should be considered a long-term investment. The Fund is not intended to meet investors' short-term financial needs or to provide a complete or balanced investment programme. **Shareholders should consider a minimum of a five year investment horizon when purchasing shares in the Funds.**

**An investment in the Fund should not constitute a substantial proportion of an investment portfolio and may not be appropriate for all investors.**

**Investment Philosophy:** The Investment Manager believes excess market returns can be achieved through the construction and management of a diversified, fundamentally sound portfolio of dividend paying equities, and futures, options and swaps whose values are linked to expectations of future dividends.

The Investment Manager employs a dynamic real-time model that is actively managed by a portfolio management team. Consensus of the portfolio management team for all trading activity is required before any position is removed from or added to the portfolio.

**Investment Strategy:** The Fund's investment strategy can be described as bottom-up. That is, individual companies are considered based on their own merit without regard for sectors, industry, or current economic conditions. This strategy follows the belief that some companies are superior to and thus will out perform their peers. The Investment Manager employs both a quantitative screening process comprised of proprietary complex statistical modeling and data points, and adds a qualitative overlay of fundamental statistics that provide input into the specific companies, to construct and manage the Fund's portfolio. The Investment Manager seeks to maintain a portfolio primarily comprised of dividend paying equities, futures, options and swaps whose values are linked expectations of future dividends. The Fund's investment strategy is based on the Investment Manager's ability to forecast future dividends and purchase them at a discount. Shareholders may profit from the mispricing of these anticipated dividends if the Investment Manager is able to forecast dividends relative to a benchmark index or at the company level for a single stock with a higher degree of accuracy than the market. It is possible to trade company dividends independently from their corresponding securities which may provide different return and volatility profiles relative to equity trading. Dividends might provide an inflation hedge while not suffering from multiple contractions and future risk premium associated with equity pricing. Dividends are attractive to long-term investors as they exhibit low correlation to commodities, short term bond rates and corporate bonds. Historically, once initiated, companies reduce dividends only after most other cost cutting practices are deployed. In addition, financial institutions may end up holding dividends as a component of a structured debt deal conversion right or through equity provided as collateral. Many institutions prefer to sell off the potential dividend stream in exchange for cash in hand. The Investment Manager attempts to control risk by balancing the portfolio's systematic (un-diversifiable risk) exposures across multiple factors, including, but not limited to, country, sector, industry, size, issue and counterparty due diligence.

**Investment Process - Quantitative:** Using proprietary quantitative models the Investment Manager systematically searches for and seeks to identify signs of inefficiently priced securities. Mathematical and statistical data include but is not limited to measurable characteristics such as revenue, earnings, sales margin, market share, liquidity factors, debt-to-equity, dividend-to-price, dividend-to-earnings ratios, one-five-ten year comparison returns, economic ratios, etc. The goal is to capture stock dividend growth potential. The initial universe from which the Fund's portfolio is constructed consists of approximately 40,500 publicly traded global stocks, including growth and value stocks from all capitalisation

categories and many countries. The primary model seeks to identify common stocks and derivatives instruments that are inefficiently priced. The use of proprietary quantitative models enables the Investment Manager to estimate the reliability of and confidence in the expected results.

**Investment Process – Qualitative:** While quantitative analysis is more measurable and objective, the qualitative process is more subjective in nature. The Investment Manager looks at non-statistical data such as the stock's primary source of revenue for product longevity and resource capabilities; management and leadership expertise; reputation and goodwill; and, general economic conditions.

The portfolio team focuses on the qualitative portion of the discipline, which includes:

- Qualitative Data Check
  - compare data across multiple sources to ensure accuracy,
  - review formulas to highlight drivers,
- Street Research Overview
  - Who: determine the top analysts,
  - What: review top analysts' expectations versus the Street's,
  - Why: analyse the top analysts' opinions against the Street's,
  - Cross-reference: research top analysts' opinions versus other sources.

The Base Currency of the McKinley Capital Dividend Growth Fund is the Euro.

***Profile of a Typical Investor:*** The Fund could be a suitable investment for investors who are looking to invest in a fund that is seeking capital growth over the long term (at least five years) and who are willing to accept fluctuations (possibly significant) in the Net Asset Value per Share of the Fund during the short term.

### **Share Classes**

A list of the Classes of Shares available in respect of each of the Funds and the characteristics of each such Class is set out in Schedule III.

The Company reserves the right to vary the minimum initial investment, the minimum subsequent investment and the Minimum Holding in the future and may choose to waive these criteria. Any modification to the Minimum Holding requirements will be notified to Shareholders.

Investors should note that as at the date of this Prospectus only certain Classes of Shares may currently be available for purchase.

### **BORROWING**

A Fund may not borrow money except as follows:

- (a) a Fund may acquire foreign currency by means of a "back to back" loan; and
- (b) a Fund may borrow up to 10 per cent of its Net Asset Value provided such borrowing is on a temporary basis.

Foreign currency obtained in this manner is not classed as borrowings for the purposes of the borrowing restriction contained in Regulation 103 of the UCITS Regulations (and paragraph b above), except to the extent that such foreign currency exceeds the value of a "back to back" deposit, provided that the offsetting deposit equals or exceeds the value of the foreign currency loan outstanding. However, where foreign currency borrowings exceed the value of

the back-to-back deposit, any excess is regarded as borrowing for the purpose of Regulation 103 and (b) above.

## **TYPES OF INVESTMENTS**

### **Further Information on the Securities in which the Funds may invest**

For each Fund, the information below regarding the securities in which the Fund may invest is subject to the limitations set forth for the Fund in the above description of the Fund's investment objective and policies.

#### **Commercial Paper**

Commercial paper is a short-term promissory note issued by corporations which at the time of purchase are rated P-1 and/or A-1. Commercial paper ratings P-1 by Moody's and A-1 by S&P are the highest investment grade category.

#### **Convertible Securities and Warrants**

A Fund may invest in convertible securities, which are bonds, debentures, notes, preferred stock or other securities, which may be converted into or exchanged for a prescribed amount of common stock of the same or different issuer within a particular period of time at a specified price or formula. A convertible security entitles the holder to receive interest paid or accrued on debt or the dividend paid on preferred stock until the convertible security matures or is redeemed, converted or exchanged. Before conversion, convertible securities ordinarily provide a stream of income, which generate higher yields than those of common stocks of the same or similar issuers but lower than the yield on non-convertible debt. Convertible securities are usually subordinate or are comparable to non-convertible securities but rank senior to common stock or shares in a company's capital structure. The value of a convertible security is a function of (1) its yield in comparison with the yields of other securities of comparable maturity and quality that do not have a conversion privilege and (2) its worth, at market value, if converted into the underlying common stock. Convertible securities are typically issued by smaller capitalised companies whose stock prices may be volatile. The price of a convertible security often reflects such variations in the price of the underlying common stock in a way that non-convertible debt does not. A convertible security may be subject to repurchase at the option of the issuer at a price established in the convertible security's governing instrument.

Warrants give a Fund the right to subscribe to or purchase securities in which a Fund may invest.

#### **Debt Securities**

Debt securities include, but are not limited to, fixed or floating rate debt securities, bonds issued or guaranteed by corporations or governments or governmental agencies or instrumentalities thereof, central banks or commercial banks, notes (including structured notes and freely transferable promissory notes), debentures, commercial paper, Brady bonds, Eurobonds, and convertible securities. Fixed rate debt securities are securities, which carry a fixed rate of interest, which does not fluctuate with general market conditions. Floating rate debt securities are securities that carry a variable interest rate, which is initially tied to an external index such as U.S. treasury bill rates.

#### **Depositary Receipts**

Depositary receipts include sponsored and unsponsored depositary receipts that are or

become available, including ADRs, EDRs and GDRs and other depositary receipts. Depositary receipts are typically issued by a financial institution (“depository”) and evidence ownership interests in a security or a pool of securities (“underlying securities”) that have been deposited with the depository. The depository for ADRs is typically a U.S. financial institution and the underlying securities are issued by a non-U.S. issuer. ADRs are publicly traded on exchanges or over-the-counter in the U.S. and are issued through “sponsored” or “unsponsored” arrangements. In a sponsored ADR arrangement, the non-U.S. issuer assumes the obligation to pay some or all of the depository’s transaction fees, whereas under an unsponsored arrangement, the non-U.S. issuer assumes no obligation and the depository’s transaction fees are paid by the ADR holders. In addition, less information is available in the U.S. about an unsponsored ADR than about a sponsored ADR, and the financial information about a company may not be as reliable for an unsponsored ADR as it is for a sponsored ADR. In the case of EDRs and GDRs, the depository can be a non-U.S. or a U.S. financial institution and the underlying securities are issued by a non-U.S. issuer. EDRs and GDRs allow companies in Europe, Asia, the U.S. and Latin America to offer shares in many markets around the world, thus allowing them to raise capital in these markets, as opposed to solely in their home market. The advantage of ADRs, EDRs and GDRs is that shares do not have to be bought through the issuing company’s home exchange, which may be difficult and expensive, but can be bought on all major stock exchanges. In addition, the share price and all distributions are converted to the shareholder’s home currency. As for other depositary receipts, the depository may be a non-U.S. or a U.S. entity, and the underlying securities may have a non-U.S. or a U.S. issuer. For purposes of a Fund’s investment policies, investments in depositary receipts will be deemed to be investments in the underlying securities. Thus, a depositary receipt representing ownership of common stock will be treated as common stock. Depositary receipts purchased by a Fund may not necessarily be denominated in the same currency as the underlying securities into which they may be converted, in which case the Fund may be exposed to relative currency fluctuations.

### **Equities**

The Funds will generally invest in common stock, ordinary shares, or the equivalent which may rise or fall in value.

### **Equity-Related Securities**

Equity-related securities may include warrants for the acquisition of stock of the same or of a different issuer, corporate fixed income securities that have conversion or exchange rights permitting the holder to convert or exchange the securities at a stated price within a specified period of time to a specified number of shares of common stock, participations that are based on revenues, sales or profits of an issuer (i.e., fixed income securities, the interest on which increases upon the occurrence of a certain event (such as an increase in the price of oil)), when issued securities, and common stock offered as a unit with corporate fixed income securities.

### **Emerging Markets Securities**

The Funds may invest in securities of companies domiciled in or conducting their principal business activities in Emerging Market Countries.

### **Exchange Traded Funds**

Exchange Traded Funds (ETFs) are investment companies (registered mutual funds) that trade in the open market but do not operate as actively managed mutual funds. They are funds that track a specified index but trade on stock exchanges, can be margined and shorted, and bought or sold throughout the day. Their price will fluctuate with each trade, and must be executed through a broker. ETFs are more tax efficient than normal mutual funds, and since they track indexes they have very low operating and transaction

costs. There are no sales loads, investment minimums and provide investors with an easy way to invest in index style funds such as the S&P 500 Deposit Receipts (SPDRs (called "Spiders").

### **Index Futures**

The Fund may invest in equity related index futures. An equity related index future index contract is a standardised, transferrable, exchange traded contract on a stock or financial index. For each index there may be a different multiple for determining the price of the futures contract.

Equity index futures are created to replicate the performance of the underlying index that the futures contract represents. Index futures exist for many global stock markets such as the S&P 500, German DAX, FTSE, and CAC40. Index futures can be used to hedge existing equity positions or to speculate on the movement of the index itself.

### **Money Market Instruments/Securities**

Each Fund may hold money market instruments, including commercial paper, bankers acceptances, certificates of deposit and other short term debt securities as ancillary liquid assets.

### **Non-Publicly Traded Securities**

Non-publicly traded securities are transferable securities that are neither listed nor traded on a Regulated Market, including privately placed securities. A Fund can invest no more than 10 per cent of its Net Asset Value in such securities. A Fund's investments in such illiquid securities are subject to the risk that should the Fund desire to sell any of these securities when a ready buyer is not available at a price that the Fund deems representative of its value, the Fund's Net Asset Value could be adversely affected.

### **Preferred Shares/Stocks**

A Fund may purchase preferred shares listed or traded on Regulated Markets. Preferred shares may pay distributions at a specific rate and generally have preference over common stock in the payment of distributions in liquidation of assets, but rank after debt securities. Unlike interest payments on debt securities, distributions on preferred shares are generally payable at the discretion of the board of directors of the issuer. The market prices of preferred shares are subject to changes in interest rates and are more sensitive to changes in the issuer's creditworthiness than are the prices of debt securities.

### **Regulation S Securities**

Regulation S Securities are privately placed securities whose resale is restricted under U.S. securities laws. Regulation S permits securities exempt from registration under the 1933 Act to be freely traded among certain non-U.S. institutional buyers such as the Funds.

### **Rule 144A Securities**

Rule 144A Securities are securities that are not registered under the 1933 Act, but that can be sold to certain institutional buyers in accordance with Rule 144A under the 1933 Act.

## **INVESTMENT TECHNIQUES AND INSTRUMENTS**

Subject to the conditions and within the limits from time to time laid down by the Central Bank, and except where otherwise stated in the investment objective and policies of a Fund, each Fund may engage in transactions in financial derivative instruments, whether for

efficient portfolio management purposes (i.e. hedging, reducing risks or costs, or increasing capital or income returns with an appropriate level of risk, taking into account the risk profile of the Funds as described herein and the general provisions of the Directive) or investment purposes. A list of the Regulated Markets on which the FDIs may be quoted or traded is set out in Schedule I.

The policy that will be applied to collateral arising from over-the-counter derivative transactions or efficient portfolio management techniques relating to the Funds is to adhere to the requirements set out below. This sets out the permitted types of collateral, level of collateral required and haircut policy and, in the case of cash collateral, the re-investment policy prescribed by the Central Bank pursuant to the UCITS Regulations. The categories of collateral which may be received by the Funds include cash and non-cash assets such as equities, debt securities and money market instruments. From time to time and subject to the requirements set out below, the policy on levels of collateral required and haircuts may be adjusted, at the discretion of the Investment Manager, where this is determined to be appropriate in the context of the specific counterparty, the characteristics of the asset received as collateral, market conditions or other circumstances. The haircuts applied (if any) by the Investment Manager are adapted for each class of assets received as collateral, taking into account the characteristics of the assets such as the credit standing and/or the price volatility, as well as the outcome of any stress tests performed in accordance with the requirements set out below. Each decision to apply a specific haircut, or to refrain from applying any haircut, to a certain class of assets should be justified on the basis of this policy.

If cash collateral received by a Fund is re-invested, the Fund is exposed to the risk of loss on that investment. Should such a loss occur, the value of the collateral will be reduced and the Fund will have less protection if the counterparty defaults. The risks associated with the re-investment of cash collateral are substantially the same as the risks which apply to the other investments of the Fund. For further details see the "Risk Factors" section herein.

Direct and indirect operational costs and fees arising from the efficient portfolio management techniques of stocklending, repurchase and reverse repurchase arrangements may be deducted from the revenue delivered to the Funds (e.g., as a result of revenue sharing arrangements). These costs and fees should not include hidden revenue. All the revenues arising from such efficient portfolio management techniques, net of direct and indirect operational costs, will be returned to the relevant Fund. The entities to which direct and indirect costs and fees may be paid include banks, investment firms, broker-dealers, stocklending agents or other financial institutions or intermediaries and may be parties related to the Depository. The revenues arising from such efficient portfolio management techniques for the relevant reporting period, together with the direct and indirect operational costs and fees incurred and the identity of the counterparty(ies) to these efficient portfolio management techniques, will be disclosed in the annual and half-yearly reports of the Funds.

### ***Permitted FDI***

A Fund may invest in FDI provided that:

- (i) the relevant reference items or indices consist of one or more of the following: instruments referred to in Regulation 68(1)(a) – (f) and (h) of the UCITS Regulations including financial instruments having one or several characteristics of those assets; financial indices; interest rates; foreign exchange rates or currencies
- (ii) the FDI do not expose the Fund to risks which it could not otherwise assume (e.g. gain exposure to an instrument/issuer/currency to which the Fund cannot have a direct exposure);
- (iii) the FDI do not cause the Fund to diverge from its investment objectives;

- (iv) the reference in (i) above to financial indices shall be understood as a reference to indices which fulfil the following criteria and the provisions of the UCITS Rules:
- (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) of the UCITS Regulations, its composition is at least diversified in accordance with Regulation 71 of the UCITS Regulations;
    - (iii) where the index is composed of assets other than those referred to in Regulation 68(1) of the UCITS Regulations, it is diversified in a way which is equivalent to that provided for in Regulation 71 of the UCITS Regulations;
  - (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;
  - (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) of the UCITS Regulations, be regarded as financial derivatives on a combination of the assets referred to in Regulation 68(1)(g)(i) of the UCITS Regulations, excluding financial indices; and
- (v) where a Fund enters into a total return swap or invests in other financial derivative instruments with similar characteristics, the assets held by the Fund must comply with Regulations 70, 71, 72, 73 and 74 of the UCITS Regulations.

Credit derivatives are permitted where:

- (i) they allow the transfer of the credit risk of an asset as referred to 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 (2) of the UCITS Regulations;
- (iii) they comply with the criteria for OTC derivatives set out below;
- (iv) their risks are adequately captured by the risk management process of the Fund, and by its internal control mechanisms in the case of risks of asymmetry of information between the Fund 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 Fund

must undertake the risk assessment with the highest care when the counterparty to the FDI is a related party of the Fund or the credit risk issuer.

FDIs must be dealt in on a market that is regulated, operates regularly, is recognised and is open to the public in a Member State or a non-Member State, but notwithstanding this, a Fund may invest in FDI dealt in over-the-counter, "OTC derivatives" provided that:

- (i) the counterparty is: (a) a credit institution listed in Regulation 7(a) – (c) of the Central Bank Regulations; (b) an investment firm authorised in accordance with the Markets in Financial Instruments Directive; or (c) 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;
- (ii) where a counterparty within sub-paragraphs (b) or (c) of paragraph (i) above: (a) was subject to a credit rating by an agency registered and supervised by ESMA that rating shall be taken into account by the responsible person in the credit assessment process; and (b) where a counterparty is downgraded to A-2 or below (or comparable rating) by the credit rating agency referred to in subparagraph (a) of this paragraph (ii) this shall result in a new credit assessment being conducted of the counterparty by the responsible person without delay. In the case of subsequent novation of the OTC FDI contract, the counterparty must be one of: (i) the entities set out above or; (ii) a central counterparty ("CCP") authorised, or recognised by ESMA, under Regulation (EU) No 648/2012 on OTC derivatives, central counterparties and trade repositories ("EMIR") or, pending recognition by ESMA under Article 25 of EMIR, an entity classified as a derivatives clearing organisation by the Commodity Futures Trading Commission or a clearing agency by the SEC (both CCP);
- (iii) risk exposure to the counterparty does not exceed the limits set out in Regulation 70(1)(c) of the UCITS Regulations. In this regard the Fund shall calculate the exposure using the positive mark-to-market value of the OTC derivative contract with that counterparty. The Fund may net the derivative positions with the same counterparty, provided that the Fund 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 Fund may have with the same counterparty. The Fund may take account of collateral received by the Fund in order to reduce the exposure to the counterparty, provided that the collateral meets with the requirements specified in paragraphs (3), (4), (5), (6), (7), (8), (9) and (10) of Regulation 24 of the Central Bank Regulations; and
- (iv) the OTC derivatives are subject to reliable and verifiable valuation on a daily basis and can be sold, liquidated or closed by an offsetting transaction at any time at their fair value at the Fund's initiative.

Collateral received must at all times meet with the requirements set out below.

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

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

Each Fund must calculate issuer concentration limits as referred to in Regulation 70 of the UCITS Regulations on the basis of the underlying exposure created through the use of FDI pursuant to the commitment approach. The risk exposures to a counterparty arising from OTC FDI transactions and efficient portfolio management techniques must be combined when calculating the OTC counterparty limit as referred to in Regulation 70(1)(c) of the UCITS Regulations. A Fund 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 Fund against the insolvency of the broker, and that exposure cannot exceed the OTC counterparty limit referred to in Regulation 70(1)(c) of the UCITS Regulations.

The calculation of issuer concentration limits as referred to in Regulation 70 of the UCITS Regulations must take account of any net exposure to a counterparty generated through a stocklending or repurchase agreement. Net exposure refers to the amount receivable by a Fund less any collateral provided by the Fund. 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 UCITS Regulations, a Fund must establish whether its exposure is to an OTC counterparty, a broker or a clearing house.

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 of the UCITS Regulations. When calculating issuer-concentration risk, the financial derivative instrument (including embedded financial derivative instruments) 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 Funds, 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 UCITS Regulations.

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 the UCITS 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.

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**

A Fund 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 Fund.

A transaction in FDI which gives rise, or may give rise, to a future commitment on behalf of a Fund must be covered as follows:

- (i) in the case of FDI which automatically, or at the discretion of the Fund, are cash settled a Fund 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 Fund. Alternatively a Fund may cover the exposure with sufficient liquid assets where:
  - the underlying assets consists of highly liquid fixed income securities; and/or
  - the Fund 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 under "Risk Management" immediately below, and details are provided in the prospectus.

### **Risk Management**

- (i) The Funds must employ a risk management process to enable them to accurately measure, monitor and manage the risks attached to FDI positions;
- (ii) The Funds must provide the Central Bank with details of their proposed risk management process in respect of FDI activity. The initial filing is required to include the following information:
  - 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.
- (iii) 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.

Any FDI not included in the risk management process will not be utilised until such time as a revised risk management process addressing the FDI has been provided to the Central Bank.

A Fund 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 view of the types of FDI used by the Fund, the underlying risks, the quantitative limits and the methods used to estimate those risks, must be submitted with the annual report of the Company. A Company must, at the request of the Central Bank, provide this report at any time.

The use of these strategies involves certain special risks, including (1) dependence on the ability to predict movements in the prices of securities being hedged and movements in interest rates, (2) imperfect correlation between the hedging instruments and the securities or market sectors being hedged, (3) the fact that skills needed to use these instruments are different from those needed to select the Fund's securities, and (4) the possible absence of a liquid market for any particular instrument at any particular time.

The Company shall supply to a Shareholder upon 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 risk and yield characteristics for the main categories of investment.

### **Types and Description of FDI**

Below are examples of the types of FDI that the Funds may purchase from time to time:

***Equity Linked Warrants:*** Subject to the requirements laid down by the Central Bank, each Fund may purchase equity linked warrants. Equity linked warrants provide a way for investors to gain exposure to markets where entry is difficult and time consuming due to regulation. An equity linked warrant is a type of option that gives the holder the right but not the obligation to buy or sell the underlying asset on or before expiration date. Typically, a broker issues warrants to an investor and then purchases shares in the local market and issues a call warrant hedged on the underlying holding. If the investor exercises his call and closes his position the shares are sold and the warrant redeemed with the proceeds.

Each warrant represents one share of the underlying stock, therefore, the price, performance and liquidity of the warrant are all directly linked to the underlying stock. The warrants can be redeemed for 100 per cent of the value of the underlying stock (less transaction costs). Being American style warrants, they can be exercised at any time. Equity linked warrants may trade in the over-the-counter market and/or on several international stock exchanges. However, currently, there is no primary active trading market for equity linked warrants if the price is not available, the warrant can be valued by using the price of the underlying security in local currency and adjusting it by an appropriate FX rate.

***Currency Forwards:*** Subject to the requirements laid down by the Central Bank, the McKinley Capital Dividend Growth Fund may purchase currency forwards. In currency forwards, the contract holders are obligated to buy or sell from another a specified amount of one currency at a specified price with another currency on a specified future date. Forward contracts cannot be transferred but they can be 'closed out' by entering into a reverse contract.

***Swaps:*** Subject to the requirements laid down by the Central Bank, the McKinley Capital Dividend Growth Fund may purchase swaps including dividend swaps and index basket dividend swaps. A dividend swap is an over-the-counter derivative contract that enables an investor to anticipate the dividends that will be paid out by a chosen security or basket of securities in a predetermined time period, usually once per year. Dividend swaps are similar to simple interest rate swaps in that they have both fixed and floating legs. The seller agrees to pass through the dividend at whatever value is paid by the company or basket of companies and the buyer agrees to pay a fixed amount in realised index dividend points. A dividend swap can help an investor hedge against long bond portfolios and to a degree, inflation.

Swaps in general are considered to be high risk and more volatile than listed equity trading because they are not traded on an exchange, not publicly priced, not regulated by any governing agency, not liquid, incur daily capital flows and charges, and are exposed to counterparty default.

Total return swaps are agreements whereby the Fund agrees to pay a stream of payments based on an agreed interest rate in exchange for payments representing the total economic performance, over the life of the swap, of the asset or assets underlying the swap. Through the swap the Fund may take a long or short position in the underlying asset(s), which may constitute a single security or a basket of securities. Exposure through the swap closely replicates the economics of physical shorting (in the case of short positions) or physical

ownership (in the case of long positions), but in the latter case without the voting or beneficial ownership rights of direct physical ownership. If a Fund invests in total return swaps or other FDI with the same characteristics, the underlying asset or index may be comprised of equity or debt securities, money market instruments or other eligible investments which are consistent with the investment objective and policies of the Fund. The counterparties to such transactions are typically banks, investment firms, broker-dealers, collective investment schemes or other financial institutions or intermediaries. The risk of the counterparty defaulting on its obligations under the total return swap and its effect on investor returns are described in the section entitled "Risk Factors". The counterparties to total return swaps entered into by a Fund will not assume any discretion over the composition or management of the Fund's investment portfolio or over the underlying of the FDIs, or that the approval of the counterparty is required in relation to any portfolio transactions by the Fund.

**Futures:** Subject to the requirements laid down by the Central Bank, the McKinley Capital Dividend Growth Fund may purchase futures, including dividend futures and index basket dividend futures. A dividend futures contract is a standardised agreement to purchase or sell a specified dividend stream at a certain date in the future and a market-determined price. The Fund may be charged margin (incur leverage) for owning certain futures transactions and will be marked-to-market daily (this is computed as the difference between the cost of the position held and the current market value of the position) for all positions.

The Fund may purchase single security dividend futures contracts or swaps and/or index basket dividend futures contracts or swaps. The Fund will only engage in such transactions if the underlying securities and/or indices are publicly traded.

Single-stock futures are exchange-traded futures contracts based on an individual underlying security rather than a stock index. Their performance is similar to that of the underlying equity itself, although as futures contracts they are usually traded with greater leverage. Another difference is that holders of long positions in single stock futures typically do not receive dividends and holders of short positions do not pay dividends. Single-stock futures may be cash-settled or physically settled by the transfer of the underlying stocks at expiration, although in the U.S. only physical settlement is used to avoid speculation in the market.

Stock index futures are agreements to purchase or sell a standardised value of a stock index on a future date at a specified price, such as trading the FTSE 100 (a share index of the 100 most capitalised United Kingdom companies listed on the London Stock Exchange). Stock market index futures contracts are used to replicate the performance of the underlying index and may be used for hedging against an existing equity position, or for speculating on future movement of the index. The most established markets for stock index futures are the S&P 500 (U.S.); FTSE (United Kingdom) DAX (Germany); and the CAC40 (France).

In addition to market risk and security risk, futures and other derivatives are traded at a fraction of the total notional value. (The value of a derivative's underlying assets at the spot (current) price.) Therefore, total exposure to any given position will be much greater than the amount originally exchanged. If the derivatives contract or swap agreement is unable to be closed out by the counterparties, or a counterparty defaults on the agreement for any reason, the notional losses incurred by the other party may be very high.

**Options:** Subject to the requirements laid down by the Central Bank, the McKinley Capital Dividend Growth Fund may purchase options contracts. A call option on a security is a contract under which the purchaser, in return for a premium paid, has the right to buy the securities underlying the option at the specified exercise price at any time during the term of the option. The writer (seller) of the call option, who receives the premium, has the obligation, upon exercise of the option, to deliver the underlying securities against payment of the exercise price. A put option is a contract that gives the purchaser, in return for a

premium paid, the right to sell the underlying securities at the specified exercise price during the term of the option. The writer of the put, who receives the premium, has the obligation to buy the underlying securities, upon exercise, at the exercise price. Put options may be purchased on condition that the security that is the subject of the put option remains at all times in the ownership of the relevant Fund except in the case of cash-settled put options in which case this condition will not apply. Index put options may be purchased provided that all of the assets of the Fund, or a proportion of such assets which may not be less in value than the exercise value of the put option purchased, can reasonably be expected to behave in terms of price movement in the same manner as the options contract.

### **Stocklending Agreements/Repurchase Agreements**

A portion of each Fund's assets may be held in ancillary liquid assets. For efficient portfolio management purposes, each Fund may enter into repurchase agreements, reverse repurchase agreements and stocklending agreements, subject to the conditions and limits set out in the UCITS Rules. Repurchase agreements are transactions in which a Fund purchases securities from a bank or recognised securities dealer and simultaneously commits to resell the securities to the bank or dealer at an agreed-upon date and price reflecting a market rate of interest unrelated to the coupon rate of maturity of the purchased securities. A reverse repurchase agreement involves the sale of securities with an agreement to repurchase the securities at an agreed upon price, date and interest payment. A Fund may also lend securities to a counterparty approved by the Investment Manager or Sub-Investment Manager. The Funds may enter into repurchase agreements, reverse repurchase agreements and stocklending agreements for efficient portfolio management purposes.

Techniques and instruments which relate to transferable securities or money market instruments and which are used for the purpose of efficient portfolio management shall be understood as a reference to techniques and instruments which fulfil the following criteria:

- (a) they are economically appropriate in that they are realised in a cost-effective way;
- (b) they are entered into for one or more of the following specific aims:
  - (i) reduction of risk;
  - (ii) reduction of cost;
  - (iii) generation of additional capital or income for the Fund with a level of risk which is consistent with the risk profile of the Fund and the risk diversification rules set out in UCITS 9 issued by the Central Bank;
- (c) their risks are adequately captured by the risk management process of the Fund; and
- (d) they cannot result in a change to the Funds' declared investment objective or add substantial supplementary risks in comparison to the general risk policy as described in its sales documents.

Repurchase/reverse repurchase agreements ("repo contracts") and stocklending agreements may only be effected in accordance with normal market practice.

All assets received by a Fund in the context of efficient portfolio management techniques should be considered as collateral and should comply with the criteria set down below.

Collateral must, at all times, meet with the following criteria:

- (i) **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 UCITS Regulations.

- (ii) **Valuation:** Collateral that is 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 are in place.
- (iii) **Issuer credit quality:** Collateral received should be of high quality. The Fund shall ensure that:
  - (a) where the issuer was subject to a credit rating by an agency registered and supervised by ESMA that rating shall be taken into account by the responsible person in the credit assessment process;
  - (b)
  - (c) where an issuer is downgraded below the two highest short-term credit ratings by the credit rating agency referred to in sub-paragraph (a) this shall result in a new credit assessment being conducted of the issuer by the Fund without delay;
- (iv) **Correlation:** Collateral received should be issued by an entity that is independent from the counterparty. There should be a reasonable ground for the Fund to expect that it would not display a high correlation with the performance of the counterparty.
- (v) **Diversification (asset concentration):**
  - (a) Subject to sub-paragraph (b) below, collateral should be sufficiently diversified in terms of country, markets and issuers with a maximum exposure to a given issuer of 20 per cent of the Fund's Net Asset Value. When Funds are exposed to different counterparties, the different baskets of collateral should be aggregated to calculate the 20 per cent limit of exposure to a single issuer;
  - (b) It is intended that a Fund may be fully collateralised in different transferable securities and money market instruments issued or guaranteed by a Member State, one or more of its local authorities, a third country, or a public international body to which one or more Member States belong. The Fund should receive securities from at least six different issues, but securities from any single issue should not account for more than 30 per cent of the Fund's Net Asset Value. The Member States, local authorities, third countries, or public international bodies or issuing or guaranteeing securities which the Fund is able to accept as collateral for more than 20 per cent of its Net Asset Value shall be drawn from the following list:

OECD Governments (provided the relevant issues are investment grade), Government of the People's Republic of China, Government of Brazil (provided the issues are of investment grade), Government of India (provided the issues are of investment grade), Government of Singapore, European Investment Bank, European Bank for Reconstruction and Development, International Finance Corporation, IMF, Euratom, The Asian Development Bank, ECB, Council of Europe, Eurofima, African Development Bank, International Bank for Reconstruction and Development (The World Bank), The Inter American Development Bank, EU, 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 and Straight-A Funding LLC; and

- (vi) **Immediately available:** Collateral received should be capable of being fully enforced by the Fund at any time without reference to or approval from the counterparty.

Risks linked to the management of collateral, such as operational and legal risks, should be identified, managed and mitigated by the risk management process.

Collateral received on a title transfer basis should be held by the Depository. 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 and unconnected to the provider of the collateral.

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

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

- (i) deposits with a credit institution referred to in Regulation 7 of the Central Bank Regulations;
- (ii) high-quality government bonds;
- (iii) reverse repurchase agreements provided the transactions are with a credit institution referred to Regulation 7 of the Central Bank Regulations and the Fund is able to recall at any time the full amount of cash on an accrued basis;
- (iv) short-term money market funds as defined in the ESMA Guidelines on a Common Definition of European Money Market Funds (ref CESR/10-049).

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 connected to the counterparty.

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 should at least prescribe the following:

- a) design of stress test scenario analysis including calibration, certification and sensitivity analysis;
- b) empirical approach to impact assessment, including back-testing of liquidity risk estimates;
- c) reporting frequency and limit/loss tolerance threshold/s; and
- d) mitigation actions to reduce loss including haircut policy and gap risk protection.

A Fund should have in place a clear haircut policy adapted for each class of assets received as collateral. When devising the haircut policy, a Fund 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 requirements of the Central Bank.

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.

Where a counterparty to a repurchase or a securities lending agreement which has been entered into by a Fund: (a) was subject to a credit rating by an agency registered and supervised by ESMA that rating shall be taken into account by the responsible person in the credit assessment process; and (b) where a counterparty is downgraded to A-2 or below (or comparable rating) by the credit rating agency referred to in sub-paragraph (a) this shall result in a new credit assessment being conducted of the counterparty by the Fund without delay.

A Fund should ensure that it is able at any time to recall any security that has been lent out or terminate any stocklending agreement into which it has entered.

A Fund that enters into a reverse repo contract should ensure that it is able at any time to recall the full amount of cash or to terminate the reverse repo contract 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 repo contract should be used for the calculation of the net asset value of the Fund.

A Fund that enters into a repo contract should ensure that it is able at any time to recall any securities subject to the repo contract or to terminate the repo contract into which it has entered.

Repo contracts, mortgage dollar roll, stock borrowing and stocklending agreements do not constitute borrowing or lending for the purposes of Regulation 103 and Regulation 111 respectively of the UCITS Regulations.

### **Securities Financing Transactions Regulation - Disclosure**

Each Fund may enter into the following transactions:

- (i) total return swaps;
- (ii) repurchase agreements;
- (iii) reverse repurchase agreements; and
- (iv) securities lending arrangements.

Each Fund may enter into total return swaps for investment purposes and for efficient portfolio management purposes, and enter into other types of Securities Financing Transactions for efficient portfolio management purposes only. In this context, efficient portfolio management purposes include: the reduction of risk, the reduction of cost and the generation of additional capital or income for the Fund with a level of risk that is consistent with the risk profile of the Fund.

If a Fund invests in total return swaps or Securities Financing Transactions, the relevant asset or index may be comprised of equity or debt securities, money market instruments or other eligible investments which are consistent with the investment objective and policies of the Fund. Subject to the investment restrictions laid down by the Central Bank as set out above in the "Investment Techniques and Instruments" section, and also any investment restrictions set out in the section entitled "Investment Objectives and Policies of the Funds", each Fund can invest up to 100 per cent of its Net Asset Value in total return swaps and Securities Financing Transactions. It is anticipated that each Fund will generally invest in the range of 10 to 60 per cent of its Net Asset Value in total return swaps and Securities Financing Transactions.

A Fund shall only enter into total return swaps and Securities Financing Transactions with counterparties that satisfy the criteria (including those relating to legal status, country of

origin and minimum credit rating) as set out above in the "Investment Techniques and Instruments" section and adopted by the Investment Manager.

The categories of collateral which may be received by a Fund is set out above in the "Investment Techniques and Instruments" section and includes cash and non-cash assets such as equities, debt securities and money market instruments. Collateral received by the Fund will be valued in accordance with the valuation methodology set out under the section entitled "Determination of Net Asset Value". Collateral received by the Fund will be marked-to-market daily and daily variation margins will be used.

Where a Fund receives collateral as a result of entering into total return swaps or Securities Financing Transactions, there is a risk that the collateral held by the Fund may decline in value or become illiquid. In addition, there can also be no assurance that the liquidation of any collateral provided to the Fund to secure a counterparty's obligations under a total return swap or Securities Financing Transaction would satisfy the counterparty's obligations in the event of a default by the counterparty. Where the Fund provides collateral as a result of entering into total return swaps or Securities Financing Transactions, it is exposed to the risk that the counterparty will be unable or unwilling to honour its obligations to return the collateral provided.

For a summary of certain other risks applicable to total return swaps and Securities Financing Transactions, see the sections entitled "Derivatives" and "Counterparty Risk".

A Fund may provide certain of its assets as collateral to counterparties in connection with total return swaps and Securities Financing Transactions. If the Fund has over-collateralised (i.e., provided excess collateral to the counterparty) in respect of such transactions, it may be an unsecured creditor in respect of such excess collateral in the event of the counterparty's insolvency. If the Depositary or its sub-custodian or a third party holds collateral on behalf of the Fund, the Fund may be an unsecured creditor in the event of the insolvency of such entity.

There are legal risks involved in entering into total return swaps or Securities Financing Transactions 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.

Subject to the restrictions laid down by the Central Bank as set out above in the "Investment Techniques and Instruments" section, the Fund may re-invest cash collateral that it receives. If cash collateral received by the Fund is re-invested, the Fund is exposed to the risk of loss on that investment. Should such a loss occur, the value of the collateral will be reduced and the Fund will have less protection if the counterparty defaults. The risks associated with the re-investment of cash collateral are substantially the same as the risks which apply to the other investments of the Fund.

Direct and indirect operational costs and fees arising from total return swaps or Securities Financing Transactions may be deducted from the revenue delivered to the Fund (e.g., as a result of revenue sharing arrangements). These costs and fees do not and should not include hidden revenue. All the revenues arising from such efficient portfolio management techniques, net of direct and indirect operational costs, will be returned to the Fund. The entities to which direct and indirect costs and fees may be paid include banks, investment firms, broker-dealers, securities lending agents or other financial institutions or intermediaries and may be related parties to the Investment Manager or the Depositary.

### **Currency Transactions**

Currency hedging is a technique that may be used to reduce the risk that arises from the change in price of one currency against another. Essentially, the structure of a currency hedging process would attempt to compensate for any shifts in the relative value of the

currency type utilised in the investment scheme. The hope is that by minimising the exposure of the investor to unfavorable shifts in the money market, a reasonable return on the investment will be achieved even if the currency involved takes a fall. While currency hedging may be effective in an attempt to protect asset trading in longer term investment allocations, it is costly (transaction and operational costs may be high), may detract from performance and may not fully protect for downside fluctuation. To seek to limit the potential adverse impact of a contrary trend in the foreign exchange markets, the Investment Manager may seek to hedge the currency risk between the underlying investment and Base Currency of a Fund. The Funds will generally not invest in currency speculation.

In the case of the Class I USD Accumulating, Class I USD Accumulating NV, Class I USD Distributing, Class I USD Distributing NV, Class I GBP Accumulating, Class I GBP Distributing, Class I CAD Accumulating, Class I CAD Distributing, Class I AUD Accumulating, Class I AUD Distributing, Class IV USD Accumulating NV, Class V USD Accumulating NV and Class VI USD Accumulating NV Shares of a Fund (where offered by the relevant Fund), the Company will not employ any techniques to hedge these Share Classes' exposure to changes in exchange rates between the Base Currency and the currency of the Share Class. As such, the Net Asset Value per Share and investment performance of such Shares Classes may be affected, positively or negatively, by changes in the value of the Base Currency relative to the value of the currency in which the relevant Share Class is denominated. Currency conversion will take place on subscriptions, repurchases, conversions and distributions at prevailing exchange rates.

In the case of the Class VII Hedged SEK Accumulating, Class VII Hedged USD Accumulating NV, Class VII Hedged CAD Accumulating, Class VII Hedged GBP Accumulating and Class VII Hedged AUD Accumulating in order to limit currency exposure between the currency of Share Classes and the Base Currency of the Fund as applicable, the relevant currency of the Share Class may be hedged provided that (1) it is generally in the best interests of the Shareholders of the relevant Class to do so; (2) the over-hedged position will not exceed 105 per cent of the net asset value of the Share Class. Over-hedged and under-hedged positions, while not intended, may arise due to factors outside the control of the Company. Under no circumstances will such over hedge exceed 105 per cent of the net asset value of a Share Class. Hedged positions will be monitored to ensure that positions materially in excess of 100 per cent will not be carried forward month-to-month. Otherwise, a Class VII Hedged SEK Accumulating, Class VII Hedged USD Accumulating NV, Class VII Hedged CAD Accumulating, Class VII Hedged GBP Accumulating and Class VII Hedged AUD Accumulating will not be leveraged as a result of the transactions entered into for the purposes of hedging against the exposure of the currency of the Share Class to the Base Currency. While the Company will attempt to hedge against this currency exposure, there can be no guarantee that the value of the hedged Share Class will not be affected by the value of the currency of the Share Class relative to the Base Currency. Hedging transactions will be clearly attributable to a specific Share Class (therefore currency exposures of different currency classes may not be combined or offset and currency exposures of assets of the Company may not be allocated to separate share classes). Any costs related to such hedging shall be borne separately by the relevant Class of Shares. All gains/losses which may be made by any Class of any Fund as a result of such hedging transactions shall accrue to the relevant Class of Shares. The use of class hedging strategies may substantially limit holders of Shares in the relevant Class from benefiting if the currency of that Class falls against that of the Base Currency and/or the currency in which the assets of the Fund are denominated.

## **DISTRIBUTIONS**

### Distributing Share Classes

The Company proposes to declare distributions to Shareholders in respect of the Distributing Share Classes on 23 June of each year, to be paid on 28 June, provided that if such dates are

not Business Days, the Business Day immediately following such date. The distribution may comprise net income (if any) of the relevant Fund.

Distributions are paid to Shareholders' bank accounts by telegraphic transfer to the account of the Shareholder specified in the application form.

Distributions in respect of the Funds will automatically be reinvested in additional Shares of the same Class of the Fund unless the Shareholder has specifically elected on the application form or subsequently notified the Administrator in writing of its requirement that distributions be received in cash.

Distributions which have not been claimed within six years of their payment date shall no longer be payable to the beneficiaries and shall revert to the relevant Fund. All distributions, whether or not reinvested, are income distributions and assessable to income tax as foreign income in the hands of UK investors.

#### Accumulating Share Classes

With respect to Accumulating Share Classes, it is intended that, in the normal course of business, distributions will not be declared and that any net investment income attributable to each Accumulating Share Class will be accumulated daily in the respective Net Asset Value per Share of each respective Share Class. For each Fund, if distributions are declared and paid with respect to Accumulating Share Classes, such distributions may be made from the source listed above in relation to "Distributing Share Classes". Shareholders will be notified in advance of any change in distribution policy for the Accumulating Share Classes and full details will be provided in an updated prospectus or supplemental prospectus.

### **INVESTMENT RESTRICTIONS**

Each of the Funds' investments will be limited to investments permitted by the UCITS Regulations, as set out in Schedule II. If the UCITS Regulations are altered during the life of the Company, the investment restrictions may be changed to take account of any such alterations but any such changes shall be in accordance with the Central Bank's requirements and Shareholders will be advised of such changes in the next succeeding annual or half-yearly report of the Company. In the event that any alterations of the UCITS Regulations affect the investment objective or have a material change to the investment policies of a Fund any such change will be subject to the prior approval of Shareholders of that Fund evidenced by a majority vote of such Shareholders in general meeting or by a resolution in writing signed by all of the Shareholders. In the event that any alterations of the UCITS Regulations affect the investment objective or policy of a Fund, the Prospectus shall be updated accordingly and a reasonable notification period shall be provided to Shareholders to enable Shareholders to redeem their Shares prior to the implementation of the change.

### **RISK FACTORS**

Investors' attention is drawn to the following risk factors. This does not purport to be an exhaustive list of the risk factors relating to investment in the Funds and investors' attention is drawn to the description of the instruments set out in the section entitled "Investment Objectives and Policies".

**Investment Risk:** There can be no assurance that a Fund will achieve its investment objective. The value of Shares may rise or fall, as the capital value of the securities in which a Fund invests may fluctuate. The investment income of a Fund is based on the income earned on the securities it holds, less expenses incurred. Therefore, a Fund's investment income may be expected to fluctuate in response to changes in such expenses or income.

In addition to other risks mentioned below, there are four primary risks directly associated with the McKinley Capital Dividend Growth Fund: 1) the Investment Manager may not accurately predict earnings capacity so even if payout ratios remain consistent, it is possible the investment manager may overestimate dividends; 2) the tax regime in regard to dividends could change in various jurisdictions making capital gains relatively more attractive to investors; 3) quickly moving market declines may continue to cause valuation erosion across all underlying securities and dividend cuts may be much greater and longer term than anticipated; and 4) counterparty risk is present in every swap transaction. Counterparty risk is defined as the potential risk that the entity may default on its commitments to the Fund.

**Equity Market Risks:** Investments in equity securities offer the potential for capital appreciation. However, such investments also involve risks, including issuer, industry, market and general economic related risks. Although the Investment Manager will attempt to reduce these risks by utilising various techniques described herein, adverse developments or perceived adverse developments in one or more of these areas could cause a substantial decline in the value of equity securities owned by a Fund.

**Non-Publicly Traded and Rule 144A Securities:** Non-publicly traded and Rule 144A Securities may involve a high degree of business and financial risk and may result in substantial losses. These securities may be less liquid than publicly traded securities, and a Fund may take longer to liquidate these positions than would be the case for publicly traded securities. Although these securities may be resold in privately negotiated transactions, the prices realised from these sales could be less than those originally paid by a Fund. Further, companies whose securities are not publicly traded may not be subject to the disclosure and other investor protection requirements that would be applicable if their securities were publicly traded. A Fund's investment in illiquid securities is subject to the risk that should the Fund desire to sell any of these securities when a ready buyer is not available at a price that is deemed to be representative of their value, the Net Asset Value of the Fund could be adversely affected.

**Investments in the Securities of Emerging Market Countries:** The Funds may invest in securities of companies domiciled in or conducting their principal business activities in Emerging Market Countries. Investing in the equity and fixed income markets of Emerging Market Countries involves exposure to economic structures that are generally less diverse and mature, and to political systems that can be expected to have less stability than those of developed countries. Historical experience indicates that the markets of Emerging Market Countries have been more volatile than the markets of the more mature economies of developed countries; however, such markets often have provided higher rates of return to investors.

**Investments in the Securities of Frontier Market Countries:** The Funds may invest in securities of companies domiciled in or conducting their principal business activities in Frontier Markets. The International Finance Corporation typically refers to Frontier Markets as a subset of the emerging market universe which pose higher but similar risks to those of emerging markets. Generally, frontier markets are characterised as those with higher economic and political volatility, less market stability, lower market capitalisation, and less liquidity than the more developed emerging markets.

Investing in Emerging Market Countries and Frontier Markets poses higher risk than investing in developed markets and include the following risks.

*Economic & Political Factors:* Investments in securities of issuers located in Emerging Market Countries involve special considerations and risks, including the risks associated with high rates of inflation and interest with respect to the various economies, the limited liquidity and relatively small market capitalisation of the securities markets in Emerging Market Countries, relatively higher price volatility, large amounts of external debt and political, economic and social uncertainties, including the possible imposition of exchange controls or other foreign

governmental laws or restrictions which may affect investment opportunities. In addition, with respect to certain Emerging Market Countries, there is the possibility of expropriation of assets, confiscatory taxation, political or social instability or diplomatic developments that could affect investments in those countries. Moreover, individual Emerging Market Countries economies may differ favourably or unfavourably from the economies of developed nations in such respects as growth of gross national product, rates of inflation, capital investment, resources, self-sufficiency and the balance of payments position. Certain Emerging Market Countries investments may also be subject to foreign withholding taxes. These and other factors may affect the value of a Fund's shares.

The economies of some Emerging Market Countries have experienced considerable difficulties in the past. Although in certain cases there have been significant improvements in recent years, many such economies continue to experience significant problems, including high inflation and interest rates. Inflation and rapid fluctuations in interest rates have had and may continue to have very negative effects on the economies and securities markets of certain Emerging Market Countries. The development of certain Emerging Market Countries economies and securities markets will require continued economic and fiscal discipline, which has been lacking at times in the past, as well as stable political and social conditions. Recovery may also be influenced by international economic conditions, particularly those in the U.S., and by world prices for oil and other commodities. There is no assurance that economic initiatives will be successful. Certain of the risks associated with international investments and investing in smaller capital markets are heightened for investments in Emerging Market Countries. For example, some of the currencies of Emerging Market Countries have experienced steady devaluations relative to the U.S. Dollar, and major adjustments have been made in certain of such currencies periodically. In addition, governments of certain Emerging Market Countries have exercised and continue to exercise substantial influence over many aspects of the private sector. In certain cases, the government owns or controls many companies, including the largest in the country. Accordingly, government actions in the future could have a significant effect on economic conditions in such countries, which could affect private sector companies and the value of securities in a Fund's portfolio.

*Market Liquidity & Volatility:* The securities markets in Emerging Market Countries are substantially smaller, less liquid and more volatile than the major securities markets in the U.S. and Europe. A limited number of issuers in most, if not all, securities markets in Emerging Market Countries may represent a disproportionately large percentage of market capitalisation and trading volume. Such markets may, in certain cases, be characterised by relatively few market makers, participants in the market being mostly institutional investors including insurance companies, banks, other financial institutions and investment companies. The combination of price volatility and the less liquid nature of securities markets in Emerging Market Countries may, in certain cases, affect a Fund's ability to acquire or dispose of securities at the price and time it wishes to do so, and consequently may have an adverse impact on the investment performance of the Fund.

*Information Standards:* In addition to their smaller size, lesser liquidity and greater volatility, securities markets in Emerging Market Countries are less developed than the securities markets in the U.S. and Europe with respect to disclosure, reporting and regulatory standards. There is less publicly available information about the issuers of securities in these markets than is regularly published by issuers in the U.S. and in Europe. Further, corporate laws regarding fiduciary responsibility and protection of stockholders may be considerably less developed than those in the U.S. and Europe. Emerging market issuers may not be subject to the same accounting, auditing and financial reporting standards as U.S. and European companies. Inflation accounting rules in some Emerging Market Countries require, for companies that keep accounting records in the local currency for both tax and accounting purposes, that certain assets and liabilities be restated on the company's balance sheet in order to reflect the high rates of inflation to which those companies are subject. Inflation accounting may indirectly generate losses or profits for certain companies in Emerging Market

Countries. Thus, statements and reported earnings may differ from those of companies in other countries, including the U.S.

*Custody and Settlement Risk:* As a Fund may invest in markets where custodial and/or settlement systems are not fully developed, the assets of the Funds which are traded in such markets and which have been entrusted to sub-custodians, in circumstances where the use of such sub-custodians is necessary, may be exposed to risks in circumstances whereby the Depository will have no liability. Such risks include (i) a non-true delivery versus payment settlement, (ii) a physical market, and as a consequence the circulation of forged securities, (iii) poor information in regards to corporate actions, (iv) a registration process that affects the availability of the securities, (v) lack of appropriate legal/fiscal infrastructure advices, and (vi) lack of compensation/risk fund with the relevant central depository. Furthermore, even when a Fund settles trades with counterparties on a delivery-versus-payment basis, it may still be exposed to credit risk to parties with whom it trades.

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 (such as Russia); 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, up until 1 April 2013 there was no central registration system for shareholders which resulted 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. Under the previous registration system, 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 Depository, 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 Depository or its local agents in Russia. Therefore, neither the Depository 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 Depository or its local agents in Russia. However, a change occurred in the custody arrangements applicable to certain Russian securities on 1 April 2013. From that date, the holding of many Russian securities by investors in the relevant Funds will no longer be evidenced by a direct entry on the issuer's register of shareholders. Instead, the ownership of, and settlement of transactions in, those Russian securities was moved to a central securities depository, the National Securities Depository ("NSD"). The Depository or its local agent in Russia is a participant on the NSD. The NSD in turn will be reflected as the nominee holder of the securities on the register of the relevant issuer. Therefore, while this is intended to introduce a centralised and regulated system for recording of the ownership of, and settlement of transactions in, Russian securities, it does not eliminate all of the risks associated with the registrar system outlined above. 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 Depository shall be liable to the Company and the Shareholders for any loss suffered by them as a result of 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.

**Rating of Investment Risk:** There is no assurance that the ratings of each rating agency will continue to be calculated and published on the basis described in this Prospectus or that they will not be amended significantly. The past performance of a rating agency in rating an investment is not necessarily a guide to future performance.

**Currency Transactions:** The Funds that invest in securities and hold active currency positions that are denominated in currencies other than its Base Currency may be exposed to currency exchange risk. For example, changes in exchange rates between currencies or the conversion from one currency to another may cause the value of a Fund's investments to diminish or increase. Currency exchange rates may fluctuate over short periods of time. They generally are determined by supply and demand in the currency exchange markets and the relative merits of investments in different countries, actual or perceived changes in interest rates and other complex factors. Currency exchange rates can be affected unpredictably by intervention (or the failure to intervene) by governments or central banks, or by currency controls or political developments. If the currency in which a security is denominated appreciates against the Fund's Base Currency, the Base Currency value of the security will increase. Conversely, a decline in the exchange rate of the currency would adversely affect the value of the security expressed in the Base Currency of the Fund. Should a Fund engage in hedging transactions, while potentially reducing the currency risks to which the Fund would otherwise be exposed, involve certain other risks, including the risk of a default by a counterparty.

**Fair Value Pricing:** Details of the method of calculation of the Net Asset Value per Share of a Fund are set out in the section of the Prospectus entitled "Determination of Net Asset Value" below. Fair value pricing will be applied in accordance with the Central Bank's Guidance Note 1/00. When a Fund uses fair value pricing, it may take into account any factors it deems appropriate. A Fund may determine fair value based upon developments related to a specific security, current valuations of stock indices and/or sector or broader stock market indices. The price of securities used by a Fund to calculate its Net Asset Value may differ from quoted or published prices for the same securities. Fair value pricing may involve subjective judgments and it is possible that the fair value determined for a security is materially different than the value that could be realised upon the sale of that security.

The McKinley Capital Dividend Growth Fund expects to use fair value pricing only under very limited circumstances for exchange traded derivatives. The Fund will use fair value pricing policies and procedures for over-the-counter derivative transactions. The Fund will obtain prices for these instruments from counterparties and third party pricing sources. However, pricing calculation differences among counterparties and third party sources may cause the Fund to overvalue or undervalue a security and thus affect Net Asset Value.

**Derivatives:** Derivatives, in general, involve special risks and costs and may result in losses to a Fund. The successful use of derivatives requires sophisticated management, and a Fund will depend on the ability of the Fund's Investment Manager to analyse and manage derivatives transactions. The prices of derivatives may move in unexpected ways, especially in abnormal market conditions. In addition, correlation between the particular derivative and an asset or liability of a Fund may prove not to be what the Fund's Investment Manager expected. Some derivatives are "leveraged" and therefore may magnify or otherwise increase investment losses to the Fund and incur additional charges and fees.

Other risks arise from the potential inability to terminate or sell derivatives positions. A liquid secondary market may not always exist for the Funds' derivatives positions at any time. In fact, many over-the-counter instruments will not be liquid and may not be able to be "closed out" when desired. Over-the-counter instruments also involve the risk that the other party will not meet its securities obligations to a Fund. The counterparties in "over-the-counter" markets are typically not subject to regulatory oversight as are members of "exchange based" markets, and there is no clearing corporation which guarantees the payment of required

amounts. This exposes the Fund to the risk that a counterparty may not settle a transaction in accordance with its terms and conditions because of a dispute over the terms of the contract (whether or not bona fide) or because of a credit or liquidity problem, thus causing the relevant Fund to suffer a loss. Operations risk can stem from trades not being confirmed correctly or remaining unconfirmed post trade execution. Other areas of operational risk can result from cash flows being unconfirmed or positions within a portfolio not being reconciled regularly. Derivatives also involve legal risk, the risk of loss due to the unexpected application of a law or regulation, or because contracts are not legally enforceable or documented correctly.

**Counterparty Risk:** Counterparty risk is the risk associated with the financial stability of the parties entering into contracts. The lower the counterparty risk, the lower the price of the transaction. Futures, options and swap contracts executed on a designated contract market are guaranteed against default by the clearing organization. Futures, options and swap transactions are executed over the counter between two parties in which counterparty risk is a primary consideration.

**European Market Infrastructure Regulation (“EMIR”):** A Fund may enter into OTC derivative contracts. EMIR establishes certain requirements for OTC derivatives contracts including mandatory clearing obligations, bilateral risk management requirements and reporting requirements. Although not all the regulatory technical standards specifying the risk-management procedures, including the levels and type of collateral and segregation arrangements, required to give effect to EMIR have been finalised and it is therefore not possible to be definitive, investors should be aware that certain provisions of EMIR impose obligations on the Sub-Funds in relation to its transaction of OTC derivative contracts.

The potential implications of EMIR for the Funds include, without limitation, the following:

1. clearing obligation: certain standardised OTC derivative transactions will be subject to mandatory clearing through a central counterparty (a “CCP”). Clearing derivatives through a CCP may result in additional costs and may be on less favourable terms than would be the case if such derivative was not required to be centrally cleared;
2. risk mitigation techniques: for those of its OTC derivatives which are not subject to central clearing, the Sub-Funds will be required to put in place risk mitigation requirements, which include the collateralisation of all OTC derivatives. These risk mitigation requirements may increase the cost of the Sub-Funds pursuing their investment strategies (or hedging risks arising from their investment strategies); and
3. reporting obligations: each of the Funds’ derivative transactions must be reported to a trade depository or ESMA. This reporting obligation may increase the costs to the Funds of utilising derivatives.

**Taxation Risk:** Any change in the Company’s tax status or in taxation legislation could affect the value of the investments held by the Company and affect the Company’s ability to provide the Investor Returns. Potential investors and Shareholders should note that the statements on taxation which are set out herein and in each supplement are based on advice which has been received by the Directors regarding the law and practice in force in the relevant jurisdiction as at the date of this prospectus and each supplement. As is the case with any investment, there can be no guarantee that the tax position or proposed tax position prevailing at the time an investment is made in the Company will endure indefinitely. The attention of potential investors is drawn to the tax risk associated with investing in the Company. Please see “Taxation” beginning on page 56 to 65 for additional information.

**Risk of U.S. Withholding Tax.** The Company (and each Fund) will be required to comply (or be deemed compliant) with extensive U.S. reporting and withholding requirements (known as "FATCA") designed to inform the U.S. Department of the Treasury of U.S.-owned foreign investment accounts. Failure to comply (or be deemed compliant) with these requirements will subject the Company (and each Fund) to U.S. withholding taxes on certain U.S.-sourced income and gains. Alternatively, pursuant to an intergovernmental agreement between the United States and Ireland, the Company (and each Fund) may be deemed compliant, and therefore not subject to the withholding tax, if it identifies and reports U.S. Reportable Account information directly to the Revenue Commissioners of Ireland (the "Revenue Commissioners"). Shareholders may be requested to provide additional information to the Company in the Company's application form to enable the Company (and each Fund) to satisfy these obligations. Failure to provide requested information may subject a Shareholder to liability for any resulting U.S. withholding taxes, U.S. tax information reporting and/or mandatory repurchase, transfer or other termination of the Shareholder's interest in its Shares. Detailed guidance as to the mechanics and scope of this new reporting and withholding regime is continuing to develop. There can be no assurance as to the timing or impact of any such guidance on future operations of the Company (and each Fund). The administrative cost of compliance with FATCA may cause the operating expenses of the Company (and each Fund) to increase, thereby reducing returns to investors. FATCA may also require the Company (and each Fund) to provide to the U.S. Internal Revenue Service private and confidential information relating to certain investors. Please see the section entitled "Taxation – US Tax Considerations - FATCA" for more information.

**Umbrella Structure of the Company and Cross-Liability Risk:** 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 under Irish law, so that there shall be no 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.

**Risks associated with Umbrella Cash Accounts:** The Umbrella Cash Account will operate in respect of the Company rather than a relevant Fund and the segregation of Shareholder Monies from the liabilities of Funds other than the relevant Fund to which the Shareholder Monies relate is dependent upon, among other things, the correct recording of the assets and liabilities attributable to individual Funds by or on behalf of the Company.

In the event of an insolvency of the Fund, there is no guarantee that the Fund will have sufficient monies to pay unsecured creditors (including the investors entitled to Shareholder Monies) in full.

Monies attributable to other Funds within the Company will also be held in the Umbrella Cash Accounts. In the event of the insolvency of a Fund (an "Insolvent Fund"), the recovery of any amounts to which another Fund (the "Beneficiary Fund") is entitled, but which may have transferred in error to the Insolvent Fund as a result of the operation of the Umbrella Cash Account, will be subject to applicable law and the operational procedures for the Umbrella Cash Account. There may be delays in effecting, and/or disputes as to the recovery of, such amounts, and the Insolvent Fund may have insufficient funds to repay amounts due to the Beneficiary Fund.

In the event that an investor fails to provide the subscription monies within the timeframe stipulated in the Prospectus, the investor may be required to indemnify the Fund against the liabilities that may be incurred by it. The Company may cancel any Shares that have been issued to the investor and charge the investor interest and other expenses incurred by the relevant Fund. In the event that the Company is unable to recoup such amounts from the defaulting investor, the relevant Fund may incur losses or expenses in anticipation of receiving such amounts, for which the relevant Fund, and consequently its Shareholders, may be liable.

It is not expected that any interest will be paid on the amounts held in the Umbrella Cash Account. Any interest earned on the monies in the Umbrella Cash Account will be for the benefit of the relevant Fund and will be allocated to the Fund on a periodic basis for the benefit of the Shareholders at the time of the allocation.

The Central Bank's guidance on umbrella cash accounts is new and, as a result, may be subject to change and further clarification.

**Risks Associated with Excessive Trading:** Prospective investors' attention is drawn to the risks associated with excessive trading. Please see "Excessive Trading" on page 49 for additional information.

**Cyber Security Risks:** Information and technology systems relied upon by a Fund, the Investment Manager, a Fund's service providers (including, but not limited to, the auditors, Depository, Administrator, Registrar and Transfer Agent) and/or the issuers of securities in which a Fund invests may be vulnerable to damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorised persons and security breaches, usage errors by their respective professionals, power outages and catastrophic events such as fires, tornadoes, floods, hurricanes and earthquakes. Although the parties noted above have implemented measures to manage risks relating to these types of events, if these systems are compromised, become inoperable for extended periods of time or cease to function properly, significant investment may be required to fix or replace them. In addition, there are inherent limitations in such measures, including the possibility that certain risks have not been identified. The failure of these systems and/or of disaster recovery plans for any reason could cause significant interruptions in the operations of a Fund, the Investment Manager, a service provider and/or the issuer of a security in which a Fund invests and may result in a failure to maintain the security, confidentiality or privacy of sensitive data, including personal information relating to investors (and the beneficial owners of investors). Such a failure could also harm a Fund's, the Investment Manager's, a service provider's and/or an issuer's reputation, subject such entity and its affiliates to legal claims and otherwise affect their business and financial performance. When such issues are present with regard to an issuer of a security in which the Fund invests, the Fund's investment in such securities may lose value.

## **FEES AND EXPENSES**

Each Fund shall pay all of its expenses and its allocable share of any expenses incurred by the Company. These expenses may include the costs of: (i) maintaining the Company and the relevant Fund and registering the Company, the relevant Fund and the Shares with any governmental or regulatory authority or with any Regulated Market or stock exchange; (ii) management, administration, custodial and related services; (iii) preparation, printing and posting of prospectuses, sales literature and reports to Shareholders, the Central Bank and other governmental agencies; (iv) marketing expenses; (v) taxes; (vi) commissions and brokerage fees; (vii) expenses incurred in connection with the acquisition and disposal of the assets of the Company; (viii) auditing, tax and legal fees (including expenses arising in respect of legal or administrative proceedings); (ix) insurance premiums; (x) fees of paying agents, local representatives and similar agents, such fees to be at normal commercial rates; and (xi) other operating expenses.

The Articles of Association provide that the Directors shall be entitled to a fee by way of remuneration for their services at a rate to be determined from time to time by the Directors. The aggregate amount of Directors' remuneration in any one year currently does not exceed EUR80,000. Directors shall be entitled to be reimbursed their reasonable vouched out-of-pocket expenses.

All expenses relating to the establishment of the Company (other than the costs of incorporating the Company which amounted to EUR1,000 and were discharged by the Investment Manager) will be borne by the Company and equally allocated to the Funds and may be amortised on a straight line basis over a period of up to five years. These expenses are not expected to exceed EUR125,000.

Costs and expenses incurred in relation to the creation of any new Funds, will be allocated to the relevant Fund and, depending on the materiality of such costs, shall either be written off in the accounting period in which they are incurred or will be amortised on a straight line basis over a period of up to five years.

The Investment Manager may agree, but is not obligated to, offset the Company's cost for new fund creations. It may also agree to pay for administrative, operational and other expenses for individual Funds for a specified period of time. Such arrangements are between the Company and the Investment Manager and not directly credited to Shareholders, although Shareholders will benefit in Net Asset Value returns. The Investment Manager has agreed to waive all or a portion of its investment management fee in respect of each of the Funds as detailed below under "Investment Manager Fee and Expenses Waivers".

In addition, the following fees will be borne by the Company:

#### **Investment Management Fee**

***The McKinley Capital Dividend Growth Fund:*** The Company will pay to the Investment Manager an annual investment management fee as set out below. Each class of shares will represent a different asset based fee schedule paid to the Investment Manager.

*Class I Shares and Class IV Shares:* The Investment Manager will receive 1.25 per cent of the Net Asset Value of the Class I Shares/Class IV Shares of the Fund.

*Class II Shares and Class V Shares:* The Investment Manager will receive 0.25 per cent of the Net Asset Value of the Class II Share/Class V Shares of the Fund.

In addition, the Investment Manager shall be entitled to receive a fee relating to the performance of the Net Asset Value per Share of the Class II Shares/Class V Shares, as more particularly set out below (the "Performance Fee").

*Class III Shares and Class VI Shares:* The Investment Manager will receive 1.50 per cent of the Net Asset Value of the Class III/Class VI Share of the Fund.

In addition, the Investment Manager shall be entitled to receive a fee relating to the performance of the Net Asset Value per Share of the Class III/Class VI Shares, as more particularly set out below (the "Performance Fee").

*Class VII Shares:* The Investment Manager will receive 1.75 per cent of the Net Asset Value of the Class VII Share of the Fund.

In addition, the Investment Manager shall be entitled to receive a fee relating to the performance of the Net Asset Value per Share of the Class VII Shares, as more particularly set out below (the "Performance Fee").

#### ***Performance Fee – Class II Shares, Class III Shares, Class V, Class VI and Class VII Shares***

The Performance Fee (if any) will accrue and be taken into account in the calculation of the Net Asset Value per Share of each Class at each Valuation Point and will be payable quarterly in arrears in respect of each Performance Period (as defined below).

In calculating the Net Asset Value per Share for Performance Fee purposes no deduction is made on account of Performance Fees accrued in the Performance Period and any dividends or income distributed to Shareholders during the Performance Period are added back. All other payments and expenses are deducted.

The Performance Fee in respect of Class II, Class III, Class V, Class VI and Class VII becomes due in the event that both of the conditions below are met:

- the percentage growth in the NAV per Share over the Performance Period (as defined below) exceeds a target rate of growth, being the Benchmark (as defined below), over the same period; and

- the NAV per Share at the end of the Performance Period exceeds the High Water Mark (as defined below).

The “High Water Mark” shall be the highest NAV per Share of the relevant Class at the end of any previous Performance Period for the relevant Class.

The “Performance Period” shall run quarterly with each Performance Period ending on 31 March, 30 June, 30 September and 31 December (“Quarter Date”) in each year (“Performance Period”). However, in the case of the initial issue of Shares, the first Performance Period will commence on the Business Day immediately following the close of the initial offer period as set out in the Prospectus and end on the following Quarter Date.

For the purposes of the first calculation of the Performance Fee, the starting point for the relevant NAV per Share is the initial offer price.

The Performance Fee in respect of Class II, Class III, Class V, and Class VI is equal to 20 per cent of the excess of the NAV per Share at the end of a Performance Period over the target NAV per Share, multiplied by the weighted average number of Shares of the relevant Class in issue during the Performance Period. The Performance Fee in respect of Class VII is equal to 10 per cent of the excess of the NAV per Share at the end of a Performance Period over the target NAV per Share, multiplied by the weighted average number of Shares of the relevant Class in issue during the Performance Period. The target NAV per Share is equal to the NAV per Share at the end of the previous Performance Period multiplied by the Benchmark, or the High Water Mark, which ever is the greater.

**The Benchmark for the Share Class with regard to the Performance Fee is:**

Share Class	Cash Index
Class II	The average daily Eonia rate each quarter plus 50 basis points.
Class III	The average daily Eonia rate each quarter plus 50 basis points.
Class V	The average daily Eonia rate each quarter plus 50 basis points.
Class VI	The average daily Eonia rate each quarter plus 50 basis points.
Class VII	The average daily Eonia rate each quarter plus 50 basis points.

For Class V USD Accumulating and Class VI USD Accumulating, the EONIA rate will be converted to a USD equivalent for all performance fee calculations by utilising the applicable exchange rate as of 4 p.m. US Eastern Time according to Reuters.

The Performance Fee can be expressed as follows:

$$\text{Performance Fee for Class II, Class III, Class V, and Class VI} = 20 \text{ per cent} \times (\text{NAV}_{\text{end}} - \text{NAV}_{\text{target}}) \times \text{Shares}_{\text{av}}$$

$$\text{Performance Fee for Class VII} = 10 \text{ per cent} \times (\text{NAV}_{\text{end}} - \text{NAV}_{\text{target}}) \times \text{Shares}_{\text{av}}$$

Where:

$NAV_{end}$  = NAV per Share on the last day of the Performance Period (after deduction of accrued management fees)

$NAV_{target}$  = Greater of:  
(a)  $NAV_{start} \times (1 + \text{Benchmark})$  (as described directly above)

and  
(b) High Water Mark

$NAV_{start}$  = NAV per Share on the last day of the previous Performance Period, or if following any Performance Period(s) in which no Performance Fee has been charged, the cumulative Benchmark return since the last day of the previous Valuation Point of the last Performance Period in which a Performance Fee was charged or, if no Performance Fee has ever been charged, since the launch of that Class of Shares to the last day of the previous Performance Period

$Shares_{av}$  = Weighted Average number of Shares in issue during Performance Period

If  $NAV_{end} < NAV_{target}$ , the Performance Fee is nil.

The Performance Fee will accrue and be taken into account in the calculation of the Net Asset Value per Share at each Valuation Point. The amount accrued at each Valuation Point will be determined by calculating the Performance Fee that would be payable if the Valuation Point was the last day of the current Performance Period.

Following a Performance Period in which no Performance Fee has been charged, no Performance Fee will accrue until such time as the cumulative percentage growth in the NAV per Share of the relevant Class exceeds (i) the cumulative Benchmark return since the last Valuation Point of the last Performance Period in which a Performance Fee was charged or, if no Performance Fee has ever been charged, since the launch of that Class of Shares and (ii) the High Water Mark.

The amount of the Performance Fee will be calculated by the Administrator and subject to the verification of the Depositary.

It should be noted that there is no repayment of any Performance Fee already paid if the price subsequently falls back below the High Water Mark, even if a Shareholder redeems its holding. The price at which a Shareholder sells Shares will include an amount equivalent to the Performance Fee previously paid from the Sub-Fund.

It should be noted that where a Performance Fee is payable, it will be based on net realised and unrealised gains and losses at the end of each Performance Period. As a result, a Performance Fee may be paid on unrealised gains which may subsequently never be realised.

Investors may request additional information on the way in which the performance fee calculation works from the Administrator.

### **Depositary's Fee**

The Depositary's fees for custody services are subject to a total maximum fee of 0.40 per cent of the Net Asset Value of a Fund per annum (together with VAT, if any, thereon) exclusive of transaction charges, which shall be at normal commercial rates, (plus VAT, if any) subject to a minimum annual fee of USD 15,000 for each fund. The fees payable to the Depositary will vary depending on the location of the assets of the Fund. The Depositary fee

shall be accrued and be calculated on each Dealing Day and shall be payable monthly in arrears. The Company shall be responsible for all reasonable vouched out-of-pocket expenses (including registration and safekeeping charges, charges for cable, telephone calls, courier deliveries, travelling and hotel expenses in respect of meetings held outside of Ireland) incurred by the Depositary in the performance of its duties. In addition, the Depositary shall be entitled to be reimbursed its reasonable fees and customary agent's charges paid by the Depositary to any sub-custodian (which shall be charged at normal commercial rates) together with value added tax, if any, thereon. In addition to the above custody charges, the Depositary charges a minimum of USD 40,250 for its services (such as cash monitoring, subscription/redemption monitoring, NAV oversight, investment compliance, and income verification) and an additional USD 1,000 per Sub-Fund related to the monitoring and servicing of the Umbrella Cash Account.

### **Administrator's Fee**

The Administrator shall receive an administration fee of up to 0.075 per cent per annum of the Net Asset Value of each of the Funds during the year, subject to a total minimum annual fee for the first Fund of USD 188,000, and USD 65,000 for each additional Fund. Further, the Administrator shall receive a fee of USD 5,000 per class. These fees shall be calculated and accrued on each Dealing Day and payable monthly in arrears. In addition, the Administrator shall be entitled to be reimbursed its reasonable vouched out-of-pocket expenses, transaction and account fees.

### **Investment Manager Fee and Expenses Waivers**

#### ***McKinley Capital Dividend Growth Fund***

The Investment Manager has agreed, in any fiscal year, to waive all or a portion of its investment management fee payable in respect of the McKinley Capital Dividend Growth Fund to the extent necessary to ensure that, excluding investment management and performance fees (as applicable), the total fees and expenses do not exceed 0.5 per cent of the Net Asset Value attributable to the Fund. Any additional fees and expenses relating to the Fund shall be discharged by the Investment Manager.

The Investment Manager may, in its discretion and upon request, pay rebates directly to Shareholders. Such rebates are paid from fees received by the Investment Manager and therefore do not represent an additional charge on the Funds' assets.

### **Contingent Deferred Sales Charge**

Upon repurchase of Shares, investors in certain of the Share Classes may be required to pay a contingent deferred sales charge ("CDSC") – see "Contingent Deferred Sales Charges" under "Administration of the Company" for more information.

## **ADMINISTRATION OF THE COMPANY**

### **Determination of Net Asset Value**

The Administrator shall determine the Net Asset Value per Share of each class, on each Dealing Day at the Valuation Point on the basis set forth below and in accordance with the Articles.

The Net Asset Value per Share of a Fund shall be the value of the gross assets attributable to such Fund less all of the liabilities attributable to such Fund (including such provisions as the Administrator considers appropriate in respect of the costs and expenses payable in relation to such Fund) divided by the number of Shares of such Fund outstanding as of the Dealing

Day. Any liabilities of the Company which are not attributable to any Fund shall be allocated among all of the Funds pro rata to the relative Net Asset Value of the Funds.

The Net Asset Value of each class shall be determined by calculating the amount of the Net Asset Value attributable to each class. The amount of the Net Asset Value of a Fund attributable to a class shall be determined by establishing the proportion of the assets of the class as at the most recent Net Asset Value calculation or the close of the Initial Offer Period in the case of an initial offer of a class, adjusted to take account of any subscription orders (after deduction of any repurchase orders) and by allocating relevant Class Expenses (as defined below) and fees to the class and making appropriate adjustments to take account of distributions paid, if applicable, and apportioning the Net Asset Value 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 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 having taken into account the nature of the fees and charges. Class Expenses and fees relating specifically to a class will be charged to that class. In the event that classes are priced in a currency other than the Base Currency, currency conversion costs will be borne by that class.

“Class Expenses” means the expenses of registering a class in any jurisdiction or with any stock exchange, regulated market or settlement system, and all other expenses arising from such registration and such further expenses howsoever arising as may be disclosed in the Prospectus. The cost of converting currency and the costs and gains/losses of the hedging transactions are borne solely by the relevant class.

The Net Asset Value per Share shall be rounded upwards or downwards as appropriate to the nearest third decimal place.

In determining the value of the assets of a Fund, each investment listed, traded or dealt in on a Regulated Market for which market quotations are readily available shall be valued at the last traded price at the Valuation Point in the relevant Regulated Market on the relevant Dealing Day, provided that the value of the investment listed, traded or dealt in on a Regulated Market but acquired or traded at a premium or at a discount outside or off the relevant stock exchange may be valued, taking into account the level of premium or discount as at the date of valuation of the investment and the Depositary must ensure that the adoption of such procedure is justifiable in the context of establishing the probable realisation value of the security. If the investment is normally listed, traded or dealt in on or under the rules of more than one Regulated Market, the relevant Regulated Market shall be that which constitutes the main market for the investment. If prices for an investment listed, traded or dealt in on the relevant Regulated Market are not available at the relevant time or are unrepresentative such investment shall be valued at such value as shall be certified with care and good faith as the probable realisation value of the investment by a competent professional person appointed by the Directors and approved for such purpose by the Depositary which may be the Investment Manager. Neither the Investment Manager nor the Administrator shall be under any liability if a price reasonably believed by them to be the latest available price for the time being may be found not to be such.

Units or shares in collective investment schemes which are not valued in accordance with the provisions above shall be valued on the basis of the latest available net asset value per unit/share as published by the collective investment scheme.

Cash deposits and similar investments shall be valued at their face value together with accrued interest.

Exchange-traded derivative instruments shall be valued at the relevant settlement price on the applicable exchange, provided that if the settlement price of an exchange-traded derivative instrument is not available, the value of such instrument shall be the probable

realisation value estimated with care and in good faith by a competent person appointed by the Directors and approved for the purpose by the Depositary. The counterparty to derivative instruments not traded on an exchange must be prepared to value the contract and to close out the transaction at the request of the Company at fair value. The Company may choose to value over the counter derivatives using either the counterparty valuation or an alternative valuation, such as a valuation calculated by the Company or by an independent pricing vendor. The Company must value over the counter derivatives on a daily basis. Where the Company values over the counter derivatives using an alternative valuation the Company must follow international best practice and will adhere to the principles on the valuation of over the counter instruments established by bodies such as IOSCO and AIMA. The alternative valuation is that provided by a competent person appointed by the Directors and approved for the purpose by the Depositary or a valuation by any other means provided that the value is approved by the Depositary. The alternative valuation will be reconciled to the counterparty valuation on a monthly basis. Where significant differences arise these will be promptly investigated and explained. Where the Company values over the counter derivatives using the counterparty valuation the valuation must be approved or verified by a party who is approved for the purpose by the Depositary and who is independent of the counterparty. The independent verification must be carried out at least weekly. Forward foreign exchange contracts and interest rate swaps shall be valued by reference to the price at which a new forward contract of the same size and maturity could be undertaken as of the close of business on the Dealing Day.

The Directors may adjust the Net Asset Value per Share where such an adjustment is considered necessary to reflect the fair value in the context of currency, marketability, dealing costs and/or such other considerations which are deemed relevant.

In the event of it being impossible or incorrect to carry out a valuation of a specific investment in accordance with the valuation rules set out above or if such valuation is not representative of an asset's fair market value, a competent person appointed by the Directors and approved for the purpose by the Depositary is entitled to use such other generally recognised valuation method in order to reach a proper valuation of that specific instrument, provided that such method of valuation has been approved by the Depositary.

### **Application for Shares**

Subscriptions for Shares must be made in the Base Currency of the Fund or Class. However, by agreement with the Administrator and the Company, subscriptions may be made in a currency that is not the currency of the Fund or Class but will be converted into the currency of that Fund or Class at the rate of exchange available to the Administrator and the costs of conversion shall be deducted from the subscription monies which will then be invested in Shares.

Application forms for Shares may be obtained from the Administrator. Shares shall only be issued on a Dealing Day to eligible investors who have forwarded the completed application form and provided satisfactory proof of identification to the Administrator, so that the application form and satisfactory proof of identification shall be received by the Administrator no later than the Trade Cut-Off Time. Subscriptions received after the Trade Cut-Off Time but before the Valuation Point may, at the sole discretion of the Directors, be accepted. Before subscribing for Shares an investor will be required to complete a declaration (included in the subscription application form) as to the investor's tax residency or status in the form prescribed by the Revenue Commissioners. Initial subscriptions may be made by way of signed original application form.

In order to receive Shares at the Net Asset Value per Share on a Dealing Day, application forms must be received no later than the Trade Cut-Off Time.

Investors should transmit funds representing the subscription monies by wire instructions to the relevant accounts set out in the application form so that the monies are received in the

Company's account by the Administrator by the relevant Settlement Day. The Fund may at the Director's sole discretion and upon prior agreement with the investor process requests where subscription monies have not been received by the Settlement Day, provided that subscription monies are paid into the assets of the Fund within a reasonable time. If payment for a subscription is not received by the relevant Settlement Day, a subscription may be cancelled or the investor may be charged interest on the outstanding subscription monies at normal commercial rates. In such an event, the investor may be held liable for any loss to the Fund.

Applications for Shares by *in specie* transfer may be made by agreement with the Investment Manager on a case-by-case basis. In such cases the Company shall issue Shares in exchange for investments which the Company may acquire in accordance with its investment objectives, policies and restrictions and may hold or sell, dispose of or otherwise convert such securities into cash. No Shares shall be issued until the investments are vested in the Depositary or its nominee. The value of the Shares to be issued shall be calculated on the same basis as the valuation of Shares to be issued for cash. The Depositary shall be satisfied that the terms on which the Shares are issued shall not be such as are likely to result in any prejudice to the existing Shareholders in the relevant Fund.

The Administrator reserves the right to reject in whole or in part any application for Shares or to request further details or evidence of identity from an applicant for Shares. The Funds are not intended for excessive trading. Where an application for Shares is rejected, the subscription monies shall be returned to the applicant within seven days of the date of such rejection.

The Company may issue fractional Shares rounded to the third decimal place. Fractional Shares shall not carry any voting rights.

A contract note will be sent to applicants within two Business Days of acceptance of the application and allotment of the Shares. The contract note will provide full details of the transaction and a Shareholder number which, together with the Shareholder's personal details, will be proof of identity. The Shareholder number should be used for all future dealings with the Company and the Administrator.

Applications for Shares received during any period when the issue or valuation of Shares has been temporarily suspended will not be dealt with until dealings have recommenced. Such applications will be dealt with on the next Dealing Day after dealings have recommenced, unless such application has been withdrawn during the period of suspension of dealings.

The Directors reserve the right to reject an application for Shares for any reason in whole or in part, in which event the application monies or any balance thereof will be returned to the applicant by transfer to the applicant's account or by post at the applicant's risk and cost.

### **Anti-Money Laundering Procedures**

Measures aimed at the prevention of money laundering will require an applicant to verify his identity to the Administrator and where applicable the beneficial owner on a risk sensitive basis and the ongoing monitoring of the business relationship. Politically exposed persons ("PEPs"), an individual who is or has, at any time in the preceding year, been entrusted with prominent public functions, and immediate family member, or persons known to close associates of such persons, must also be identified. Details of the specific documentation requirements should be obtained from the Administrator.

Notwithstanding that funds have come from a designated body within a prescribed country recognised by Ireland as having equivalent anti-money laundering regulations, evidence of identity must be established in accordance with the relevant anti-money laundering requirements which are advised to clients prior to application.

The Administrator reserves the right to request such documentation as is necessary to verify the identity of the applicant. Delays in providing such anti-money laundering documentation to the Administrator may, in respect of initial application for Shares, result in Shares being issued on a Dealing Day subsequent to the Dealing Day on which the applicant initially wished to have Shares issued to him.

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

### **Subsequent Subscriptions**

Subsequent subscriptions (i.e., subsequent to an initial subscription for Shares within a Fund) may be made by submitting a subscription order to the Administrator by the relevant Trade Cut-Off Time in writing or by fax in accordance with the requirements of the Central Bank provided that satisfactory proof of identity has been received by the Administrator. Subscription monies must be received in the relevant account no later than the Settlement Day.

Subsequent faxed subscription requests may be processed without a requirement to submit original documentation provided that amendments to a Shareholder's registration details and payment instruction will only be effected on receipt of original documentation.

### **Subscription Price**

During the Initial Offer Period, the initial subscription price per Share of each Fund shall be the Initial Offer Price.

Thereafter, the subscription price per Share shall be the Net Asset Value per Share next determined.

### **Written Confirmations of Ownership**

The Administrator shall be responsible for maintaining the Company's register of Shareholders in which all issues, repurchases, conversions and transfers of Shares will be recorded. Written confirmations of ownership shall be issued by post or facsimile in relation to each issue of Shares. Shares shall be in registered form. No share certificates will be issued by the Company to a Shareholder. A Share may be registered in a single name or in up to four joint names.

### **Repurchase Requests**

Shares in the McKinley Dividend Growth Fund may be repurchased on a Dealing Day by contacting the Administrator so that a written repurchase request is received by the Administrator no later than the relevant Trade Cut-Off Time. Repurchase requests may be made by way of signed original repurchase order form or by way of faxed instruction. In the case of faxed repurchase requests, payment will be made to the account of record only. Repurchase requests received subsequent to the relevant Trade Cut-Off Time shall be effective on the next succeeding Dealing Day.

If total repurchase requests on any Dealing Day for the Company or a Fund exceed 10 per cent of the total number of Shares in the Company or a Fund, the Directors may in their discretion after conferring with the Investment Manager refuse to repurchase any Shares in excess of 10 per cent of the total number of Shares in the Company or a Fund. All requests for repurchases on such Dealing Day shall be reduced rateably and the deferred repurchase

requests shall be treated as if they were received on each subsequent Dealing Day until all Shares to which the original request related have been repurchased.

### **Repurchase Price**

Shares shall be repurchased at the applicable Net Asset Value per Share obtained on the Dealing Day on which repurchase is effected.

All payments of repurchase monies from the McKinley Capital Dividend Growth Fund shall normally be made by the relevant Settlement Day on which the repurchase request is effected (and in any event within ten Business Days of the dealing deadline). The repurchase proceeds shall be made by telegraphic transfer at the Shareholder's expense to the Shareholder's bank account, details of which shall be set out by the Shareholder to the Administrator in the application form. Repurchase proceeds cannot be released until the original application form and all relevant anti-money laundering documentation has been received by the Administrator.

At the discretion of the Company and with the consent of the Shareholder making such repurchase request, assets may be transferred to a Shareholder in satisfaction of the repurchase monies payable on the repurchase of Shares, provided that such distribution is equitable and not prejudicial to the interests of the remaining Shareholders. The allocation of such assets shall be subject to the approval of the Depositary. Where a repurchase request represents 5 per cent or more of the Shares of a Fund, the Company may satisfy the repurchase request by the transfer of assets *in specie* to the Shareholder without the Shareholder's consent. In this event, the Company will, if requested by the Shareholder making such request sell such assets and the proceeds of sale shall be transmitted to the Shareholder. The transaction costs incurred in the sale of the assets will be payable by the Shareholder.

### **Contingent Deferred Sales Charge**

A contingent deferred sales charge ("CDSC") may be imposed on McKinley Capital Dividend Growth Fund shareholders on repurchase proceeds paid to a Shareholder that redeems their Shares within the first two years after the Shareholder's purchase of such Shares.

The amount of the CDSC that may be imposed on repurchase of the Shares will depend upon the number of years since the Shareholder acquired the Shares from which an amount is being redeemed. The table below shows the rates of the CDSC applicable with respect to a repurchase of Shares:

<b>Year since Purchase was made</b>	<b>CDSC for all Shares</b>
First	2.0 per cent
Second	1.0 per cent
Third and thereafter	None

A CDSC will not be imposed on purchases made through dividend reinvestments. For the purposes of calculating the CDSC, the Shares from which the repurchase is made is assumed to be the earliest subscription from which a full repurchase has not already been made.

### **Mandatory Repurchase of Shares**

If a repurchase causes a Shareholder's holding in the Company to fall below the Minimum Holding or such lesser amount as the Directors may determine, the Company may repurchase the whole of that Shareholder's holding. Before doing so, the Company shall notify the Shareholder in writing and allow the Shareholder thirty days to purchase additional Shares to

meet the minimum requirement. The Company reserves the right to vary this mandatory repurchase amount.

Shareholders are required to notify the Administrator immediately in the event that they become U.S. Persons. Shareholders who become U.S. Persons may be required to dispose of their Shares to non-U.S. Persons on the next Dealing Day thereafter unless the Shares are held pursuant to an exemption which would allow them to hold the Shares. The Company reserves the right to repurchase or require the transfer of any Shares which are or become owned, directly or indirectly, by a U.S. Person or other person if the holding of the Shares by such other person is unlawful or, in the opinion of the Directors, the holding might result in the Company, the relevant Fund or the Shareholders incurring any liability to taxation or suffering pecuniary or material administrative or regulatory disadvantage which the Company, the relevant Fund or the Shareholders might not otherwise suffer or incur.

### **Transfer of Shares**

All transfers of Shares shall be effected by transfer in writing in a form acceptable to the Company, or the Administrator as its delegate, 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 and must be submitted to the Administrator. 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. Where the transferee is not an existing Shareholder in the Fund, the transferee must complete an application form and comply with the relevant anti-money laundering procedures. The Directors may decline to register any transfer of Shares if in consequence of such transfer the transferor or transferee would hold less than the currency equivalent of the amount of the minimum initial investment for the relevant Fund or would otherwise infringe the restrictions on holding Shares outlined above. The registration of transfers may be suspended at such times and for such periods as the Directors may from time to time determine, provided always that such registration shall not be suspended for more than thirty days in any year. The Directors may decline to register any transfer of Shares unless the instrument of transfer is deposited at the registered office of the Company or at such other place as the Directors may reasonably require together with such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer. Such evidence may include a declaration that the proposed transferee is not a U.S. Person and that upon transfer the Shares will not be held by or for the account of any U.S. Person.

### **Withholdings and Deductions**

The Company will be required to account for tax on the value of the Shares repurchased or transferred at the applicable rate unless it has received from the transferor a declaration in the prescribed form confirming that the Shareholder is not an Irish Resident in respect of whom it is necessary to deduct tax. The Company reserves the right to redeem such number of Shares held by a transferor as may be necessary to discharge the tax liability arising therefrom. The Company reserves the right to refuse to register a transfer of Shares until it receives a declaration as to the transferee's residency or status in the form prescribed by the Revenue Commissioners.

### **Conversion of Shares**

With the consent of the Directors, a Shareholder may convert Shares of one Fund or Class into Shares of another Fund or Class on giving notice to the Administrator in such form as the Company or Administrator as its delegate may require provided that the shareholding satisfies the minimum investment criteria and provided that the original application is received within the time limits specified above in the case of subscriptions. Conversion is not intended to facilitate short term or excessive trading. The conversion is effected by arranging for the repurchase of Shares of one Fund or Class, converting the repurchase proceeds into the

currency of another Fund or Class and subscribing for the Shares of the other Fund with the proceeds of the currency conversion. The period of ownership for purposes of calculating the CDSC payable, if any, upon a repurchase of a share Class of such other Fund, shall be deemed to commence on the date the Shareholder acquired the Shares of the Fund originally purchased by the Shareholder. A transaction charge of up to 1 per cent of the Shares to be converted may be retained by the Fund or Class in which the Shares are held prior to conversion to cover the costs of the conversion.

The McKinley Capital Dividend Growth Fund does not permit the conversion, in whole or in part, of any Class of Shares into Class I Shares and Class II Shares. Conversion of other Shares from one Class to another or one Fund to another may, at the sole discretion of the Directors, be restricted to one per fiscal year.

Conversion will take place in accordance with the following formula:

$$NS = \frac{(A \times B \times C) - D}{E}$$

where:

- NS = the number of Shares which will be issued in the new Fund;
- A = the number of the Shares to be converted;
- B = the repurchase price of the Shares to be converted;
- C = the currency conversion factor, if any, as determined by the Directors;
- D = a conversion fee of up to 1 per cent of the Net Asset Value per Share; and
- E = the issue price of Shares in the new Fund on the relevant Dealing Day.

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

The length of time for completion of a conversion will vary depending on the Funds involved and the time when the conversion is initiated. In general, the length of time for completion of a conversion will depend upon each of the time required to obtain payment of repurchase proceeds from the Fund whose Shares are being repurchased and the time required to effect any foreign exchange transaction which may be necessary for the Shareholder to obtain the currency of the Fund in which Shares are being subscribed. A Shareholder is not required to submit a new application form for the purchase of Shares in connection with a conversion.

### **Umbrella Cash Accounts**

Cash accounts arrangements will be put in place in respect of the Company and the Funds as a consequence of the introduction of new requirements relating to the subscription and/or redemption collection accounts pursuant to the Investor Money Regulations 2015. The Investor Money Regulations took effect from 1 July 2016. The following is a description of how such cash accounts arrangements are expected to operate. These cash accounts are not subject to the protections of the Investor Money Regulations and instead will be subject to the guidance issued by the Central Bank from time to time in relation to umbrella cash accounts.

Shareholder Monies will be held in a single Umbrella Cash Account in respect of a particular currency. The assets in the Umbrella Cash Account will be assets of the Company (for the relevant Fund).

If subscription monies are received by a Fund in advance of the issue of Shares (which occurs on the relevant Dealing Day), then such monies will be held in the Umbrella Cash Account and will be treated as an asset of the relevant Fund. The subscribing investors will be unsecured creditors of the relevant Fund with respect to their subscription monies until the Shares are issued to them on the relevant Dealing Day. The subscribing investors will be exposed to the credit risk of the institution at which the Umbrella Cash Account has been opened. Such investors will not benefit from any appreciation in the Net Asset Value of the Fund or any other Shareholder rights in respect of the subscription monies (including dividend entitlements) until such time as the Shares are issued on the relevant Dealing Day.

Redeeming investors will cease to be Shareholders of the redeemed Shares from the relevant Dealing Day. Redemption and dividend payments will, pending payment to the relevant investors, be held in the Umbrella Cash Account. Redeeming investors and investors entitled to dividend payments held in the Umbrella Cash Account will be unsecured creditors of the relevant Fund with respect to those monies. Where the redemption and dividend payments cannot be transferred to the relevant investors, for example, where the investors have failed to supply such information as is required to allow the Company to comply with its obligations under applicable anti-money laundering and counter terrorist legislation, the redemption and dividend payments will be retained in the Umbrella Cash Account, and investors should address the outstanding issues promptly. Redeeming investors will not benefit from any appreciation in the Net Asset Value of the Fund or any other Shareholder rights (including, without limitation, the entitlement to future dividends) in respect of such amounts.

For information on the risks associated with Umbrella Cash Accounts, see "Risks Associated with Umbrella Cash Accounts" in the "Risk Factors" section herein.

### **Excessive Trading**

**Investment in the Funds is intended for long-term purposes only.** The Funds will take reasonable steps to seek to prevent short-term trading. Excessive short-term trading into and out of a Fund can disrupt portfolio investment strategies and may increase expenses, and adversely affect investment returns for all Shareholders, including long-term Shareholders who do not generate these costs. The Funds reserve the right to reject any purchase request (including any conversion request) by any investor or group of investors for any reason without prior notice, including, in particular, if it believes that the trading activity would be disruptive to a Fund.

For example, a Fund may refuse a purchase order if the Investment Manager believes it would be unable to invest the money effectively in accordance with the Fund's investment policies or the Fund would otherwise be adversely affected due to the size of the transaction, frequency of trading or other factors. A Fund may also reject any trade for any reason.

Investors should be aware that there are practical restraints both in determining the policy which is appropriate in the interests of long term investors, and in applying and enforcing such policy. For example, the ability to identify and prevent covert trading practices or short-term trading where investors act through omnibus accounts is limited. Also, investors such as fund of funds and asset allocation funds will change the proportion of their assets invested in the Company or in Funds in accordance with their own investment mandate or investment strategies. The Company will seek to balance the interests of such investors in a way that is consistent with the interests of long-term investors but no assurance can be given that the Company will succeed in doing so in all circumstances. For example, it is not always possible to identify or reasonably detect excess trading that may be facilitated by financial intermediaries or made difficult to identify by the use of omnibus accounts by those intermediaries.

### **Disclosure of Portfolio Information**

Information on the underlying investments in the Funds such as shares, sector and geographic allocation is available to all Shareholders. Shareholders should contact the Investment Manager to request this information. There will be an appropriate time-lag (i.e. at least one month) between the purchase/sale of the relevant Fund's investments and the time at which the information is made available.

### **Publication of the Prices of the Shares**

Except where the determination of the Net Asset Value has been suspended, in the circumstances described below, the Net Asset Value per Share shall be made public at the registered office of the Administrator on each Dealing Day. In addition, the Net Asset Value per Share shall be published in relation to each Dealing Day at the internet address [www.mckinleycapitalmanagementfundsplc.com](http://www.mckinleycapitalmanagementfundsplc.com). Such information shall relate to the Net Asset Value per Share for the previous Dealing Day and is published for information only. It is not an invitation to subscribe for, repurchase or convert Shares at that Net Asset Value.

### **Temporary Suspension of Valuation of the Shares and of Sales and Repurchases**

The Company may temporarily suspend the determination of the Net Asset Value and the sale or repurchase of Shares in any Fund or Class during:

- (i) any period (other than ordinary holiday or customary weekend closings) when any market is closed which is the main market for a significant part of the Fund's investments, or when trading thereon is restricted or suspended;
- (ii) any period during which disposal of investments which constitute a substantial portion of the assets of the Fund is not practically feasible or if feasible would be possible only on terms materially disadvantageous to Shareholders;
- (iii) any period when for any reason the prices of any investments of the Fund cannot be reasonably, promptly or accurately ascertained by the Administrator;
- (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 Directors, be carried out at normal rates of exchange;
- (v) any period when proceeds of the sale or repurchase of the Shares cannot be transmitted to or from the Fund's account; or
- (vi) upon the service on the Shareholders of a notice to consider a resolution to wind up the Company or close a Fund or Class.

Any such suspension shall be notified immediately to the Central Bank.

### **Data Protection Notice**

Prospective investors should note that by completing the application form they are providing personal information, which may constitute personal data within the meaning of the Irish Data Protection Acts 1988 and 2003 (the "Data Protection Acts"). Data will be used for the purposes of administration, transfer agency, statistical analysis, research and disclosure to the Company, its delegates and agents. By signing the application form, prospective investors acknowledge that they are providing their consent to the Company, its delegates and its or their duly authorised agents and any of their respective related, associated or affiliated companies obtaining, holding, using, disclosing and processing the data for any one or more of the following purposes:

- to manage and administer the investor's holding in the Company and any related accounts on an ongoing basis;
- for any other specific purposes where the investor has given specific consent;
- to carry out statistical analysis and market research;
- to comply with legal, regulatory and taxation obligations applicable to the investor and the Company;
- for disclosure or transfer, whether in Ireland or countries outside Ireland, including without limitation the U.S., which may not have the same data protection laws as Ireland, to third parties, including financial advisers, regulatory bodies, taxation authorities, auditors and technology providers or to the Company and its delegates and its or their duly appointed agents and any of their respective related, associated or affiliated companies for the purposes specified above; or
- for other legitimate business interests of the Company.

In particular, in order to comply with the Common Reporting Standard (as implemented in Ireland by Section 891E, Section 891F and Section 891G of the Taxes Consolidation Act 1997 (as amended) and regulations made pursuant to those sections), your personal data (including financial information) may be shared with the Irish tax authorities, the Irish Revenue Commissioners. They in turn may exchange information (including personal data and financial information) with foreign tax authorities (including foreign tax authorities located outside the EEA). Please consult the AEOI (Automatic Exchange of Information) webpage on [www.revenue.ie](http://www.revenue.ie) for further information in this regard.

Pursuant to the Data Protection Acts, investors have a right of access to their personal data kept by the Company and the right to amend and rectify any inaccuracies in their personal data held by the Company by making a request to the Company in writing.

The Company is a data controller and the Administrator is a data processor within the meaning of the Data Protection Acts and undertakes to hold any personal information provided by investors in confidence and in accordance with the Data Protection Acts.

Personal information provided in any application form for Shares will be kept on the database of the Administrator. Upon an application for Shares, Applicants must consent, in accordance with the Data Protection Acts, 1988 and 2003 to the release of such information to the Company and to service providers appointed by the Company who may be situated outside of the European Union for purposes solely connected with the administration of the Company.

## **MANAGEMENT AND ADMINISTRATION**

### **The Board of Directors**

The Board of Directors is responsible for managing the business affairs of the Company in accordance with the Articles of Association. The Directors have delegated certain functions to the Administrator, the Investment Manager and other parties, subject to supervision and direction by the Directors and provided that the delegation does not prevent the Company from being managed in the best interests of its investors. The conduct of the Company's business shall be decided by at least two of the Directors.

The Directors and their principal occupations are set forth below. The address of the Directors is the registered office of the Company.

### **John Hamrock**

Mr. Hamrock has extensive international experience in traditional and alternative funds and is a Director of HF Fund Services (Ireland) Limited. He serves as a Director and Designated Individual of a range of regulated investment funds which includes providing oversight and compliance monitoring for UCITS fund boards based in Ireland. Previously, he was a Member of Kinetic Partners where he focused primarily on assisting asset management firms in UCITS compliance, corporate governance, and developing cross-border fund distribution strategies. Previously, Mr. Hamrock established and managed a consultancy business where he was responsible for advising fund promoters on European distribution and in developing sub-advisory relationships. He had also advised fund promoters in establishing funds and selecting service providers in Ireland and Luxembourg. He was previously based in Brussels where he managed the European Fund Distribution team of State Street Global Advisors. He was also responsible in developing its exchange traded funds business. He previously worked in Boston with State Street Corporation as Head of its Offshore Fund Services Sales and Marketing teams. He served on the Irish Funds Industry Association's Legal and Regulatory Committee and on the Taoiseach's Financial Services Working Group Task Force. He is a member of the Investment Directors Forum. Mr. Hamrock holds an MBA in International Business and Industrial Development (with distinction) from the University of Ulster, a Certificate in Investment Planning from Boston University, and a Bachelor of Science in Business Administration from Suffolk University in Boston, Massachusetts.

### **Deborah Lamb**

Ms. Lamb rejoined the Investment Manager as its Chief Compliance Officer ("CCO") on July 1, 2016. Ms. Lamb previously held this position at the Investment Manager from June 1, 2008 until March 31, 2013. Most recently, she served as the CCO, Risk Management and AML Officer for Dividend Assets Capital, LLC, an investment adviser to mutual funds and private accounts. Prior to the above, Ms. Lamb was the CCO and AML Officer for Parametric Portfolio Associates LLC and was the CCO for Ridgeworth Capital Management, LLC, and INVESCO in Atlanta, GA. She has been in the investment industry for more than 30 years and has held similar positions with small and large financial institutions during this time. She has extensive experience with broker-dealer, investment adviser, investment company, and private funds compliance and institutional and individual portfolio management. Ms. Lamb has worked in various investment areas including, but not limited to, compliance, trading, marketing, risk management, operations, research and analysis, fixed income, equities and alternative investment products. Ms. Lamb is a Certified Securities Compliance Professional (CSCP), a Certified Fraud Examiner (CFE), and a candidate to be a Certified Risk and Compliance Management Professional (CRCMP). She formerly served two terms on the National Society of Compliance Professionals (NSCP) Board of Directors, and currently serves on the Finance committee, the Investment Advisers Committee, and the Certified Securities Compliance Professional Program Committee of NSCP. She is a member of the CFA Society Seattle, has served on various national committees and is a frequent guest speaker at industry conferences. Ms. Lamb holds a Bachelor of Science degree in Business Administration from Roger Williams University, Bristol, Rhode Island, USA.

### **John Skelly**

Mr. Skelly is a Principal of Carne Group and acts as a director and chairman on the boards of a number of industry-leading funds and management companies. He has over 25 years of experience in the financial services industry. He acts for both Irish and Cayman funds.

Mr. Skelly is a specialist in compliance, risk, product development, finance and operations for both traditional funds and hedge funds and has helped develop the operational infrastructure of a number of investment funds. He has in-depth understanding of hedge fund and traditional fund operational requirements and has project managed a number of fund

launches. He has expert knowledge of the risk and compliance requirements of UCITS and AIFMD. Mr. Skelly regularly provides industry training on investment fund products, particularly UCITS.

Prior to joining Carne in 2006 Mr. Skelly held a number of senior management positions with leading banks and asset management companies including BNP Paribas Securities Services and Norwich Union Investments (now Aviva Investors). He is a Fellow of the Institute of Chartered Accountants and trained with Deloitte. He holds a Bachelor of Commerce degree from University College Dublin.

The Company Secretary is Carne Global Financial Services Limited, 2nd Floor, Block E, Iveagh Court, Harcourt Road, Dublin 2.

The Articles of Association do not provide for retirement of Directors by rotation. The Articles of Association 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 per cent or more of the issued shares of any class of such company or of the voting rights available to members of such company. A Director may also vote in respect of any proposal concerning an offer of shares in which he is interested as a participant in an underwriting or sub-underwriting arrangement, and may also vote in respect of the giving of any security, guarantee or indemnity in respect of money lent by the Director to the Company or in respect of the giving of any security, guarantee or indemnity to a third party in respect of a debt obligation of the Company for which the Director has assumed responsibility in whole or in part.

### **The Investment Manager**

McKinley Capital Management, LLC has been appointed as investment manager of the Company. McKinley Capital Management, LLC is also responsible for promoting the Company.

The Investment Manager is a global asset management firm based in Anchorage, Alaska and was established in 1990 by Robert B. Gillam, who remains today its chief executive officer. The Investment Manager is a registered investment adviser under the Securities and Exchange Commission Investment Advisers Act of 1940, the Ontario Securities Commission and the British Columbia Securities Commission.

The Investment Manager's investment process is founded on the basic tenets of modern portfolio theory. Their investment professionals follow a disciplined, systematic approach employing both a quantitative screening process and a qualitative overlay in constructing and managing client portfolios. The Investment Manager offers domestic, non-U.S., global, and active extension growth equity strategies. They use a team approach for managing all products.

As of December 31, 2016, the Investment Manager had approximately US\$6.834 billion in assets under management.

The terms relating to the appointment of the Investment Manager are set out in the Investment Management Agreement. The Investment Management Agreement provides that the Investment Manager shall be responsible for managing the assets of the Funds and for distributing the Shares. The Investment Manager will be liable to the Company for any

losses, liabilities, actions, proceedings, claims, costs and expenses (individually a "Loss", collectively "Losses") sustained by reason of its fraud, bad faith, wilful default, recklessness or negligence in respect of its obligations and duties under the Investment Management Agreement. The Investment Manager shall not be under any liability to the Company on account of anything done or suffered by the Investment Manager in accordance with or in pursuance of any request or advice of the Company or its agents, delegates or appointees or any of them or pursuant to any proper instructions in the performance of its obligations or functions hereunder. The Company shall indemnify and hold harmless the Investment Manager and each of its directors, officers and authorised agents against all or any Losses (including without limitation reasonable legal fees and expenses) arising from the breach of the Investment Management Agreement by the Company in the performance of its duties or which otherwise may be suffered or incurred by the Investment Manager in the performance of its duties save where such Losses, claims, costs and expenses arise due to the fraud, bad faith, wilful default, recklessness or negligence of the Adviser, its directors, officers or authorised agents. The appointment of the Investment Manager shall continue in full force and effect unless and until terminated by either party giving not less than ninety days' written notice to the other. The Investment Management Agreement may be terminated by any party hereto forthwith by notice in writing to the other parties if at any time: (a) either parties shall go into liquidation (except a voluntary liquidation for the purpose of reconstruction or amalgamation upon terms previously approved in writing by the first-mentioned party) or be unable to pay its debts or commit any act of bankruptcy under applicable law or if a receiver is appointed over any of the assets of such other party or if some event having an equivalent effect occurs; (b) either party ceases to be permitted to perform its duties under any applicable laws or regulations; (c) the other party shall commit any material breach of the Investment Management Agreement and shall not have remedied such breach (if capable of remedy) within fourteen (14) days of notice requiring the same to be remedied; (d) an examiner, administrator or similar person is appointed to any other party.

The Investment Manager may, at its own costs and expenses and with the prior consent of the Company, delegate its investment management functions to a sub-investment manager (as applicable) provided that such delegation is made in accordance with the requirements of the Central Bank. Information on any sub-investment manager will be provided to Shareholders on request and details of the sub-investment manager will be disclosed in the annual report and the half-yearly accounts.

### **The Administrator**

The Company has appointed BNY Mellon Fund Services (Ireland) Designated Activity Company to act as administrator, registrar and transfer agent of the Company with responsibility for performing the day to day administration of the Company, including the calculation of the Net Asset Value and the Net Asset Value per Share of each Fund. The Administrator is a private limited company incorporated in Ireland on 31 May 1994 and is engaged in the provision of fund administration, accounting, registration, transfer agency and related shareholders services to collective investment schemes and investment funds. The Administrator is authorised by the Central Bank under the Investment Intermediaries Act, 1995.

The Administration Agreement shall continue in force until terminated by either party on ninety days' notice to the other. The Administration Agreement may be terminated forthwith by either party giving notice in writing to the other party if at any time the defaulting party shall (a) commit a material breach or is in material breach of any of the terms of the Administration Agreement which is either incapable of remedy or has not been remedied within thirty (30) days of the other party serving written notice to the defaulting party requiring it to be remedied; (b) be unable to pay its debts as they fall due or otherwise become insolvent or enter into any composition or arrangement with or for the benefit of its creditors or any class thereof; (c) be the subject of any petition for the appointment of an examiner or similar officer to it; (d) have a receiver appointed over all or any substantial part of its undertaking,

assets or revenues; (e) be the subject of an effective resolution for its winding up except in relation to a voluntary winding up for the purposes of reconstruction or amalgamation upon terms previously approved in writing by the other party; or (f) be the subject of a court order for its winding up.

The Administrator and its directors, officers, employees and agents shall not be liable for any loss, damage or expense (including, without limitation, legal counsel and professional fees and other costs and expenses incurred in connection with the defence of any claim, action or proceedings) arising out of or in connection with the performance by the Administrator (its directors, officers, servants, employees or agents) of its duties hereunder (including its actions or omissions) and whether in accordance with or in pursuance of any Proper Instructions or in accordance with professional advice obtained pursuant to Clause 7.2.2 of the Administration Agreement or as a result of the incompleteness or inaccuracy of any specifications, instructions or information furnished to the Administrator or for delays caused by circumstances beyond the Administrator's reasonable control or otherwise howsoever arising other than by reason of the negligence, wilful default or fraud of the Administrator and its directors, officers, employees and agents in the performance or non-performance of its duties, obligations or functions under this Agreement. In particular, the Administrator shall not be liable for any loss which may be sustained in the purchase, holding or sale of any Investment or other asset by the Company or any Shareholder or for any loss which may be sustained as a result of loss, delay, mis-delivery or error.

### **The Depositary**

The Company has appointed BNY Mellon Trust Company (Ireland) Limited to act as the depositary to the Company. The Depositary is a private limited liability company incorporated in Ireland on 13 October 1994. The principal activity of the Depositary is to act as the depositary and trustee of the assets of collective investment schemes. The Depositary is authorised by the Central Bank under the Investment Intermediaries Act, 1995.

Both the Administrator and the Depositary are wholly-owned indirect subsidiaries of The Bank of New York Mellon Corporation. The Bank of New York Mellon Corporation is a global financial services company focused on helping clients manage and service their financial assets, operating in 34 countries and serving more than 100 markets. The Bank of New York Mellon Corporation is a leading provider of financial services for institutions, corporations and high-net-worth individuals, providing asset management and wealth management, asset servicing, issuer services, clearing services and treasury services. As of December 31, 2016, BNY Mellon had \$29.9 trillion in assets under custody and/or administration, and \$1.6 trillion in assets under management.

The duty of the Depositary is to provide safekeeping, oversight and asset verification services in respect of the assets of the Company and each Fund in accordance with the provisions of the UCITS Rules and the Directive. The Depositary will also provide cash monitoring services in respect of each Fund's cash flows and subscriptions.

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

The Depositary will be liable for loss of financial instruments held in custody or in the custody of any sub-custodian, unless it can prove that loss was not as a result of the Depositary's negligent or intentional failure to perform its obligations and 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.

The Depositary has power to delegate the whole or any part of its depositary functions, however, its liability will not be affected by the fact that it has entrusted to a third party some or all of the assets in its safekeeping. The Depositary has delegated its safe-keeping duties in respect of financial instruments in custody to The Bank of New York Mellon. The list of sub delegates appointed by The Bank of New York Mellon is set out in Schedule IV hereto. The use of particular sub delegates will depend on the markets in which the Company invests. No conflicts arise as a result of such delegation.

Up-to-date information regarding the duties of the Depositary, any conflicts of interest that may arise and the Depositary's delegation arrangements will be made available to investors by the Company on request.

The Depositary shall be entitled to retire or resign its appointment: (i) upon the expiration of not less than 90 days' notice in writing to the Company; (ii) at any time upon or after the Company going into liquidation (except voluntary liquidation for the purpose of reconstruction or amalgamation upon terms previously approved in writing by the Depositary which approval shall not be unreasonably withheld, delayed or conditioned) or being unable to pay its debts within the meaning of Section 570 of the Companies Acts or in the event of the appointment of a receiver over any of the assets of the Company or if an examiner is appointed to the Company or if some event having an equivalent effect occurs; (iii) at any time if the Company shall commit any material breach of its obligations under the Depositary Agreement and (if such breach shall be capable of remedy) shall fail within 30 days of receipt of notice served by the Depositary requiring it to make good such breach. The Company may terminate the appointment of the Depositary by giving not less than 90 days' notice in writing to the Depositary. The Company may forthwith terminate the appointment of the Depositary by notice taking immediate or subsequent effect if any of the events set out in (ii) or (iii) above occur in relation to the Depositary or if the Depositary shall cease to be authorised to act as a depositary to a fund authorised under the UCITS Regulations or otherwise under applicable law to carry out its functions pursuant to the Depositary Agreement.

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

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 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 Depositary for the account of the Fund and (b) repurchase monies payable by such intermediate entity to the relevant investor. The fees of sub-distributors and paying agents will be borne by the Fund.

It is intended that the Company will appoint various paying agents in connection with the public distribution of its Shares in certain jurisdictions.

## **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. For instance, it does not address the tax position of Shareholders whose acquisition of Shares in the Company would be regarded as a shareholding in a Personal Portfolio Investment Undertaking (PPIU). 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 advisors 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 Taxes Consolidation Act, 1997, as amended (“TCA”) so long as the Company is resident 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 of distributions to Shareholders, any encashment, repurchase, redemption, 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 is required to account for the Irish tax thereon.

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.

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”) or 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/civil partners and any transfer of Shares between spouses/civil partners or former spouses/civil partners on the occasion of judicial separation, decree of dissolution and/or divorce, as appropriate; 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.

If the Company becomes liable to account for tax on a chargeable event, the Company shall be entitled to deduct from the 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 per cent 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 per cent 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 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;
- a company carrying on life business within the meaning of Section 706 of the TCA;
- an investment undertaking within the meaning of Section 739B(1) of the TCA, or an investment limited partnership within the meaning of Section 739J of the TCA;
- a special investment scheme within the meaning of Section 737 of the TCA;
- a charity being a person referred to in Section 739D(6)(f)(i) of the TCA;

- (f) a qualifying management company within the meaning of Section 739B(1) of the TCA;
- (g) a unit trust to which Section 731(5)(a) of the TCA applies;
- (h) a person who is entitled to exemption from income tax and capital gains tax under Section 784A(2) of the TCA where the Shares held are assets of an approved retirement fund or an approved minimum retirement fund;
- (i) 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;
- (j) a credit union within the meaning of Section 2 of the Credit Union Act, 1997;
- (k) the National Asset Management Agency
- (l) the National Treasury Management Agency or a Fund investment vehicle (within the meaning of section 37 of the National Treasury Management Agency (Amendment) Act 2014) of which the Minister for Finance of Ireland is the sole beneficial owner or Ireland acting through the National Treasury 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 in respect of payments made to it by the Company; or
- (o) 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, 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 an encashment, repurchase, redemption, 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.

Unless 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, in the event that a non-resident Shareholder (or an intermediary acting on its behalf) fails to make the necessary declaration of non-residence, tax will be deducted as described above on the happening of a chargeable event and notwithstanding that the Shareholder is not resident or ordinarily resident in Ireland any such tax deducted will generally not be refundable.

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 at the rate of 41 per cent.

Tax will also be deducted by the Company and remitted to the Revenue Commissioners from any gain arising on an encashment, repurchase, redemption, cancellation or other disposal of Shares by such a Shareholder 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.

Where the Shareholder is an Irish resident company and the Company is in possession of a relevant declaration from the Shareholder that it is a company and which includes the company's tax reference number, tax will be deducted by the Company from any distributions made by the Company to the Shareholder and from any gains arising on an encashment, repurchase, redemption, cancellation or other disposal of shares by the Shareholder at the rate of 25 per cent.

#### *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 per cent 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 at the rate of 41 per cent (or in the case of Irish resident corporate Shareholders where a relevant declaration has been made, at the rate of 25 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 eight 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 per cent 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 payments 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 25 per cent (or 41 per cent if no declaration has been made) has been deducted. 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. In practice, where tax at a rate higher than 25 per cent has been deducted from payments to a corporate Shareholder resident in Ireland, a credit of the excess tax deducted over the higher corporation tax rate of 25 per cent should be available.

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 or who receives a gain on an encashment, repurchase, redemption, cancellation or other disposal 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 the payment or on the amount of the gain under the self-assessment system and in particular, Part 41A of the TCA.

Pursuant to Section 891C of the TCA and the Return of Values (Investment Undertakings) Regulations 2013, the Company is obliged to report certain details in relation to Shares held by investors to the Revenue Commissioners on an annual basis. The details to be reported include the name, address and date of birth if on record of, and the investment number associated with and the value of the Shares held by, a Shareholder. In respect of Shares acquired on or after 1 January 2014, the details to be reported also include the tax reference number of the Shareholder (being an Irish tax reference number or VAT registration number, or in the case of an individual, the individual's PPS number) or, in the absence of a tax reference number, a marker indicating that this was not provided. These provisions do not require such details to be reported in respect of Shareholders who are:

- Exempt Irish Residents (as defined above);
- Shareholders who are neither Irish Resident nor ordinarily resident in Ireland (provided the relevant declaration has been made); or
- Shareholders whose Shares are held in a recognised clearing system,

however investors should note the section entitled "The OECD Common Reporting Standard" for information on additional investor information gathering and reporting requirements to which the Company is subject.

### **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.

## **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, repurchase or redemption of Shares in the Company. However, where any subscription for or redemption 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 or other body corporate 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 or a qualifying company within the meaning of Section 110 of the TCA) which is registered in Ireland.

## **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, an individual is deemed to be present if he / she is present in the country at any time during the day.

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. 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 will be resident in Ireland if its central management and control is in Ireland or (in certain circumstances) if it is incorporated in Ireland. For Ireland to be treated as the location of a company's central management and control this typically means Ireland is the location where all fundamental policy decisions of the company are made.

All companies incorporated in Ireland are resident in Ireland for tax purposes except where:

- (i) in the case of a company incorporated before 1 January 2015, the company or a related company carries on a trade in Ireland, and either (a) the company is ultimately controlled by persons resident in a "relevant territory", being an EU member state (other than Ireland) or a country with which Ireland has a double taxation agreement in force by virtue of Section 826(1) of the TCA or that is signed and which will come into force once all the ratification procedures set out in Section 826(1) of the TCA have been completed, or (b) the principal class of the shares in the company or a related company is substantially and regularly traded on a recognised stock exchange in a relevant territory; or
- (ii) the company is regarded as resident in a country other than Ireland and not resident in Ireland under a double taxation agreement between Ireland and that other country.

A company incorporated in Ireland and coming within either (i) or (ii) above will not be regarded as resident in Ireland unless its central management and control is in Ireland, PROVIDED however, a company coming within (i) above which has its central management and control outside of Ireland will still be regarded as resident in Ireland if (a) it would by virtue of the law of a relevant territory be tax resident in that relevant territory if it were incorporated in that relevant territory but would not otherwise be tax resident in that relevant territory, (b) is managed and controlled in that relevant territory, and (c) would not otherwise by virtue of the law of any territory be regarded as resident in that territory for tax purposes. The exception from the incorporation rule of tax residence at (i) above in respect of a company incorporated before 1 January 2015 will however cease to apply or be available after 31 December 2020, or, if earlier, from the date, after 31 December 2014, of a change in ownership (direct or indirect) of the company where there is a major change in the nature or conduct of the business of the company within the period beginning on the later of 1 January 2015 or the date which occurs one year before the date of the change in ownership of the company, and ending 5 years after the date of the change in ownership. For these purposes a major change in the nature or conduct of the business of the company includes the commencement by the company of a new trade or a major change arising from the acquisition by the company of property or of an interest in or right over property.

#### **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 donor 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.

#### **AUTOMATIC EXCHANGE OF INFORMATION**

Ireland has implemented the “Standard for Automatic Exchange of Financial Account Information”, also known as the Common Reporting Standard (“CRS”), into Irish law.

The CRS is a new, single global standard on Automatic Exchange of Information (“AEOI”) which was approved by the Council of the OECD in July 2014. It draws on earlier work of the OECD and the EU, global anti-money laundering standards and, in particular, the Model FATCA Intergovernmental Agreement. The CRS sets out details of the financial information to be exchanged, the financial institutions required to report, together with common due diligence standards to be followed by financial institutions.

Under the CRS, participating jurisdictions are required to exchange certain information held by financial institutions regarding their non-resident customers. Over 90 jurisdictions have committed to exchanging information under the CRS and a group of over 40 countries, including Ireland, have committed to the early adoption of the CRS. For these early adopters, the first exchange of information in relation to accounts coming into existence from 1 January 2016 and individual high value accounts in existence at 31 December 2015 is expected take place by the end of September 2017, with information about individual low value accounts in existence at 31 December 2015 and entity accounts is expected to first be exchanged either by the end of September 2017 or September 2018 depending on when financial institutions identify them as reportable accounts.

Shareholders should note that the Company is required to disclose the name, address, jurisdiction(s) of tax residence, date and place of birth, account reference number and tax identification number(s) of each reportable person in respect of a reportable account for CRS and information relating to each Shareholder’s investment (including but not limited to the value of and any payments in respect of the Shares) to the Revenue Commissioners who may in turn exchange this information with the tax authorities in territories who are participating jurisdictions for the purposes of the CRS. In order to comply with its obligations, the Company may require additional information from Shareholders.

By signing the application form to subscribe for Shares in the Company, each Shareholder is agreeing to provide such information and documentation upon request from the Company or its delegate. The non-provision of such information may result in mandatory redemption of Shares or other appropriate action taken by the Company. Shareholders refusing to provide the requisite information to the Company may also be reported to the Revenue Commissioners.

The above description is based in part on regulations, guidance from the OECD and the CRS, all of which are subject to change.

Pursuant to information-sharing arrangements in place between Ireland and/or the European Union and certain third countries and/or dependant or associated territories of CRS-participating jurisdictions, to the extent that those countries or territories are not “Reportable Jurisdictions” under the CRS, the Administrator, or such other entity considered to be a paying agent for these purposes, may be obliged to collect certain information (including the tax status, identity and residency of the Shareholders) in order to satisfy the disclosure requirements under those arrangements and to disclose such information to the relevant tax authorities. Those tax authorities may in turn be obliged to provide the information disclosed to the tax authorities of other relevant jurisdictions.

Shareholders will be deemed by their subscription for Shares in a Fund to have authorised the automatic disclosure of such information by the Administrator, or other relevant person to the relevant tax authorities.

Each prospective investor should consult its own tax advisers on the requirements applicable to it under these arrangements.

## **US TAX CONSIDERATIONS**

### **FATCA**

The Foreign Account Tax Compliance Act ("FATCA") is a US tax law that imposes a withholding tax of 30 per cent on certain payments by non-U.S. financial institutions to persons that fail to meet certain documentation requirements. "FATCA was introduced as part of the Hiring Incentives to Restore Employment Act of 2010. Under FATCA the Company may be subject to a 30 per cent withholding tax on the income it receives, from certain of its assets, and on the proceeds from the sale of certain of its assets and certain other payments it receives unless it timely complies with local Irish legislation. Reporting Irish Financial Institutions (such as the Company) are required to collect and provide to the Irish tax authorities substantial information regarding certain direct and indirect Shareholders and instruct paying agents to withhold 30 per cent of certain payments to certain Shareholders. In some cases, the ability to avoid such withholding tax will depend on factors outside of the Company's control.

The government of Ireland has entered into an intergovernmental agreement (the "IGA") with the United States to help implement FATCA. Accompanying regulations and Guidance Notes were also released. Under the IGA the Company is not required to enter into an agreement with the U.S. Internal Revenue Service ("IRS") in order to avoid the withholding tax, but instead will be required to comply with Irish legislation which gives effect to such IGA. It will require the Company to collect and review information in respect of all Shareholders in order to identify those Shareholders that are Specified U.S. persons. ("U.S. Unitholders") and report certain information to the tax authorities in Ireland, which would then exchange such information with the IRS under the terms of the IGA. The required information includes the name, address, taxpayer identification number and certain other information with respect to U.S. Unitholders and certain direct and indirect U.S. owners of other investors as well as information on payments made to non-participating foreign financial institution payees.

It is possible that, if the Company fails to comply with its obligations under Irish legislation enacted to implement the IGA, the Company will be subject to a 30 per cent U.S. withholding tax, as mentioned above on a portion of its income. Such withholding could have a materially adverse impact on the Company's ability to make payments on the Shares.

Investors will be required to provide the Company with any valid, complete and accurate documentation that is required for the Company to comply with its obligations under Irish legislation enacted to implement the IGA. If an investor fails to comply, the Company will be required to report on the investor and potentially induce withholding tax on amounts otherwise distributable to the investor, to compel the investor to sell its Shares and, if the investor does not sell its Shares after notice from the Company, to sell the investor's Shares on behalf of the investor in accordance with the terms of the Articles of Association. –

### **GENERAL**

#### ***Conflicts of Interest, Best Execution and Exercising of Voting Rights***

The Company 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 that the Funds and their shareholders are fairly treated. The Directors, Investment Manager, the Depositary and the Administrator may from time to time act as investment manager, investment adviser, depositary, administrator, director, company secretary, dealer or distributor in relation to, or be otherwise involved in, other funds and accounts established by parties other than the Company which have similar investment objectives to those of the Company and any Fund. Such other funds and accounts may pay higher fees than a Fund or performance-based fees for such services. The Investment Manager and its affiliates shall not be under any obligation to offer investment opportunities

of which any of them becomes aware to the Company or to account to the Company in respect of (or share with the Company or inform the Company of) any such transaction or any benefit received by any of them from any such transaction, but will allocate any such opportunities on an equitable basis between the Company and other clients, taking into consideration the investment objectives, investment limitations, capital available for investment and diversification posture of the Company and other clients. The Investment Manager may hold Shares in any Fund. It is, therefore, possible that the Directors, Investment Manager, the Depositary and/or the Administrator may, in the course of business, have potential conflicts of interests with the Company and a Fund. Each will, at all times, have regard in such event to its obligations to the Company and the Fund and will ensure that such conflicts are resolved fairly. In addition, any of the foregoing may deal, as principal or agent, with the Company in respect of the assets of a Fund, provided that such dealings are carried out as if effected on normal commercial terms negotiated on an arm's length basis and that such dealings are in the best interests of Shareholders.

"Connected Person" means the Company or the Depositary, and the delegates or sub-delegates of the Company or the Depositary (excluding any non-group company sub-custodians appointed by the Depositary), and any associated or group company of the Company, the Depositary, any delegate or sub-delegate;

The Company is required to ensure that any transaction between the Company and a Connected Person is conducted at arm's length and is in the best interests of Shareholders.

The Company may enter into a transaction with a Connected Person if at least one of the conditions in the following paragraphs (a), (b) or (c) is complied with:

- (a) the value of the transaction is certified by either: (i) a person who has been approved by the Depositary as being independent and competent; or (ii) a person who has been approved by the Directors as being independent and competent in the case of transactions involving the Depositary;
- (b) the transaction is executed on best terms on an organised investment exchange in accordance with the rules of relevant exchange; or
- (c) the transaction is executed on terms which the Depositary is or, in the case of a transaction involving the Depositary, the Directors are, satisfied conformed to the requirement that transactions with Connected Persons be conducted 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 or they complied with the requirements of (a), (b) or (c) above. Where transactions are conducted in accordance with (c) above, the Depositary or, in the case of a transaction involving the Depositary, the Directors, shall document its or their rationale for being satisfied that the transaction conformed to the requirement that transactions with Connected Persons be conducted at arm's length and in the best interests of Shareholders.

Conflicts of interest may arise as a result of transactions in FDI and efficient portfolio management techniques and instruments. For example, the counterparties to, or agents, intermediaries or other entities which provide services in respect of, such transactions may be related to the Depositary. As a result, those entities may generate profits, fees or other income or avoid losses through such transactions. Furthermore, conflicts of interests may also arise where the collateral provided by such a counterparty is subject to a valuation or haircut applied by a party related to such counterparty.

The Company has adopted a policy designed to ensure that its service providers act in the Funds' best interests when executing decisions to deal and placing orders to deal on behalf of those Funds in the context of managing the Funds' portfolios. For these purposes, all

reasonable steps must be taken to obtain the best possible result for the Funds, taking into account price, costs, speed, likelihood of execution and settlement, order size and nature, research services provided by the broker to the Investment Manager, or any other consideration relevant to the execution of the order. Information about the Company's execution policy and any material change to the policy are available to Shareholders at no charge upon request.

It is proposed that soft commissions may be paid to brokers in respect of a Fund. The brokers or counterparties to the soft commission arrangements have agreed to provide best execution to the Company. The benefits provided under the arrangements will assist in the provision of investment services to the Funds. Details of the soft commission arrangements will be disclosed in the annual and half-yearly reports of the Company.

The Directors, the Investment Manager and their affiliates may invest, directly or indirectly, or manage or advise other investment funds or accounts which invest in assets which may also be purchased or sold by the Company. Neither the Directors, the Investment Manager nor any of their affiliates is under any obligation to offer investment opportunities of which any of them becomes aware to the Company or to account to the Company in respect of or share with the Company or inform the Company of any such transaction or any benefit received by any of them from any such transaction, but will allocate any such opportunities on an equitable basis between the Company and other clients.

The Investment Manager may be responsible for valuing certain securities held by the Funds. The Investment Manager are paid a fee which is a percentage of the Net Asset Value of each Fund and therefore the fees payable to the Investment Manager will increase as the value of the Fund increases. Consequently a conflict of interest could arise between its interest and those of the Funds. In the event of such a conflict of interests, the Investment Manager shall have regard to its obligations to the Company and the Fund and will ensure that such a conflict is resolved fairly and in the best interests of the Shareholders.

The Company has developed a strategy for determining when and how voting rights are exercised. Details of the actions taken on the basis of those strategies are available to Shareholders at no charge upon request.

### **The Share Capital**

The share capital of the Company shall at all times equal the Net Asset Value of the Company. The Directors are empowered to issue up to five hundred billion Shares of no par value in the Company at the Net Asset Value per Share on such terms as they may think fit. There are no rights of pre-emption upon the issue of Shares in the Company. As of the date of this document the Company has issued two Subscriber Shares which do not participate in the assets of any Fund. The Company reserves the right to redeem some or all of the Subscriber Shares provided that the Company at all times has a minimum issued share capital to the value of EUR300,000.

Each of the Shares entitles the Shareholder to participate equally on a *pro rata* basis in the distributions and net assets of the Fund attributable to the relevant class in respect of which they are issued, save in the case of distributions declared prior to becoming a Shareholder. The Subscriber Shares' entitlement is limited to the amount subscribed and accrued interest thereon.

The proceeds from the issue of Shares 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 assets in which the Fund may invest. The records and accounts of each Fund shall be maintained separately.

The Directors reserve the right to redesignate any class of Shares from time to time, provided that shareholders in that class shall first have been notified by the Company that the Shares will be redesignated and shall have been given the opportunity to have their Shares repurchased by the Company, except that this requirement shall not apply where the Directors redesignate Shares in issue in order to facilitate the creation of an additional class of Shares.

The Articles authorise the Directors to create Classes of Shares with restricted voting rights. The Directors have exercised this authority with respect to Class IV USD Accumulating NV, Class IV EUR Accumulating NV, Class V USD Accumulating NV, Class V EUR Accumulating NV, Class VI USD Accumulating NV, Class VI EUR Accumulating NV and Class VII Hedged USD Accumulating NV, of the McKinley Capital Dividend Growth Fund. Accordingly those Classes of Shares shall have no voting rights in respect of any resolution submitted to the Shareholders of the Company, the Fund or in respect of those Classes but shall be provided with at least two Dealing Days' prior notice of the proposed change the resolution encompasses prior to the date of the resolution becoming effective during which time the holders Shares in these Classes may have their non-voting Shares repurchased, if they so wish. Any decision to invest in a non-voting Share Class is made by a prospective Shareholder and not by the Company.

Each of the Shares entitles the holder to attend and (except in the case of non-voting Shares) 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 distributions 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, except in the case of the non-voting 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 of Association.

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

It is intended that all but two of the Subscriber Shares will be repurchased by the Company at their Net Asset Value on the Dealing Day on which the first issue of Shares is effected after the Initial Offer Period. The Subscriber Shares entitle the Shareholders holding them to attend and vote at all meetings of the Company, but do not entitle the holders to participate in the distributions or net assets of any Fund or 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 Directors may, from time to time, upon the prior approval of the Central Bank, establish further Funds by the issue of one or more separate Classes of Shares on such terms as the Directors may resolve. The Directors may, from time to time, in accordance with the requirements of the Central Bank, establish one or more separate Classes of Shares within each Fund on such terms as the Directors may resolve.

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 Memorandum and Articles of Association;

- (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 Depository, 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 relevant 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 Depository, 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.

### **Termination**

All of the Shares of the Company or all of the Shares in a Fund or class may be repurchased by the Company in the following circumstances:

- (i) a majority of votes cast at a general meeting of the Company or the relevant Fund or class, as appropriate, approve the repurchase of the Shares;
- (ii) if so determined by the Directors, provided that not less than twenty one (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 repurchased by the Company; or
- (iii) if no replacement depositary shall have been appointed during the period of ninety (90) days commencing on the date the Depositary or any replacement thereof shall have notified the Company of its desire to retire as depositary or shall have ceased to be approved by the Central Bank.

Where a repurchase of Shares would result in the number of Shareholders falling below two or such other minimum number stipulated by statute or where a repurchase 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 repurchase of the minimum number of Shares sufficient to ensure compliance with applicable law. The repurchase 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 repurchase can be effected. The Company shall be entitled to select the Shares for deferred repurchase in such manner as it may deem to be fair and reasonable and as may be approved by the Depositary.

On a winding up or if all of the Shares in any Fund are to be repurchased, the assets available for distribution (after satisfaction of creditors' claims) shall be distributed *pro rata* to the holders of the Shares in proportion to the number of the Shares held in that Fund. The balance of any assets of the Company then remaining that are not attributable to any particular Fund shall be apportioned among the Funds *pro rata* to the Net Asset Value of each Fund immediately prior to any distribution to Shareholders and shall be distributed among the Shareholders of each Fund *pro rata* to the number of Shares in that Fund held by them. With the authority of an ordinary resolution of the Shareholders or with the consent of any Shareholder, the Company may make distributions *in specie* to Shareholders or to any individual Shareholder who so consents. At the request of any Shareholder the Company shall arrange the sale of such assets at the expense of such Shareholder and without any liability on the part of the Company, the Administrator or the Investment Manager if the proceeds of sale of any asset are less than the value of the assets at the time at which it was distributed *in specie*. The transaction costs incurred in the disposal of such investments shall be borne by the Shareholder. The Subscriber Shares do not entitle the holders to participate in the distributions or net assets of any Fund.

### **Meetings**

All general meetings of the Company or of a Fund shall be held in Ireland. In each year the Company shall hold a general meeting as its annual general meeting. The quorum for general meetings shall be two persons present in person or by proxy. Twenty-one (21) days

notice (excluding the day of posting and the day of the meeting) shall be given in respect of each general meeting of the Company. The notice 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. An ordinary resolution is a resolution passed by a plurality of votes cast and a special resolution is a resolution passed by a majority of 75 per cent or more of the votes cast. The Articles of Association provide that matters may be determined by a meeting of Shareholders on a show of hands with each Shareholder having one vote unless a poll is requested by five Shareholders or by Shareholders holding 10 per cent or more of the Shares or unless the Chairman of the meeting requests a poll. Each Share (including the Subscriber Shares) gives the holder one vote in relation to any matters relating to the Company which are submitted to Shareholders for a vote by poll.

## **Reports**

In each year the Directors shall cause to be prepared an annual report and audited annual accounts for the Company. These will be forwarded to Shareholders within four months of the end of the financial year and at least twenty one days before the annual general meeting. In addition, the Company shall prepare and circulate to Shareholders within two months of the end of the relevant period a half-yearly report which shall include unaudited half-yearly accounts for the Company.

Annual audited accounts shall be prepared up to 30 June of each year unless 30 June is not a Business Day. In such case, reporting will occur on the immediately preceding Business Day to 30 June of that year. Unaudited half-yearly report shall be prepared since the date of the most recent annual audited accounts up to 31 December of each year unless 31 December is not a Business Day. In such case, reporting will occur on the immediately preceding Business Day to 31 December of that year.

Audited annual reports and unaudited half-yearly reports incorporating financial statements shall be 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.

## **Complaints**

Information regarding the Company's complaint procedures are available to Shareholders free of charge upon request. Shareholders may file any complaints about the Company or a Fund free of charge at the registered office of the Company.

## **Remuneration**

The Company has adopted a remuneration policy as required by the UCITS Regulations (the "Remuneration Policy"). As at the date of this Prospectus, the Remuneration Policy applies to those Directors who receive a fee for their services to the Company. Due to the size and internal organisation of the Company and the nature, scope and complexity of its activities, a remuneration committee has not been established by the Company. Any fee arrangements with Directors of the Company shall be subject to the approval of the board of Directors. Please see the section entitled "Fees and Expenses" for details of the fees and expenses payable to the Directors. Further information on the current remuneration policy of the Company, including a description of how remuneration and benefits are calculated and the identity of persons responsible for awarding the remuneration and benefits, is available at [www.mckinleycapitalmanagementfundspc.com](http://www.mckinleycapitalmanagementfundspc.com). A paper copy of this information is available free of charge upon request from the Investment Manager.

## **Miscellaneous**

- (i) The Directors confirm and report that the Company was incorporated on 14 November 2008.

- (ii) The Company is not, and has not been since its incorporation, engaged in any legal or arbitration proceedings and no legal or arbitration proceedings are known to the Directors to be pending or threatened by or against the Company.
- (iii) There are no service contracts in existence between the Company and any of its Directors, nor are any such contracts proposed.
- (iv) Ms. Lamb is a consultant to the Investment Manager. Save as disclosed above, 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.
- (v) At the date of this document, neither the Directors nor their spouses nor their infant children have any direct or indirect interest in the share capital of the Company or any options in respect of such capital.
- (vi) No Share or loan capital of the Company is under option or is agreed conditionally or unconditionally to be put under option.
- (vii) Save as disclosed herein in the section entitled "Fees and Expenses", no commissions, discounts, brokerage or other special terms have been granted by the Company in relation to Shares issued by the Company.
- (viii) The Company does not have, nor has it had since its incorporation, any employees or subsidiary companies.

### **Material Contracts**

The following contracts, details of which are set out in the section entitled "Management and Administration", have been entered into and are, or may be, material:

- a) The Investment Management Agreement dated 27 March 2009 as amended by addendum dated 10 August 2012 between the Company and the Investment Manager, pursuant to which the latter was appointed as investment manager in relation to the Company.
- b) The Depositary Agreement dated 26 August 2016 between the Company and the Depositary pursuant to which the latter acts as depositary in relation to the Company.
- c) The Administration Agreement dated 27 March 2009 between the Company and the Administrator pursuant to which the latter acts as administrator of the Company.

### **Supply and Inspection of Documents**

The following documents are available for inspection free of charge during normal business hours on weekdays (Saturdays and public holidays excepted) at the registered office of the Company:

- (a) the certificate of incorporation and Memorandum and Articles of Association of the Company;
- (b) the material contracts referred to above; and
- (c) the UCITS Regulations and Central Bank UCITS Regulations.

Copies of the Memorandum and Articles of Association of the Company (each as amended from time to time in accordance with the requirements of the Central Bank) and the latest

financial reports of the Company, as appropriate, may be obtained, free of charge, upon request at the registered office of the Company.

## SCHEDULE I

### The Regulated Markets

The following is a list of regulated stock exchanges and markets in which the assets of each Fund may be invested from time to time and is set out in accordance with the Central Bank's requirements. With the exception of permitted investments in unlisted securities each Fund will invest in securities traded on a stock exchange or market which meets the regulatory criteria (regulated, operating regularly, be recognised and open to the public). and which is listed in this Prospectus. These exchanges and markets are listed in accordance with the requirements of the Central Bank. The Central Bank does not issue a list of approved stock exchanges or markets. A Regulated Market shall comprise any stock exchange in the European Union, any stock exchange in a member state of the European Economic Area and any stock exchange in the U.S., Australia, Canada, Japan, Hong Kong, New Zealand, Norway or Switzerland which is a stock exchange within the meaning of the law of the country concerned relating to stock exchanges; or any stock exchange included in the following list:

- (i) the market organised by the International Capital Markets Association, NASDAQ, the market in U.S. government securities which is conducted by primary dealers which are regulated by the Federal Reserve Bank of New York, the over the counter market by primary dealers and secondary dealers which are regulated by the U.S. Securities and Exchange Commission and by the National Association of Securities Dealers Inc., and by banking institutions regulated by the US Comptroller of the Currency, the Federal Reserve System or Federal Deposit Insurance Corporation, the market conducted by listed money market institutions as described in the Financial Services Authority publication entitled "The Regulation of the Wholesale Cash and OTC Derivatives Markets in Sterling, Foreign Currency and Bullion": "The Grey Paper" (as amended or revised from time to time), the over-the-counter market in Japan regulated by the Securities Dealers Association of Japan, AIM - the Alternative Investment Market in the UK, regulated by the London Stock Exchange, the French Market for Titres de Creance Negotiable (over-the-counter market in negotiable debt instruments); NASDAQ Europe; the over-the-counter market in Canadian Government Bonds regulated by the Investment Dealers Association of Canada; SESDAQ and KOSDAQ; and the Russia Trading Systems (RTS) I and II;
- (ii) the following exchanges: Argentina the stocks exchanges in Buenos Aires, Cordoba, Mendoza, Rosario and La Plata; Bahrain the stock exchange in Manama; Barbados the stock exchange in Bridgetown; Bangladesh – the stock exchange in Dhaka; Botswana the stock exchange in Serowe; Brazil – the stock exchanges in Sao Paulo, Brasilia, Bahia-Sergipe-Alagoas, Extremo Sul Porto Alegre, Parana Curitiba, Regional Fortaleza, Santos, Pernambuco e Bahia Recife and Rio de Jeneiro; Chile – the stock exchange in Santiago; China the stock exchanges in Shanghai and Shenzhen; CIS – the stock exchange in Vladivostock; Columbia – the stock exchange in Bogota; Costa Rica – the stock exchange in San Jose; Ecuador – the stock exchanges in Quito and Ecuador; Egypt – the stock exchanges in Cairo and Alexandria; Ghana – the stock exchange in Accra; Hong Kong – the stock exchange in Hong Kong; Iceland – the stock exchange in Reykjavik; India – the stock exchanges in Bombay, Madras, Delhi, Ahmedabab, Bangalore, Cochin, Gauhati, Magadh, Pune, Hyderabad, Ludhiana, Uttar Pradesh and Calcutta; Indonesia – the stock exchanges in Jakarta and Surabaya; Israel – the stock exchange in Tel Aviv; Ivory Coast – the stock exchange in Abidjan; Jordan – the stock exchange in Amman; Kazakhstan – Kazakhstan stock exchange; Kenya – the stock exchange in Nairobi; South Korea – the stock exchange in Seoul; Kuwait – the stock exchange in Kuwait; Lebanon - the Beirut stock exchange; Mauritius – the stock exchange in Mauritius; Malaysia – the stock exchange in Kuala Lumpur; Mexico – the stock exchange in Mexico City; Morocco - the stock exchange in Casablanca; Nigeria – the stock exchanges in Lagos, Kaduna and Port Harcourt; Namibia – Namibia Stock Exchange; Pakistan – the stock exchange in Karachi;; Peru – the stock exchange in Lima; Philippines – the Philippine Stock Exchange; Saudi Arabia – the stock exchange in

Riyadh; Singapore – the stock exchange in Singapore; Serbia – the Serbian stock exchange; South Africa – the stock exchange in Johannesburg; Sri Lanka – the stock exchange in Colombo; Taiwan – the stock exchange in Taipei; Thailand – the stock exchange in Bangkok; Trinidad & Tobago – the stock exchange in Port of Spain; Tunisia – the stock exchange in Tunis; Turkey – the stock exchange in Istanbul; Ukraine – the Ukraine stock exchange in Kiev; Uruguay – the stock exchange in Montevideo; Venezuela – the stock exchanges in Caracas and Maracaibo; Viet Nam – the Stock Trading Center of Viet Nam in Ho Chi Minh City; Zambia – the Zambian stock exchange; Zimbabwe – the stock exchange in Harare; or any of the following: Equity Securities listed in Russian Trading System 1 (RTS1) and Russian Trading System 2 (RTS2) and Moscow Interbank Currency Exchange (MICEX); Bermuda - Bermuda Stock Exchange;; Cayman Islands - Cayman Islands Stock Exchange; Chi-X; Croatia - Zagreb Exchange; Dubai Financial Market; Abu Dhabi Securities Exchange; Dubai International Financial Exchange; Mauritius Exchange (SEM); Palestine Exchange; Qatar - Doha Exchange; Swaziland - Mbabane; United Arab Emirates - Abu Dhabi Exchange; Bahrain Stock Exchange; Kuwait Stock Exchange; and any other exchanges mentioned in (iii) (B) below.

(iii) for investments in financial derivative instruments:

(A) the market organised by the International Capital Markets Association; the over-the-counter market in the U.S. conducted by primary and secondary dealers regulated by the Securities and Exchange Commission and by FINRA (The Financial Industry Regulatory Authority) and by banking institutions regulated by the U.S. Comptroller of the Currency, the Federal Reserve System or Federal Deposit Insurance Corporation; the market conducted by listed money market institutions as described in the Financial Services Authority publication entitled “The Regulation of the Wholesale Cash and OTC Derivatives Markets”: “The Grey Paper” (as amended or revised from time to time); the over-the-counter market in Japan regulated by the Securities Dealers Association of Japan; AIM - the Alternative Investment Market in the UK, regulated by the London Stock Exchange; 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 and all futures and options exchanges in a member state of the European Union or a Member State of the European Economic Area (EEA) (excluding Iceland and Liechtenstein i.e. Norway); and

(B) American Stock Exchange, Australian Stock Exchange, Sydney Futures Exchange, Alberta Stock Exchange, Amman Financial Market, Amsterdam Stock Exchange, Athens Stock Exchange, Beirut Stock Exchange, Bermuda Stock Exchange, Bombay Stock Exchange, Bogota Stock Exchange, Brazil Stock Exchange, BM&FBovespa Exchange, Bolsa Mexicana de Valores, British Columbia Stock Exchange, Bucharest Stock Exchange, Barcelona Stock Exchange, Canadian Stock Market Reports Cayman Islands Stock Exchange, Caracas Stock Exchange, Commodity Exchange Inc, Coffee, Sugar and Cocoa Exchange, Chicago Board of Trade, Chicago Board Options Exchange Futures Exchange, OneChicago The Single Stock Futures Exchange, Chicago Mercantile Exchange, Colombo Stock Exchange, Sri Lanka Stock Closings, Chile Electronic Stock Exchange, Copenhagen Stock Exchange (including FUTOP), Electronic Share Information, European Options Exchange, Eurex Deutschland, Euronext Amsterdam, Financier Termijnmarkt Amsterdam, Finnish Options Market, Frankfurt Stock Exchange, French Stock Exchange, FTSE International, London Stock Exchange, Global Futures Exchange and Trading, Guayaquil Stock Exchange, Heng Seng, Istanbul Stock Exchange, International Securities Market Association, Irish Futures and Option Exchange (IFOX), International Monetary Market; Instinet, Italian Stock

Exchange, Jamaica Stock Exchange, National Stock Exchange of Lithuania, OMX Exchange Helsinki, Hong Kong Stock Exchange, Hong Kong Futures Exchange, Kansas City Board of Trade, Jakarta Stock Exchange, Indonesia Net Exchange, Korean Stock Exchange, Korean Futures Exchange, Financial Futures and Options Exchange, Kuala Lumpur Stock Exchange, Euronext.life, Euronext Paris, Lima Stock Exchange, London International Financial Futures and Options Exchange, Lahore Stock Exchange, Lisbon Stock Exchange, MEFF Rent Fiji, Marche a Terme des International de France, Macedonian Stock Exchange, Marche des options Negociables de Paris (MONEP), MEFF Renta Variable, Madrid Stock Exchange, Montreal Stock Exchange, Mexico Stock Exchange, National Stock Exchange of India, New York Futures Exchange, New York Mercantile Exchange, New York Stock Exchange, Nicaraguan Stock Exchange, North American Derivatives Exchange (Nadax.com), Nagoya Stock Exchange, New Zealand Futures and Options Exchange, OMLX The London Securities and Derivatives Exchange Ltd., OM Stockholm AB, Osaka Securities Exchange, Occidente Stock Exchange, Oslo Stock Exchange, Pacific Stock Exchange, Palestine Securities Exchange, Philadelphia Board of Trade, Philadelphia Stock Exchange, Quebec Stock Exchange, Posit, Rio de Janeiro Stock Exchange, Russian Securities Market News, S&P Futures Exchange, Sao Paulo Stock Exchange, Santiago Stock Exchange, Singapore Stock Exchange, Singapore International Monetary Exchange, South Africa Futures Exchange (SAFEX), Sydney Futures Exchange, Toronto Stock Exchange, The National Association of Securities Dealers Automated Quotations System (NASDAQ), Trinidad and Tobago Stock Exchange Tokyo Stock Exchange, Tokyo International Financial Futures Exchange, TSX Group Exchange, The Stock Exchange of Thailand. U.S. Futures Exchange, LLC, Vancouver Stock Exchange, Venezuela Electronic Stock Exchange, Vienna Stock Exchange, Warsaw Stock Exchange, Winnipeg Stock Exchange and any other exchanges mentioned in (ii) above.

## SCHEDULE II

### Investment Restrictions applicable to the Funds

<b>1</b>	<b>Permitted Investments</b>
	Investments of a Fund are confined to:
<b>1.1</b>	Transferable securities and money market instruments which are either admitted to official listing on a stock exchange in a Member State or non-Member State or which are dealt on a market which is regulated, operates regularly, is recognised and open to the public in a Member State or non-Member State.
<b>1.2</b>	Recently issued transferable securities which will be admitted to official listing on a stock exchange or other market (as described above) within a year.
<b>1.3</b>	Money market instruments other than those dealt on a Regulated Market.
<b>1.4</b>	Units of UCITS.
<b>1.5</b>	Units of alternative investment funds.
<b>1.6</b>	Deposits with credit institutions.
<b>1.7</b>	Financial derivative instruments.
<b>2</b>	<b>Investment Restrictions</b>
<b>2.1</b>	A Fund may invest no more than 10 per cent of Net Asset Value in transferable securities and money market instruments other than those referred to in paragraph 1.
<b>2.2</b>	<p>Subject to paragraph (2) a responsible person shall not invest any more than 10 per cent of assets of the UCITS in securities of the type to which Regulation 68(1)(d) of the UCITS Regulations apply.</p> <p>Paragraph (1) does not apply to an investment by a responsible person in US Securities known as "Rule 144 A securities" provided that:</p> <ul style="list-style-type: none"> <li>(i) the relevant securities are issued with an undertaking to register the securities with the SEC within one year of issue; and</li> <li>(ii) the securities are not illiquid securities i.e. they may be realised by the Fund within 7 days at the price, or approximately at the price, at which they are valued by the UCITS.</li> </ul>
<b>2.3</b>	A Fund may invest no more than 10 per cent of Net Asset Value in transferable securities or money market instruments issued by the same body provided that the total value of transferable securities and money market instruments held in the issuing bodies in each of which it invests more than 5 per cent is less than 40 per cent.
<b>2.4</b>	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 a Member State and is subject by law to special public supervision designed to protect bond-holders. 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. It is not proposed to avail of this without the prior approval of the Central Bank.

- 2.5** 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 a Member State or its local authorities or by a non-Member State or public international body of which one or more Member States are members.
- 2.6** The transferable securities and money market instruments referred to in 2.5 shall not be taken into account for the purpose of applying the limit of 40 per cent referred to in 2.3.
- 2.7** A Fund may not invest more than 20 per cent of Net Asset Value in deposits made with the same credit institution.
- Deposits with any one credit institution, other than credit institutions authorised in the EEA or credit institutions authorised within a signatory state (other than an EEA Member State) to the Basle Capital Convergence Agreement of July 1988 and credit institutions authorised in Jersey, Guernsey, the Isle of Man, Australia or New Zealand, held as ancillary liquidity, must not exceed 10 per cent of Net Asset Value.
- This limit may be raised to 20 per cent in the case of deposits made with the trustee/depositary
- 2.8** The risk exposure of a UCITS to a counterparty to an OTC derivative may not exceed 5 per cent of net assets.
- This limit is raised to 10 per cent in the case of credit institutions authorised in the EEA or credit institutions authorised within a signatory state (other than an EEA Member State) to the Basle Capital Convergence Agreement of July 1988 and credit institutions authorised in Jersey, Guernsey, the Isle of Man, Australia or New Zealand.
- 2.9** Notwithstanding paragraphs 2.3, 2.7 and 2.8 above, a combination of two or more of the following issued by, or made or undertaken with, the same body may not exceed 20 per cent of net assets:
- (i) investments in transferable securities or money market instruments;
  - (ii) deposits; and/or
  - (iii) risk exposures arising from OTC derivatives transactions.
- 2.10** The limits referred to in 2.3, 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.
- 2.11** Group companies are regarded as a single issuer for the purposes of 2.3, 2.5, 2.7, 2.8 and 2.9. However, a limit of 20 per cent of Net Asset Value may be applied to investment in transferable securities and money market instruments within the same group.
- 2.12** A Fund may invest up to 100 per cent of Net Asset Value in different transferable securities and money market instruments issued or guaranteed by any Member State, its local authorities, non-Member States or public international body of which one or more Member States are members.
- The individual issuers must be listed in the prospectus and may be drawn from the following list:
- OECD Governments (provided the relevant issues are investment grade), European Investment Bank, European Bank for Reconstruction and Development, International Finance Corporation, International Monetary Fund, Euratom, The Asian Development Bank, European Central Bank, Council of Europe, Eurofima, African Development

	<p>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 and the Tennessee Valley Authority.</p> <p>The Fund must hold securities from at least 6 different issues, with securities from any one issue not exceeding 30 per cent of net assets.</p>
<b>3</b>	<b>Investment in Collective Investment Schemes ("CIS")</b>
<b>3.1</b>	A UCITS may invest in CIS of the open-ended type if the CIS are within the meaning of Regulation 4(3) and are prohibited from investing more than 10 per cent. of net assets in other CIS. A Fund may not invest more than 20 per cent of Net Asset Value in any one CIS.
<b>3.2</b>	Investment in non-UCITS may not, in aggregate, exceed 30 per cent of Net Asset Value.
<b>3.3</b>	The underlying CIS is prohibited from investing more than 10 per cent of Net Asset Value in other open-ended collective investment schemes.
<b>3.4</b>	When a Fund 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 redemption fees on account of the Fund investment in the units of such other CIS.
<b>3.5</b>	Where by virtue of investment in the units of another investment fund, a responsible person, an investment manager or an investment advisor receives a commission on behalf of the UCITS (including a rebated commission), the responsible person shall ensure that the relevant commission is paid into the property of the UCITS.
<b>4</b>	<b>Index Tracking UCITS</b>
<b>4.1</b>	A Fund may invest up to 20 per cent of Net Asset Value in shares and/or debt securities issued by the same body where the investment policy of the Fund is to replicate an index which satisfies the criteria set out by the Central Bank Regulations and is recognised by the Central Bank.
<b>4.2</b>	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.
<b>5</b>	<b>General Provisions</b>
<b>5.1</b>	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.
<b>5.2</b>	<p>A Fund may acquire no more than:</p> <ul style="list-style-type: none"> <li>(i) 10 per cent of the non-voting shares of any single issuing body;</li> <li>(ii) 10 per cent of the debt securities of any single issuing body;</li> <li>(iii) 25 per cent of the units of any single CIS;</li> <li>(iv) 10 per cent of the money market instruments of any single issuing body.</li> </ul>

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 a 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 Member States are members;
  - (iv) shares held by a Fund 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 Fund can invest in the securities of issuing bodies of that State. This waiver is applicable only if in its investment policies the company from the non-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; and
  - (v) Shares held by an investment company or investment companies or ICAV 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** A Fund need not comply with the investment restrictions herein when exercising subscription rights attaching to transferable securities or money market instruments which form part of their assets.
- 5.5** The Central Bank may allow recently authorised Funds 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 Fund or as a result of the exercise of subscription rights, the Fund must adopt as a priority objective for its sales transactions the remedying of that situation, taking due account of the interests of its unitholders.
- 5.7** 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:
- (i) transferable securities;
  - (ii) money market instruments;
  - (iii) units of investment funds; or
  - (iv) financial derivative instruments.

<b>5.8</b>	A Fund may hold ancillary liquid assets.
<b>6</b>	<b>Financial Derivative Instruments ('FDIs')</b>
<b>6.1</b>	A Funds global exposure relating to FDI must not exceed its total net asset value.
<b>6.2</b>	Position exposure to the underlying assets of FDI, including embedded FDI in transferable securities or money market instruments, when combined where relevant with positions resulting from direct investments, may not exceed the investment limits set out in the UCITS 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 UCITS Rules.)
<b>6.3</b>	A Fund 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.
<b>6.4</b>	Investment in FDIs are subject to the conditions and limits laid down by the Central Bank

## SCHEDULE III

### Share Classes

<b>McKinley Capital Dividend Growth Fund – Fund denomination – Euro</b>						
Share class	Share class base currency	Initial Offer Price	Minimum initial investment	Minimum subsequent investment	Minimum Holding	Voting Class
Class I EUR Accumulating	Euro	EUR100	EUR500,000	EUR100,000	EUR 500,000	Yes
Class I EUR Distributing	Euro	EUR100	EUR500,000	EUR100,000	EUR 500,000	Yes
Class II EUR Accumulating	Euro	EUR100	EUR500,000	EUR100,000	EUR 500,000	Yes
Class II EUR Distributing	Euro	EUR100	EUR500,000	EUR100,000	EUR 500,000	Yes
Class III EUR Accumulating	Euro	EUR100	EUR500,000 (or equivalent in other authorised currency)	EUR100,000 (or equivalent in other authorised currency)	EUR500,000 (or equivalent in other authorised currency)	Yes
Class IV EUR Accumulating NV	Euro	EUR100	EUR 500,000	EUR 100,000	EUR 500,000	No
Class IV USD Accumulating NV	U.S. Dollar	USD100	USD 625,000	USD 125,000	USD 625,000	No
Class V EUR Accumulating NV	Euro	EUR100	EUR 500,000	EUR 100,000	EUR 500,000	No
Class V USD Accumulating NV	U.S. Dollar	USD100	USD 625,000	USD 125,000	USD 625,000	No
Class VI EUR Accumulating NV	Euro	EUR100	EUR 500,000	EUR 100,000	EUR 500,000	No
Class VI USD Accumulating NV	U.S. Dollar	USD100	USD 625,000	USD 125,000	USD 625,000	No
Class VII Hedged SEK Accumulating	Swedish Kronor	SEK 100	SEK 5,000	SEK 2,000	SEK 5,000	Yes
Class VII Hedged USD Accumulating NV	U.S. Dollar	USD100	USD 625,000	USD 125,000	USD 625,000	No
Class VII Hedged CAD Accumulating	Canadian Dollar	CAD 100	CAD 750,000	CAD 150,000	CAD 750,000	Yes
Class VII Hedged GBP Accumulating	Pound Sterling	GBP100	GBP 375,000	GBP 75,000	GBP 375,000	Yes
Class VII Hedged AUD Accumulating	Australian Dollar	AUD100	AUD 937,500	AUD 187,500	AUD 937,500	Yes

## SCHEDULE IV

### Sub-delegates appointed by The Bank of New York Mellon

<b>Argentina</b>	Citibank N.A., Argentina
<b>Australia</b>	National Australia Bank Limited
<b>Australia</b>	Citigroup Pty Limited
<b>Australia</b>	The Hongkong and Shanghai Banking Corporation Limited
<b>Austria</b>	Citibank N.A. Milan
<b>Austria</b>	UniCredit Bank Austria AG
<b>Bahrain</b>	HSBC Bank Middle East Limited
<b>Bangladesh</b>	The Hongkong and Shanghai Banking Corporation Limited
<b>Belgium</b>	Citibank International Limited
<b>Bermuda</b>	HSBC Bank Bermuda Limited
<b>Botswana</b>	Stanbic Bank Botswana Limited
<b>Brazil</b>	Citibank N.A., Brazil
<b>Brazil</b>	Itau Unibanco S.A.
<b>Bulgaria</b>	Citibank Europe plc, Bulgaria Branch
<b>Canada</b>	CIBC Mellon Trust Company (CIBC Mellon)
<b>Cayman Islands</b>	The Bank of New York Mellon
<b>Channel Islands</b>	The Bank of New York Mellon
<b>Chile</b>	Banco de Chile
<b>Chile</b>	Itau Corpbanca S.A.
<b>China</b>	HSBC Bank (China) Company Limited
<b>Colombia</b>	Cititrust Colombia S.A. Sociedad Fiduciaria
<b>Costa Rica</b>	Banco Nacional de Costa Rica
<b>Croatia</b>	Privredna banka Zagreb d.d.
<b>Cyprus</b>	BNP Paribas Securities Services S.C.A., Athens
<b>Czech Republic</b>	Citibank Europe plc, organizacni slozka
<b>Denmark</b>	Skandinaviska Enskilda Banken AB (Publ)
<b>Egypt</b>	HSBC Bank Egypt S.A.E.
<b>Estonia</b>	SEB Pank AS
<b>Euromarket</b>	Clearstream Banking S.A.
<b>Euromarket</b>	Euroclear Bank
<b>Finland</b>	Skandinaviska Enskilda Banken AB (Publ)
<b>France</b>	BNP Paribas Securities Services S.C.A.
<b>France</b>	Citibank Europe plc, UK branch
<b>Germany</b>	The Bank of New York Mellon SA/NV, Asset Servicing, Niederlassung Frankfurt am Main
<b>Ghana</b>	Stanbic Bank Ghana Limited
<b>Greece</b>	BNP Paribas Securities Services S.C.A., Athens
<b>Hong Kong</b>	The Hongkong and Shanghai Banking Corporation Limited
<b>Hong Kong</b>	Deutsche Bank AG
<b>Hungary</b>	Citibank Europe plc. Hungarian Branch Office
<b>Iceland</b>	Landsbankinn hf.

<b>India</b>	Deutsche Bank AG
<b>India</b>	The Hongkong and Shanghai Banking Corporation Limited
<b>Indonesia</b>	Deutsche Bank AG
<b>Ireland</b>	The Bank of New York Mellon
<b>Israel</b>	Bank Hapoalim B.M.
<b>Italy</b>	Citibank N.A. Milan
<b>Italy</b>	Intesa Sanpaolo S.p.A.
<b>Italy</b>	Monte Titoli S.p.A.
<b>Italy</b>	The Bank of New York SA/NV
<b>Japan</b>	Mizuho Bank, Ltd.
<b>Japan</b>	The Bank of Tokyo-Mitsubishi UFJ, Ltd.
<b>Jordan</b>	Standard Chartered Bank
<b>Kazakhstan</b>	Citibank Kazakhstan Joint-Stock Company
<b>Kenya</b>	Stanbic Bank Kenya Limited
<b>Kuwait</b>	HSBC Bank Middle East Limited, Kuwait
<b>Latvia</b>	AS SEB bankas
<b>Lebanon</b>	HSBC Bank Middle East Limited – Beirut Branch
<b>Lithuania</b>	AB SEB bankas
<b>Luxembourg</b>	Euroclear Bank
<b>Malawi</b>	Standard Bank Limited
<b>Malaysia</b>	Deutsche Bank (Malaysia) Berhad
<b>Malta</b>	The Bank of New York Mellon SA/NV, Asset Servicing, Niederlassung Frankfurt am Main
<b>Mauritius</b>	The Hongkong and Shanghai Banking Corporation Limited
<b>Mexico</b>	Banco Nacional (México) S.A.
<b>Mexico</b>	Citibanamex
<b>Morocco</b>	Citibank Maghreb S.A.
<b>Namibia</b>	Standard Bank Namibia Limited
<b>Netherlands</b>	The Bank of New York Mellon SA/NV
<b>New Zealand</b>	National Australia Bank Limited
<b>Nigeria</b>	Stanbic IBTC Bank Plc
<b>Norway</b>	Skandinaviska Enskilda Banken AB (Publ)
<b>Oman</b>	HSBC Bank Oman S.A.O.G.
<b>Pakistan</b>	Deutsche Bank AG
<b>Panama</b>	Citibank N.A., Panama Branch
<b>Peru</b>	Citibank del Peru S.A.
<b>Philippines</b>	Deutsche Bank AG
<b>Poland</b>	Bank Polska Kasa Opieki S.A.
<b>Portugal</b>	Citibank Europe plc, Sucursal em Portugal
<b>Qatar</b>	HSBC Bank Middle East Limited, Doha
<b>Romania</b>	Citibank Europe plc, Romania Branch
<b>Russia</b>	PJSC ROSBANK
<b>Russia</b>	AO Citibank
<b>Saudi Arabia</b>	HSBC Saudi Arabia Limited

<b>Serbia</b>	UniCredit Bank Serbia JSC
<b>Singapore</b>	DBS Bank Ltd
<b>Singapore</b>	United Overseas Bank Ltd
<b>Slovak Republic</b>	Citibank Europe plc, pobočka zahraničnej banky
<b>Slovenia</b>	UniCredit Banka Slovenia d.d.
<b>South Africa</b>	The Standard Bank of South Africa Limited
<b>South Korea</b>	The Hongkong and Shanghai Banking Corporation Limited
<b>South Korea</b>	Deutsche Bank AG
<b>Spain</b>	Banco Bilbao Vizcaya Argentaria, S.A.
<b>Spain</b>	Santander Securities Services S.A.U.
<b>Sri Lanka</b>	The Hongkong and Shanghai Banking Corporation Limited
<b>Swaziland</b>	Standard Bank Swaziland Limited
<b>Sweden</b>	Skandinaviska Enskilda Banken AB (Publ)
<b>Switzerland</b>	Credit Suisse (Switzerland) Ltd.
<b>Switzerland</b>	UBS Switzerland AG
<b>Taiwan</b>	HSBC Bank (Taiwan) Limited
<b>Tanzania</b>	Stanbic Bank Tanzania Limited
<b>Thailand</b>	The Hongkong and Shanghai Banking Corporation Limited
<b>Tunisia</b>	Banque Internationale Arabe de Tunisie
<b>Turkey</b>	Deutsche Bank A.S.
<b>Uganda</b>	Stanbic Bank Uganda Limited
<b>Ukraine</b>	Public Joint Stock Company "Citibank"
<b>U.A.E.</b>	HSBC Bank Middle East Limited, Dubai
<b>U.K.</b>	Depository and Clearing Centre (DCC) Deutsche Bank AG, London Branch
<b>U.K.</b>	The Bank of New York Mellon
<b>U.S.A.</b>	The Bank of New York Mellon
<b>Uruguay</b>	Banco Itaú Uruguay S.A.
<b>Venezuela</b>	Citibank N.A., Sucursal Venezuela
<b>Vietnam</b>	HSBC Bank (Vietnam) Ltd
<b>West African Economic and Monetary Union (WAEMU)*</b>	Societe Generale de Banques en Cote d'Ivoire
<b>Zambia</b>	Stanbic Bank Zambia Limited
<b>Zimbabwe</b>	Stanbic Bank Zimbabwe Limited

\* Note: Benin, Burkina-Faso, Guinea Bissau, Ivory Coast, Mali, Niger, Senegal, and Togo are members of the West African Economic and Monetary Union.

## SCHEDULE V

### ADDITIONAL INFORMATION FOR INVESTORS IN GERMANY

#### German Information Agent

The Company has appointed Zeidler Legal Services to act as information agent for the Company in the Federal Republic of Germany (the “**German Information Agent**”). The Company has agreed to pay the German Information Agent a fee in return for the provision of its services as German Information Agent. This fee will be charged at normal commercial rates. The German Information Agent has its offices at the following address:

#### **ZEIDLER LEGAL SERVICES**

Bettinastrasse 48  
60325 Frankfurt am Main  
Germany

The Prospectus, the Memorandum and Articles of Association, the key investor information documents (KIIDs) relating to the share classes offered in Germany, the latest half-yearly and annual reports of the Company can be obtained free of charge in hardcopy at the aforementioned address.

Furthermore, the following documents can be inspected free of charge in hard copy at the offices of the German Information Agent at the aforementioned address:

- Investment Management Agreement dated 27 March 2009 as amended by addendum dated 10 August 2012 between the Company and the Investment Manager, pursuant to which the latter was appointed as investment manager in relation to the Company;
- Depositary Agreement dated 26 August 2016 between the Company and the Depositary pursuant to which the latter acts as depositary in relation to the Company;
- Administration Agreement dated 27 March 2009 between the Company and the Administrator pursuant to which the latter acts as administrator of the Company.

The documents described in the “Supply and Inspection of Documents” section of the Prospectus can also be inspected free of charge at the offices of the German Information Agent. Further relevant information and documents for Shareholders can, if available, be obtained free of charge from the German Information Agent.

No paying agent has been appointed in Germany as no individual Share certificates in respect of the Company are issued in printed format.

Requests for subscription and repurchase of Shares may be sent directly to the Administrator. The appropriate application forms may be obtained from the Administrator. Repurchase monies will normally be paid by the relevant Settlement Day on which the repurchase request is effected and in any event, within ten Business Days of the dealing deadline. The repurchase proceeds shall be made by telegraphic transfer to the Shareholder’s bank account at the Shareholder’s expense. Details of the Shareholder’s bank account shall be set out by the Shareholder in the application form submitted to the Administrator. Repurchase proceeds cannot be released until the original application form and all relevant anti-money laundering documentation has been received by the Administrator.

#### **Publication of prices and notices to Shareholders**

Except where the determination of the Net Asset Value has been suspended, the most recent Net Asset Value per Share will be published on each Dealing Day on

<http://www.mckinleycapitalmanagementfundsplc.com/> and are available free of charge at the offices of the German Information Agent on every banking business day in Frankfurt am Main.

Information and notices to the Shareholders will be published on <http://www.mckinleycapitalmanagementfundsplc.com>.

Shareholders in Germany will be informed via a durable medium, including being available on <http://www.mckinleycapitalmanagementfundsplc.com> about the following changes:

- temporary suspension of repurchase of the Shares in a Fund;
- termination of the management of or liquidation of the Company or a Fund;
- changes to the Company's Memorandum and Articles of Association which are not consistent with the existing investment policy, which affect essential Shareholder rights or which affect the reimbursement of expenses that may be taken from the Company, including the reasons for the changes and Shareholder rights in a concise manner and their means of obtaining information thereon;
- in the event of a merger of the Company or a Fund, in the form of merger information to be prepared in accordance with Article 43 of Directive 2009/65/EC;
- in the event of conversion of the Company or a Fund into a feeder fund or in the event of a change to a master fund, in the form of information to be prepared in accordance with Article 64 of Directive 2009/65/EC.

### **Tax Reporting**

For the benefit of Shareholders in Germany, the Company will make reasonable efforts to adhere to the relevant tax reporting and publication requirements under the German Investment Tax Act (*Investmentsteuergesetz*). To this end, the Company intends to outsource German tax reporting to an appropriate tax adviser. The law relating to taxation of investment funds in Germany is not free from doubt and it cannot be guaranteed that the German fiscal authorities will accept the Company's calculation methodology in every material respect. In particular, the legal and fiscal treatment of investment funds may change in a way that is unforeseeable and beyond the reasonable control of the Company. With regard to the acceptance of the reported and published information and its tax consequences, including the tax consequences of any omission to report or publish information, neither the Company nor any other party is responsible to any Shareholder or other party. The Company reserves the right to cancel its adherence to the tax reporting and publication requirements at any time.