



**Barings International Umbrella Fund**  
Prospectus

30 April 2018

# **PROSPECTUS**

## **Barings International Umbrella Fund**

(an umbrella fund constituted as a unit trust established pursuant to the Unit Trusts Act, 1990, and authorised by the Central Bank of Ireland pursuant to the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011 (as amended))

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

## Important Information

**If you are in any doubt about the contents of this Prospectus, you should consult your stockbroker, bank manager, solicitor, accountant or other financial adviser.**

### Authorisation by the Central Bank of Ireland

The Unit Trust has been authorised by the Central Bank of Ireland (the "Central Bank") as an "Undertaking for Collective Investment in Transferable Securities" ("UCITS") under the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations, 2011 as amended ("UCITS Regulations") and has been constituted as a unit trust and will comply with the Central Bank UCITS Regulations. **Authorisation by the Central Bank does not constitute a warranty by the Central Bank as to the performance of the Funds and the Central Bank shall not be liable for the performance or default of the Funds.**

**Authorisation by the Central Bank is not an endorsement or guarantee of the Unit Trust nor is the Central Bank responsible for the contents of this Prospectus.**

This Prospectus (which term shall include a reference to any Supplement herein or hereto) provides information about the Unit Trust and the Funds. Prospective investors are required as part of the Application Form to confirm they have read and understood it. It contains information which prospective investors ought to know before investing in the Unit Trust and should be retained for future reference. Further copies may be obtained from the Manager or from a distributor. Copies of the most recent annual report of the Unit Trust are available free of charge on request.

Units in the Unit Trust are offered only on the basis of the information contained in this Prospectus, the relevant Supplement, the Key Investor Information Document, the most recent annual report and, if subsequently published, the semi-annual report of the Unit Trust. Any further information or representations given or made by any dealer, broker or other person should be disregarded and, accordingly, should not be relied upon. No person has been authorised to give any information or to make any representation other than those contained in the Key Investor Information Document, this Prospectus, each relevant Supplement, the most recent annual report and, if subsequently published, the semi-annual report of the Unit Trust and, if given or made, such information or representation must not be relied upon as having been authorised. This Prospectus does not constitute an offer to sell or the solicitation of an offer to buy any such Units other than the Units to which it relates or an offer to sell or the solicitation of an offer to buy such Units by any person in any circumstances in which such offer or solicitation is unlawful. Neither the delivery of this Prospectus or the relevant Supplements nor the issue of Units shall, under any circumstances, create any implication that the affairs of the Unit Trust have not changed since the date hereof or that the information contained herein is correct as of any time subsequent to this date.

The Directors have taken reasonable care to ensure that the facts stated herein are true and accurate in all material respects and that there are no other material facts the omission of which makes misleading any statement herein, whether of fact or opinion. The Directors accept responsibility accordingly. This Prospectus and any Supplements may be translated into other languages. Any such translation shall only contain the same information and have the same meaning as the English language Prospectus and Supplements. To the extent that there is any inconsistency between the English language Prospectus and Supplements and the Prospectus/Supplements in another language, the English language Prospectus/Supplements will prevail, except to the extent (but only to the extent) required by the laws of any jurisdiction including the regulations or requirements of the financial regulator of such jurisdiction where the Units are sold, that in any action based upon disclosure in the Prospectus/Supplement in a language other than English, the language of the Prospectus/Supplement on which such action is based shall prevail.

The Unit Trust is an "umbrella fund" enabling investors to choose between one or more investment objectives by investing in one or more separate trust funds (a "Fund") offered by the Unit Trust. Under the Trust Deed, the assets and liabilities attributable to each Fund established by the Unit Trust, will be segregated by the Depositary. A separate pool of assets will not be maintained for each Class. As of the date of this Prospectus, the Unit Trust is offering Units in the Funds described in the most recent Supplements in force at the date of this Prospectus. The Directors may from time to time decide to offer, with the prior approval of the Central Bank, additional separate Funds and, with prior notice to and clearance from the Central Bank, additional Classes in existing Fund(s). In such an event, this Prospectus will be updated and amended so as to include detailed information on the new Funds and/or Classes, and/or a separate Supplement or addendum with respect to such Funds and/or Classes will be prepared. Such updated and amended Prospectus or new separate Supplement or addendum will not be circulated to existing Unitholders except in connection with their subscription for Units of such Funds.

Investors may, subject to applicable law, invest in any Fund offered by the Unit Trust. Investors should choose the Fund that best suits their specific risk and return expectations as well as their diversification needs and are encouraged to seek independent advice in that regard. A separate pool of assets will be maintained for each Fund and will be invested in accordance with the investment policy applicable to the relevant Fund in seeking to achieve its investment objective. The Net Asset Value and the performance of the Units of the different Funds and Class thereof are expected to differ. It should be remembered that the price of Units and the income (if any) from them may fall as well as rise and there is no guarantee or assurance that the stated investment objective of a Fund will be achieved. **Investors should note that, if**

specified in a Fund's Supplement as applicable, a Redemption Charge of up to 1% of the Net Asset Value of the Units being redeemed may be chargeable in respect of that Fund.

Unitholders should note that some or all of the dividends, management fees and other fees and expenses of a Fund may be paid from capital where there is insufficient income available. Thus, on redemption of holdings, Unitholders may not receive back the full amount invested. The policy of paying dividends from, or charging fees and expenses to capital will also have the effect of lowering the capital value of your investment and constraining the potential for future capital growth.

## **GENERAL NOTICE**

Potential subscribers of Units should inform themselves as to (a) the possible tax consequences, (b) the legal requirements and (c) any foreign exchange restrictions or exchange control requirements which they might encounter under the laws of the countries of their citizenship, residence or domicile and which might be relevant to the subscription, holding or disposal of Units. Potential subscriber's attention is drawn to the risk factors described under the heading "Risk Considerations" within the Prospectus.

EACH PURCHASER OF UNITS MUST COMPLY WITH ALL APPLICABLE LAWS AND REGULATIONS IN FORCE IN EACH JURISDICTION IN WHICH IT PURCHASES, OFFERS OR SELLS SUCH UNITS OR POSSESSES OR DISTRIBUTES THE PROSPECTUS AND MUST OBTAIN ANY CONSENT, APPROVAL OR PERMISSION REQUIRED FOR THE PURCHASE, OFFER OR SALE BY IT OF UNITS UNDER THE LAWS AND REGULATIONS IN FORCE IN ANY JURISDICTIONS TO WHICH IT IS SUBJECT OR IN WHICH IT MAKES SUCH PURCHASES, OFFERS OR SALES, AND NONE OF THE UNIT TRUSTS, THE MANAGER, THE INVESTMENT MANAGER (OR ANY OF ITS AFFILIATES), THE DEPOSITARY OR THE ADMINISTRATOR SPECIFIED HEREIN SHALL HAVE ANY RESPONSIBILITY THEREFOR.

### **US**

Units have not been registered under the United States Securities Act of 1933 (as amended) and may not be directly or indirectly offered or sold in the United States or to any United States Person.

### **JAPAN**

The Units have not been and will not be registered under the Financial Instruments and Exchange Law of Japan, and, accordingly, no Units may be offered or sold, directly or indirectly, in Japan or to, or for the benefit of, any Japanese person or to others for re-offering or resale, directly or indirectly, in Japan or to any Japanese person except under circumstances which will result in compliance with all applicable laws, regulations and guidelines promulgated by the relevant Japanese governmental and regulatory authorities and in effect at the relevant time. For this purpose, "Japanese person" means any person resident in Japan, including any corporation or other entity organised under the laws of Japan.

### **UK**

The Unit Trust is a recognised collective investment scheme for the purposes of the Financial Services and Markets Act 2000 (the "FSMA") of the United Kingdom. This Prospectus will be distributed in the United Kingdom by or on behalf of the Manager and is approved by Baring Asset Management Limited (the "Investment Manager"), which is authorised and regulated by the Financial Conduct Authority ("FCA") for the purposes of the Financial Services and Markets Act 2000 (FSMA).

## Directory

### MANAGER

*Baring International Fund Managers  
(Ireland) Limited*

Registered Office:  
70 Sir John Rogerson's Quay  
Dublin 2  
Ireland

### DIRECTORS OF THE MANAGER

Peter Clark  
James Cleary  
David Conway  
Barbara Healy  
Timothy Schulze  
Julian Swayne

### INVESTMENT MANAGER

*Baring Asset Management Limited*  
155 Bishopsgate  
London EC2M 3XY  
UK

### DEPOSITARY

*Northern Trust Fiduciary Services (Ireland) Limited*  
Georges Court  
54-62 Townsend Street  
Dublin 2  
Ireland

### ADMINISTRATOR

*Northern Trust International Fund Administration  
Services (Ireland) Limited*  
Georges Court  
54-62 Townsend Street  
Dublin 2  
Ireland

### LEGAL ADVISERS

#### IRISH LAW

*Matheson*  
70 Sir John Rogerson's Quay  
Dublin 2  
Ireland

### AUDITORS

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

### SPONSORING BROKERS

*Matheson*  
70 Sir John Rogerson's Quay  
Dublin 2  
Ireland

Please refer to the section "Manager, Investment Manager, Depositary and Administrator" within this Prospectus for more details.

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## Definitions

“Accounting Date”	30 April of each year by reference to which annual accounts for the Unit Trust are prepared or such other date as the Manager may from time to time decide.
“Accounting Period”	a period ending on an Accounting Date and commencing on the day following expiry of the last Accounting Period.
“Act”	Unit Trusts Act, 1990 or any amendment thereto for the time being in force.
“Administrator”	Northern Trust International Fund Administration Services (Ireland) Limited or any other person or persons for the time being duly appointed by the Manager as administrator of the Unit Trust in succession thereto with the prior approval of the Central Bank.
“Administrator Agreement”	the Amended and Restated Administration Services Agreement made between the Manager, the Depositary and the Administrator dated 1 July 2011, as may be amended or Supplemented from time to time.
“Application Form”	any application form to be completed by investors as prescribed by the Manager from time to time.
“AUD”, “Australian Dollar”	the currency of Australia.
“Base Currency”	the currency of account of a Fund as specified in the Prospectus.
“Business Day”	in relation to a Fund any day other than Saturday or Sunday on which banks in both Ireland and the UK are open for business, or as otherwise specified in the supplement for the relevant Fund.
“Central Bank”	the Central Bank of Ireland.
“Central Bank UCITS Regulations”	the Central Bank (Supervision and Enforcement) Act 2013 (Section 48(1) (Undertakings for Collective Investment in Transferable Securities)) Regulations 2015 as may be amended, constituted or substituted from time to time and any notices or guidance issued by the Central Bank pursuant thereto for the time being in force.
“Class”, “Classes”	a particular division of Units in a Fund.
“Class Currency”	the currency in which a Class is designated.
“Collection Account”	the account operated by the Administrator into which all subscription monies are received and from which all redemption and distribution proceeds are paid as described under the heading “Collection Account”.
“Data Protection Legislation”	(i) the Data Protection Acts 1988 and 2003 or any other legislation or regulations implementing Directive 95/46/EC, (ii) the European Communities (Electronic Communications Networks and Services) (Privacy and Electronic Communications) Regulations 2011, (iii) on and with effect from 25 May 2018, the General Data Protection Regulation (Regulation (EU) 2016/679 of the European Parliament and the Council of 27 April 2016) and any consequential national data protection legislation and (iv) any guidance and/or codes of practice issued by the Irish Data Protection Commissioner or other relevant supervisory authority, including without limitation the European Data Protection Board.
“Dealing Day”	(i) each Business Day (unless the determination of the Net Asset Value of the Fund has been suspended for the reasons specified in the Prospectus and provided that if the day is a Business Day other than one which is as defined in the relevant Supplement, the Manager will provide advance notice of this fact to all Unitholders in the Fund), or  (ii) any other day which the Manager may, with the approval of the Depositary, have determined, subject to advance notice to all Unitholders in the Fund and provided there is at least one Dealing Day per fortnight.
“Declaration”	a valid declaration in a form prescribed by the Irish Revenue Commissioners for the purposes of Section 739D of the Taxes Act.
“Depositary”	Northern Trust Fiduciary Services (Ireland) Limited or any other person or persons for the time being duly appointed as depositary of the Unit Trust in succession thereto with the prior approval of the Central Bank.



“Directors”	the directors of the Manager or any duly authorised committee or delegate thereof.
“EMIR”	European Market Infrastructure Regulation on derivatives, central counterparties and trade repositories which imposes requirements on all types and sizes of entities that enter into any form of derivative contract, including those not involved in financial services and also establishes common organisational, conduct of business and prudential standards for central counterparties (CCPs) and trade repositories.
“ESMA Guidelines”	the European Securities and Markets Authority’s Final report - Guidelines on sound remuneration policies under the UCITS Directive and AIFMD (ESMA/2016/411).
“Euro”, “€”, “EUR”	the currency of certain member states of the European Union.
“European Economic Area (EEA)”	the EU Member States (Austria, Belgium, Bulgaria, Croatia, Cyprus, the Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden, the Netherlands and the United Kingdom) together with Iceland, Liechtenstein and Norway and such other states which may join the EEA from time to time.
“Exempt Investor”	Irish Residents who are permitted (whether by legislation or by express concession of the Irish Revenue Commissioners to hold Units in the Unit Trust without requiring the Unit Trust to deduct or account for Irish tax as more fully described in the section of the Prospectus entitled “Taxation”;
“Extraordinary Resolution”	a resolution proposed as such and passed as such by a majority consisting of 75 per cent, or more of the total number of votes cast for and against such resolution, of a meeting of Unitholders or, as the case may require, Unitholders of a particular Class, duly convened and held in accordance with the provisions contained in the Trust Deed.
“FCA”	the Financial Conduct Authority of the United Kingdom.
“FSMA”	the Financial Services and Markets Act, 2000 of the United Kingdom.
“Fund” or “Funds”	a sub-fund of the Unit Trust representing the designation by the Manager of a particular Class or Classes as a sub-fund the proceeds of issue of which are pooled separately and invested in accordance with the investment objective and policies applicable to such sub-fund and which is established by the Manager from time to time with the approval of the Central Bank.
“Global Exchange Market”	the global exchange market of the Irish Stock Exchange.
“Hedged Class”	the relevant Classes which have been indicated as hedged classes in the relevant Supplement and in respect of which currency hedging will be implemented;
“HMRC”	Her Majesty’s Revenue & Customs in the United Kingdom.
“HKD”, “Hong Kong Dollar”	the currency of Hong Kong.
“Intermediary”	a person who: (a) carries on a business which consists of, or includes, the receipt of payments from an investment undertaking on behalf of other persons; or (b) holds units in an investment undertaking on behalf of other persons.
“Investment Management Agreement”	the amended and restated investment management agreement dated 21 July 2015 between the Manager and Baring Asset Management Limited.
“Investment Manager”	Baring Asset Management Limited or any other person or persons for the time being duly appointed as investment manager of the Unit Trust in succession thereto in accordance with the requirements of the Central Bank.
“Investor Money Regulations”	the Central Bank (Supervision and Enforcement) Act 2013 (Section 48(1)) Investor Money Regulations 2015 for Fund Service Providers.
“Ireland”	the Republic of Ireland.

“Irish Resident”	unless otherwise determined by the Manager, any company resident, or other person resident or ordinarily resident, in Ireland for the purposes of Irish tax. Please see the “Taxation” section below.
“Irish Revenue Commissioners”	the Irish authority responsible for taxation and customs duties.
“Irish Stock Exchange”	the Irish Stock Exchange plc and any successor hereto.
“Manager”	Baring International Fund Managers (Ireland) Limited or any other person or persons for the time being duly appointed as manager of the Unit Trust in succession thereto in accordance with the requirements of the Central Bank.
“Member State”	a member state of the European Union.
“Minimum Investment”	such amount in respect of initial and/or subsequent subscriptions as may be specified in the Prospectus or as the Manager may determine and notify to investors.
“Minimum Holding”	the minimum number or value of Units which must be held by Unitholders as specified in the Prospectus.
“Money Market Instruments”	instruments normally dealt in on the money market which are liquid and have a value which can be accurately determined at any time. Examples of such Money Market Instruments include certificates, deposits and listed short-term fixed and floating rate securities (including government and corporate notes and bonds).
“Net Asset Value”, “NAV”	the net asset value of a Fund or a relevant Class, as the case may be, determined in accordance with the principles set out in the section “Determination of Net Asset Value” within this Prospectus.
“OECD”	the Organisation for Economic Co-operation and Development. The thirty-five following countries are members of the OECD as of the date of this Prospectus: Australia, Austria, Belgium, Canada, Chile, the Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Israel, Italy, Japan, Korea, Latvia Luxembourg, Mexico, the Netherlands, New Zealand, Norway, Poland, Portugal, Slovak Republic, Slovenia, Spain, Sweden, Switzerland, Turkey, the United Kingdom and the United States.
“Official List”	the list of securities or shares admitted to the official list and trading on the Global Exchange Market of the Irish Stock Exchange and published daily.
“Ordinary Resolution”	a resolution proposed as such at a meeting of Unitholders of the Unit Trust, a Fund or, as the case may require, Unitholders of a particular Class convened and held in accordance with the provisions of the Trust Deed and passed as such at such meeting by a simple majority of the total number of votes cast for and against such resolution.
“PRC”	the People’s Republic of China.
“Preliminary Charge”	a fee charged on subscriptions as specified in the Prospectus or such higher amount as may be approved by an Extraordinary Resolution.
“Privacy Statement”	the privacy statement adopted by the Manager in respect of the Unit Trust, as amended from time to time. The current version will be appended to the Application Form and available via the website <a href="http://www.barings.com">www.barings.com</a> from 25 May 2018 onwards.
“Prospectus”	this document as may be amended, supplemented or modified from time to time.
“QFII Regulations”	the measures issued by the relevant authorities in the People’s Republic of China with respect to the qualified foreign institutional investors.
“Redemption Charge”	a percentage of the Net Asset Value per Unit as specified in the Prospectus or such higher amount as may be approved by an Extraordinary Resolution.
“Recognised Exchange”	any regulated stock exchange or market on which a Fund may invest. A list of those stock exchanges and markets is contained in this Prospectus.
“Regulations”	the UCITS Regulations and the Central Bank UCITS Regulations.
“Renminbi”, “RMB”	the currency of the People’s Republic of China.
“RQFII”	the measures issued by the relevant authorities in the People’s Republic of China with respect to the Renminbi qualified foreign institutional investors.

"Semi-Annual Accounting Date"	31 October in each year.
"Settlement Date"	three Business Days following the relevant Dealing Day.
"SFTR"	Regulation EU 2015/2365 of the European Parliament and of the Council on transparency of securities financing transactions and of reuse and amending Regulation (EU) No 648/2012.
"Specified US Person"	(i) a US citizen or resident individual, (ii) a partnership or corporation organized in the United States or under the laws of the United States or any State thereof (iii) a trust if (a) a court within the United States would have authority under applicable law to render orders or judgments concerning substantially all issues regarding administration of the trust, and (b) one or more US persons have the authority to control all substantial decisions of the trust, or an estate of a decedent that is a citizen or resident of the United States excluding (1) a corporation the stock of which is regularly traded on one or more established securities markets; (2) any corporation that is a member of the same expanded affiliated group, as defined in section 1471(e)(2) of the U.S. Internal Revenue Code, as a corporation described in clause (i); (3) the United States or any wholly owned agency or instrumentality thereof; (4) any State of the United States, any U.S. Territory, any political subdivision of any of the foregoing, or any wholly owned agency or instrumentality of any one or more of the foregoing; (5) any organization exempt from taxation under section 501(a) or an individual retirement plan as defined in section 7701(a)(37) of the U.S. Internal Revenue Code; (6) any bank as defined in section 581 of the U.S. Internal Revenue Code; (7) any real estate investment trust as defined in section 856 of the U.S. Internal Revenue Code; (8) any regulated investment company as defined in section 851 of the U.S. Internal Revenue Code or any entity registered with the Securities Exchange Commission under the Investment Company Act of 1940 (15 U.S.C. 80a-64); (9) any common trust fund as defined in section 584(a) of the U.S. Internal Revenue Code; (10) any trust that is exempt from tax under section 664(c) of the U.S. Internal Revenue Code or that is described in section 4947(a)(1) of the U.S. Internal Revenue Code; (11) a dealer in securities, commodities, or derivative financial instruments (including notional principal contracts, futures, forwards, and options) that is registered as such under the laws of the United States or any State; or (12) a broker as defined in section 6045(c) of the U.S. Internal Revenue Code. This definition shall be interpreted in accordance with the US Internal Revenue Code.
"Sterling", "GBP", "£"	the currency of the United Kingdom.
"Swiss Franc", "CHF"	the currency of Switzerland.
"Supplement"	any supplement issued by the Manager in connection with a Fund from time to time which is appended to the Prospectus or which takes the form of a separate document and which, in either case, forms part of the Prospectus.
"Top Up Form"	any application form for additional units in an existing Fund, to be completed by investors as prescribed by the Manager from time to time.
"TCA 1997", "Taxes Act"	the Irish Taxes Consolidation Act 1997, as amended from time to time.
"Transferable Securities"	(a) shares in companies and other securities equivalent to shares in companies; (b) bonds and other form of securitised debt; (c) any other negotiable securities which carry the right to acquire such transferable securities by subscription or exchange other than techniques and investments for efficient portfolio management.
"Trust Deed"	the amended and restated Trust Deed dated 30 March 2016 (as may be supplemented from time to time) made between Baring International Fund Managers (Ireland) Limited as Manager and Northern Trust Fiduciary Services (Ireland) Limited as Depositary.
"UCITS"	an undertaking for collective investment in transferable securities within the meaning of the UCITS Regulations.
"UCITS Directive"	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 as amended by Directive 2014/91/EU of the European Parliament and of the Council of 23 July 2014 as regards depositary functions, remunerations policies and sanctions, including its mandatory implementing regulations.
"UCITS Regulations"	the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations, 2011 (as amended) and all applicable Central Bank regulations made

or conditions imposed or derogations granted thereunder as may be amended from time to time.

“Unit” an undivided share in the assets of a Fund.

“United States”, “US” the United States of America, its territories, possessions and all areas subject to its jurisdiction (including the Commonwealth of Puerto Rico).

“United States Person” any citizen or resident of the United States, any corporation, trust, partnership or other entity created or organised in or under the laws of the United States, any state thereof or any estate or trust the income of which is subject to United States federal income tax, regardless of source. The expression also includes any person falling within the definition of the term "U.S. Person" under Regulation S promulgated under the United States Securities Act of 1933 (as amended).

“Unitholder” a person who is registered as a holder of Units in the Register of Unitholders for the time being kept by or on behalf of the Unit Trust.

“Unit Trust” Barings International Umbrella Fund.

“US Dollar”, “USD”, “US\$” the currency of the United States of America.

“Valuation Point” 12 noon (Irish time) on every Dealing Day. The Manager, with the approval of the Depositary, may change the Valuation Point of a Fund upon giving reasonable advance notice to Unitholders provided that in any event, dealing will always be on a forward pricing basis.

## Introduction

The Unit Trust was established pursuant to a trust deed dated 22 November 1990 made between Baring International Fund Managers (Ireland) Limited as Manager (the “Manager”) and Northern Trust Fiduciary Services (Ireland) Limited as Depositary (the “Depositary”), as amended and restated by the Trust Deed dated 30 March 2016 (as may be supplemented from time to time) and is authorised by the Central Bank as a UCITS pursuant to the UCITS Regulations. The object of the Unit Trust is the collective investment of capital raised from the public in transferable securities and/or in other liquid financial assets in accordance with the UCITS Regulations operating on the principle of risk spreading.

The Unit Trust is organised in the form of an umbrella fund. The Trust Deed provides that the Unit Trust may offer separate Funds. Each Fund will have a distinct portfolio of investments. The Unit Trust has obtained the approval of the Central Bank for the establishment of the Funds set out below. Information specific to a Fund will be set out in each Supplement.

<b>Funds of the Unit Trust</b>
Barings ASEAN Frontiers Fund
Barings Asia Growth Fund
Barings Australia Fund
Barings Europa Fund
Barings Hong Kong China Fund
Barings International Bond Fund

With the prior approval of the Central Bank, the Manager from time to time may create an additional Fund or Funds, the investment policies and objectives for which shall be outlined in a Supplement, together with details of the initial offer period, the initial subscription price for each Unit and such other relevant information in relation to the additional Fund or Funds as the Manager deems appropriate, or the Central Bank requires, to be included. Each Supplement shall form part of, and should be read in conjunction with, this Prospectus, whether or not it is contained therein as one document. In addition, the Manager may create additional Classes within a Fund to accommodate different charges and/or fees and/or brokerage arrangements provided that the Central Bank is notified in advance, and gives prior clearance, of the creation of any such additional Class.

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## Allocation of Assets and Liabilities

Under the Trust Deed, the Depositary is required to establish a separate Fund, with separate records, for each series of Unit in the following manner:

- (a) records and accounts of each Fund shall be maintained separately and in such currency as the Manager and the Depositary shall from time to time determine;
- (b) the proceeds from the issue of each Class (excluding the Preliminary Charge) shall be applied to the Fund established for that Class, and the assets and liabilities and income and expenditure attributable thereto shall be applied to such Fund subject to the provisions of the Trust Deed;
- (c) where any asset is derived from another asset, the derived asset shall be applied to the same Fund as the assets from which it was derived and on each revaluation of an asset the increase or diminution in value shall be applied to the relevant Fund;
- (d) in the case of any asset which the Depositary does not consider as attributable to a particular Fund or Funds, the Depositary shall have discretion, subject to the approval of the Manager and the auditors, to determine the basis upon which any such asset shall be allocated between Funds, and the Depositary shall have power at any time and from time to time, subject to the approval of the Manager and the auditors, to vary such basis provided that the approval of the Manager and of the auditors shall not be required in any case where the asset is allocated between all Funds pro rata to their Net Asset Values at the time when the allocation is made;
- (e) the Depositary shall have discretion, subject to the approval of the Manager and the auditors, to determine the basis upon which any liability shall be allocated between Funds (including conditions as to the subsequent re-allocation thereof if circumstances so permit) and shall have power at any time and from time to time to vary such basis, provided that the approval of the Manager and the auditors shall not be required in any case where a liability is allocated to the Fund or Funds to which in the opinion of the Depositary it relates or if in the opinion of the Depositary it does not relate to any particular Fund or Funds, between all the underlying Funds pro rata to their Net Asset Values;
- (f) subject to the approval of the Manager and the auditors, the Depositary may transfer any assets to and from Funds if, as a result of a creditor proceeding against certain of the assets of the Trust or otherwise, a liability

would be borne in a different manner from that in which it would have been borne under paragraph (e) above or in any similar circumstances; and

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

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## Investment Policy: General

The Funds will invest in transferable securities and/or other liquid assets listed or traded on Recognised Exchange and, to the extent specified in the relevant Supplement, in units/shares of other investment funds, all in accordance with the investment restrictions described in Appendix I – Investment Restrictions.

In addition, and to the extent only that the Investment Manager deems consistent with the investment policies of the Funds, the Funds may utilise for the purposes of efficient portfolio management, the investment techniques and instruments described in Appendix III – Efficient Portfolio Management. Such investment techniques and instruments may include financial derivative instruments. To the extent only that the Investment Manager deems consistent with the investment policies of the Funds, and in accordance with the requirements of the Central Bank, the Funds may also utilise financial derivative instruments for investment purposes. The Investment Manager will employ a risk management process which will enable it to accurately measure, monitor and manage the risks attached to financial derivative instruments, and details of this process have been provided to the Central Bank. The Investment Manager will not utilise financial derivative instruments which have not been included in the risk management process until such time as a revised risk management process has been submitted and approved by the Central Bank.

Investors' attention is particularly drawn to the fact that the portfolio for each Fund may, in addition to any investments referred to below, include deposits, instruments with floating interest rates and short-term paper including treasury bills, certificates of deposit and bankers' acceptances and other ancillary liquid assets. The Manager does not expect to retain substantial amounts of assets in this form except if they consider such investments to be in the best interests of Unitholders.

Where the investment policy of a Fund requires a particular percentage of that Fund to be invested in a specific type or range of investments, such requirement will not apply under extraordinary market conditions, in which circumstances investment may be made into asset classes other than those in which the Fund is normally invested in order to mitigate the Fund's exposure to market risk. Examples of extraordinary market conditions include economic conditions, political risks or world events, high downside risks during uncertainties, or closure of relevant market(s) due to unexpected events, such as political unrest, war or bankruptcy of large financial institutions. During such periods, a Fund may temporarily invest up to 100% of its total assets in cash, deposits, treasury bills, government bonds or short-term Money Market Instruments or have substantial holdings in cash and cash equivalents.

Each Fund may invest in other collective investment schemes. The Investment Manager will only invest in closed ended collective investment schemes where it believes that such investment will not prohibit the Fund from providing the level of liquidity to Unitholders referred to in this Prospectus and each relevant Supplement. The closed ended collective investment schemes in which the Funds may invest shall include, without limitation, closed ended collective investment schemes listed or traded on the New York Stock Exchange, the Irish Stock Exchange and the London Stock Exchange. Where it is appropriate to its investment objective and policies a Fund may also invest in other Funds of this Unit Trust. A Fund may only invest in another Fund of this Unit Trust if the Fund in which it is investing does not itself hold Units in any other Fund of this Unit Trust. Any Fund that is invested in another Fund of this Unit Trust will be invested in a Class for which no management or investment management fee is charged. No subscription, conversion or redemption fees will be charged on any such cross investments by a Fund.

A Fund may also seek exposure to some or all of the assets referred to in the investment policy section of each Fund by obtaining exposure to financial indices, such as through futures or swaps on financial indices which will comply with the requirements in the Central Bank UCITS Regulations. Such indices may include, but are not limited to, the FTSE China A50 (rebalanced on a quarterly basis), FTSE Bursa Malaysia KLCI (rebalanced on a semi-annual basis), MSCI Taiwan Index (rebalanced on a quarterly basis), S&P 500 Index (rebalanced on a quarterly basis). Indices which are rebalanced on a daily basis will not be utilised. The costs associated with gaining exposure to a financial index can be impacted by the frequency with which the relevant index is rebalanced. Details of any financial indices held by a Fund will be provided to Unitholders by the Investment Manager upon request and will be set out in the semi-annual and annual accounts of the Unit Trust. Where the weighting of a particular constituent in the relevant index exceeds the UCITS investment restrictions, the Investment Manager will as a priority objective look to remedy the situation, taking into account the interests of Unitholders and the relevant Fund.

A Fund may invest in China A or China B securities provided that such investment is in accordance with the requirements of the Central Bank and the relevant regulatory authorities in the People's Republic of China. Unless otherwise specifically disclosed in the investment objectives and policies of a Fund, it is not intended that it will invest, whether directly or indirectly, more than 10% of its net assets in China A and B shares. At least one month's prior notice

will be given to investors if the relevant Fund intends to invest more than 10% of its net assets in China A and B shares and the Prospectus will be updated accordingly.

As of the date of this Prospectus, it is not proposed to use repurchase agreements, reverse repurchase agreements or engage in stock lending on behalf of any Fund. In the event that a Fund does propose to utilise such techniques and instruments, Unitholders will be notified and the Prospectus will be revised in accordance with the requirements of the Central Bank.

The investment objective and policies of a Fund are set out in the Supplement for that Fund. The investment objective of each Fund will not at any time be altered without the approval of an Ordinary Resolution. Changes to investment policies which are material in nature may only be made with the approval of an Ordinary Resolution to which the changes relate. A change would be material if, were it to be made, would alter significantly the asset type, credit quality, borrowing limits or risk profile of the relevant Fund. In the event of a change of investment objective and/or a material change in investment policy a reasonable notification period will be provided by the Manager and the Unit Trust will provide facilities to enable Unitholders to redeem their Units prior to implementation of these changes.

There can be no assurance or guarantee that a Fund's investments will be successful or its investment objective will be achieved. Please refer to the "Risk Considerations" section in this Prospectus for a discussion of those factors that should be considered when investing in that Fund.

### **Efficient Portfolio Management Techniques**

Each Fund may employ various investment techniques for efficient portfolio management (including warrants, exchange traded futures and options, currency forward contracts, swap agreements, contracts for differences, index-linked notes and share and commodity index futures contracts) and hedging purposes as described under "Efficient Portfolio Management" in Appendix III of the Prospectus and within the limits set out by the Central Bank. Investors should also refer to the section entitled "Risk Considerations" for the risks associated with the use of efficient portfolio management techniques, which include counterparty risk and conflict of interest risk. There can be no assurance that the Investment Manager will be successful in employing these techniques.

### **Use of Derivatives**

Investors should note that the Funds may engage in transactions in financial derivative instruments principally for efficient portfolio management, investment and/or for hedging purposes subject to the limits laid down by the Central Bank.

Derivative instruments may be used (i) for hedging purposes and/or (ii) for investment purposes in accordance with the requirements of the Central Bank. For example, a Fund may use derivatives (which will be based only on underlying assets or sectors which are permitted under the investment policy of a Fund) (i) to hedge a currency exposure, (ii) as a substitute for taking a position in the underlying asset where the Investment Manager feels that a derivative exposure to the underlying asset represents better value than a direct exposure, (iii) to tailor a Fund's interest rate exposure to the Investment Manager's outlook for interest rates, and/or (iv) to gain an exposure to the composition and performance of a particular index which are consistent with the investment objective and policies of the Fund.

The Investment Manager may decide not to use any of these instruments or strategies. In addition, the Investment Manager may decide to use instruments other than those listed below, in accordance with the requirements of the Central Bank.

Certain Funds (as detailed below in the 'Derivative Eligibility Table') may, in addition to the investment techniques permitted for efficient portfolio management and hedging purposes as described in Appendix III – Efficient Portfolio Management, make substantial use of derivatives to meet their investment strategies. Subject to the investment restrictions as set forth in Appendix I of the Prospectus, such Funds may engage in transactions in the types of derivatives classified as eligible in the table below.

Derivative Eligibility Table:

<b><i>Derivative Type Eligibility</i></b>	<b><i>Futures</i></b>	<b><i>Options</i></b>	<b><i>Warrants</i></b>	<b><i>Currency Forward Contracts</i></b>	<b><i>Swap Agreements</i></b>	<b><i>Contracts for Difference</i></b>
<b><i>Barings ASEAN Frontiers Fund</i></b>	Yes	Yes	Yes	Yes	Yes	Yes
<b><i>Barings Asia Growth Fund</i></b>	Yes	Yes	Yes	Yes	Yes	Yes
<b><i>Barings Australia Fund</i></b>	Yes	Yes	Yes	Yes	Yes	Yes
<b><i>Barings Europa Fund</i></b>	Yes	Yes	Yes	Yes	Yes	Yes
<b><i>Barings Hong Kong China Fund</i></b>	Yes	Yes	Yes	Yes	Yes	Yes
<b><i>Barings International Bond Fund</i></b>	Yes	Yes	Yes	Yes	Yes	Yes



### Futures and Options

Where eligible, certain Funds may use security, index, currency and interest rate futures. The sale of a futures contract creates an obligation by the seller to deliver the type of financial instrument called for in the contract in a specified delivery month for a stated price. The purchase of a futures contract creates an obligation by the purchaser to pay for and take delivery of the type of financial instrument called for in the contract in a specified delivery month, at a stated price.

Where eligible, certain Funds may use options on equity indices, futures, swaps and currencies. A call option (which may be covered or uncovered) on an investment 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. A put option (which may be covered or uncovered) 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. An option is uncovered where the party writing the option does not hold the underlying security which may be purchased (called) or sold (put) pursuant to the option.

Futures and options, as set out above, may be used by certain Funds to hedge interest rate risk, to balance duration, and to synthetically create exposure to certain securities. The underlying assets for futures and options shall be instruments in which the Fund can invest directly in accordance with its investment objective and policy i.e. transferable securities, collective investment schemes (including ETFs), money market instruments, stock or commodity indices, foreign exchange rates and currencies.

### Swaps

Where eligible, certain Funds may use swap agreements (including total return swaps and contracts for difference) with respect to currencies, interest rates and securities.

In respect of currencies, a Fund may utilise currency swap contracts where the Fund may exchange currencies at a fixed rate of exchange for currencies at a floating rate of exchange or currencies at a floating rate of exchange for currencies at a fixed rate of exchange. These contracts allow a Fund to manage its exposures to currencies in which it holds investment. For these instruments the Fund's return is based on the movement of currency exchange rates relative to a fixed currency amount agreed by the parties.

In respect of interest rates, a Fund may utilise interest rate swap contracts where the Fund may exchange floating interest rate cash flows for fixed interest rate cash flows or fixed interest rate cash flows for floating interest rate cash flows. These contracts allow a Fund to manage its interest rate exposures. For these instruments the Fund's return is based on the movement of interest rates relative to a fixed rate agreed by the parties.

In respect of securities and securities indices, a Fund may utilise total return swap contracts where the Fund may exchange floating interest rate cash flows for fixed cash flows based on the total return of an equity or fixed income instrument or a securities index or fixed cash flow based on total return of an equity or fixed income instrument or a securities index for floating interest rate cash flows. These contracts allow a Fund to manage its exposures to certain securities or securities indexes. For these instruments the Fund's return is based on the movement of interest rates relative to the return on the relevant security or index. Details in respect of the counterparties to such swap contracts are set out below.

The counterparties to all swap transactions will be institutions subject to prudential supervision and belonging to categories approved by the Central Bank and will not have discretion over the assets of the Fund. Subject to compliance with those conditions, the Investment Manager has full discretion as to the appointment of counterparties when entering into a swap in furtherance of the Fund's investment objective and policies. It is not possible to comprehensively list all the counterparties as they have not, as of the date of issue of the Prospectus, been selected and they may change from time to time. The underlying assets for swaps shall be instruments in which a Fund can invest directly in accordance with its investment objective and policy.

### Currency Forward Contracts

Currency forward contracts are agreements to exchange one currency for another - for example, to exchange a certain amount of Euro for a certain amount of US Dollars - at a future date. The date (which may be any agreed-upon fixed number of days in the future), the amount of currency to be exchanged and the price at which the exchange will take place are negotiated and fixed for the term of the contract at the time that the contract is entered into. Currency forward contracts may be bought or sold in either deliverable or non-deliverable form.

A Fund may also utilise non-deliverable forwards. A non-deliverable forward is a bilateral financial futures contract on an exchange rate between a strong currency and an emerging currency. At maturity, there will be no delivery of the emerging currency; instead there is a cash settlement of the contract's financial result in the strong currency.

### Convertible Instruments

Convertible instruments, (meaning convertible bonds, mandatory convertible bonds, convertible preferred stock and equity linked notes), are ordinary long-term debt obligations of the issuer convertible at a stated exchange rate into common stock of the issuer. As with all debt securities, the market value of convertible instruments tends to decline as interest rates increase and, conversely, to increase as interest rates decline.

Convertible instruments are securities which have the right to convert into a fixed number of shares. Convertible instruments therefore have debt and equity like features. When the equity value of the convertible is low, the convertible's value behaves like a debt instrument. As the equity value goes up, the convertible's value behaves more like equity. Positions in convertible instruments may embed options (details of which are set out above) but will not create material leverage.

### Equity Related Instruments

A Fund may, within the limits laid down by the Central Bank purchase and sell equity index and equity related instruments including but not limited to Low Exercise Price Options (LEPO's), Optimised Portfolios as Listed Securities (OPALS), Performance Linked to Equity Securities (PERLES), share index notes, share index futures notes, participatory receipts and participatory certificates, each of which may assist in achieving the investment objective of the relevant Fund. Where utilised, LEPO's, OPALS and PERLES will be listed or traded on one or more of the stock exchanges or markets in which a Fund is permitted to invest, as set out in Appendix II – Eligible Securities & Derivatives Markets. These instruments shall in each case comprise transferable securities of the issuer, notwithstanding that their value is linked to an underlying equity or equity index. In practice, the relevant Fund will purchase such instruments from an issuer and the instrument will track the underlying equity or equity index. It should be noted that the relevant Fund's exposure in relation to these instruments will be to the issuer of the instruments. However, it will also have an economic exposure to the underlying securities themselves. Any LEPO purchased or sold by the relevant Fund will be exercisable at any time over the duration of its life and may be settled on a cash basis.

### Warrants

Warrants are used to gain investment exposure to a particular asset class. A warrant is a derivative that confers the right, but not the obligation, to buy or sell a security at a certain price before expiration. A Fund may purchase warrants to provide an efficient, liquid mechanism for taking position in securities without the need to purchase and hold the security.

### Total Return Swaps

The maximum exposure of a Fund in respect of total return swaps shall be a maximum gross exposure of 200%. However, the Investment Manager anticipates that a Fund's exposure to total return swaps is likely to remain within the range specified in the table below.

<b>Fund Name</b>	<b>Exposure calculated using the sum of the notionals</b>
Barings ASEAN Frontiers Fund	0%-10% of the Net Asset Value of the Fund
Barings Asia Growth Fund	0%-10% of the Net Asset Value of the Fund
Barings Australia Fund	0%-10% of the Net Asset Value of the Fund
Barings Europa Fund	0%-10% of the Net Asset Value of the Fund
Barings Hong Kong China Fund	0%-10% of the Net Asset Value of the Fund
Barings International Bond Fund	0%-70% of the Net Asset Value of the Fund

### Derivative Risk Management

The Investment Manager employs a risk management process which enables it to accurately measure, monitor and manage the various risks associated with financial derivative instruments and details of this process have been provided to the Central Bank. The Funds will not use derivative instruments which have not been listed in the Investment Manager's risk management process until such time as a revised risk management process has been submitted to the Central Bank.

The use of derivative instruments (whether for hedging and/or for investment purposes) may expose a Fund to the risks as described in the "Risk Considerations" section below. Position exposure to underlying assets of derivative instruments (other than index based derivatives) (whether for hedging purposes and/or for investment purposes), when combined with positions resulting from direct investments, will not exceed the investment limits set out in Appendix I.

Save as otherwise specified in the relevant Supplement, the Funds will use the commitment approach to calculate their global exposure, as described in detail in the risk management process of the Investment Manager. In no circumstances will the global exposure of a Fund exceed 100% of its Net Asset Value.

### Currency Hedging

The Manager may from time to time in its sole discretion, and without notice to the Unitholders, issue Hedged Classes which are denominated in a currency other than the Base Currency of a Fund. Unless otherwise stated in the relevant Supplement, Hedged Classes are available in the following currencies, provided that for each Fund, no Hedged Class is available in the Base Currency of the Fund: AUD, CHF and RMB.

The foreign currency exposure of such Classes will usually be hedged into the Base Currency. Although hedging strategies may not necessarily be used in relation to each Class within a Fund (e.g., Class with a Class Currency that is the same as the Base Currency), the financial instruments used to implement such strategies shall be assets/liabilities of the relevant Fund as a whole. However, the gains/losses on and the costs of the relevant financial instruments will accrue solely to the relevant Class. The Investment Manager will limit hedging to the extent of the Hedged Class Units' currency exposure and the Investment Manager shall seek to ensure such hedging shall not exceed 105% of the Net Asset Value of each relevant Class and shall not be below 95% of the Net Asset Value attributable to the relevant Class. The Investment Manager will monitor hedging in order to ensure that such hedging is close to 100% and will review such hedging with a view to ensuring that positions materially in excess of 100% of the Net Asset Value of the relevant Class are not carried over from month to month. Counterparty exposure in respect of foreign exchange hedging shall at all times comply with the requirements of the UCITS Regulations and the Central Bank. Classes denominated in a currency other than the Base Currency are generally not expected to be leveraged as a result of hedging strategies and Unit Class hedging transactions shall not be used for speculative purposes. The currency exposure of a Fund arising from the assets held by a Fund and also any currency transactions entered into by a Fund (other than with respect to a Class) will not be allocated to separate Classes and will be allocated pro rata to all Classes of such Fund. Where currency hedging transactions are entered into in respect of a Class (regardless of whether such exposure is attributable to transactions entered into at the Class or Fund level), the currency exposure arising from such transactions will be for the benefit of that Class only and may not be combined with or offset against the currency exposure arising from transactions entered into in respect of other Class. The audited financial statements of each Fund will indicate how hedging transactions have been utilised.

### Currency Agents

The Investment Manager may appoint a third party to act as the currency agent (the "Currency Agent") on behalf of the Investment Manager. The Currency Agent(s) will implement a currency hedging programme, instructed by the Investment Manager, at the portfolio and/or the Hedged Class level. The Investment Manager may also elect to perform the hedging functions itself or appoint other parties to act as the Currency Agent(s) in the future.

### Listing of Units

The Manager may determine to apply to have certain Units admitted to the Official List and to trading on the Global Exchange Market of the Irish Stock Exchange. Investors should contact the Investment Manager to determine which classes in a Fund are available for subscription and/or listed on the Irish Stock Exchange at any particular time.

The Manager does not anticipate that an active secondary market will develop in any listed Units in a Fund admitted to the Official List and to trading on the Global Exchange Market of the Irish Stock Exchange. The launch and listing of various Classes in a Fund may occur at different times and therefore, at the time of the launch of a Class, the pool of assets to which such Class relates may have commenced trading. For further information in this regard, the most recent interim and annual reports of the Unit Trust will be made available to potential investors upon request.

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## **Risk Considerations**

There can be no assurance that a Fund's investments will be successful or that the investment objectives of a Fund will be achieved. **A Fund's investment portfolio may fall in value due to any of the key risk factors below and therefore your investment in the Unit Trust may suffer losses. There is no guarantee of the repayment of principal.**

An investment in Units of a Fund does not constitute a complete investment programme. Investors may wish to complement an investment in a Fund with other types of investments. **An investment in a Fund should not constitute a substantial proportion of an investment portfolio and may not be appropriate for all investors.**

The difference at any one time between the sale and redemption price of Units in a Fund means that the investment should be viewed as medium to long term.

Whilst some risks will be more relevant to certain Funds, investors should ensure that they understand all the risks discussed in this Prospectus, insofar as they may relate to that Fund. In addition, the relevant Supplement provides more information on the specific risks associated with individual Funds, where relevant.

Investors should read all the Risk Considerations to determine applicability to a specific Fund in which the investor intends to invest.

The following Risk Considerations detail particular risks associated with an investment in the Unit Trust, which investors are encouraged to discuss with their professional advisers. It does not purport to be a comprehensive summary of all of the risks associated with an investment in the Unit Trust or an individual Fund.

### **Charges Deducted from Capital**

Each Fund normally pays its management fee and other fees and expenses out of income. However, where insufficient income is available, the Manager may pay some or all of its management fee and other fees and expenses out of capital and out of both realised and unrealised capital gains less realised and unrealised capital losses. Where the management fee and other fees and expenses are deducted from a Fund's capital rather than income generated by the relevant Fund this may constrain growth and could erode capital, as the capital of the relevant Fund available for investment in the future and for capital growth may be reduced, although this may also result in income being increased for distribution of dividends. Thus, on redemption of holdings, Unitholders may not receive back the full amount invested. The policy of charging fees and expenses to capital will also have the effect of lowering the capital value of your investment and constraining the potential for future capital growth. As fees and expenses may be charged to capital, investors should note the greater risk of capital erosion given the lack of potential capital growth and the likelihood that due to capital erosion, the value of future returns in the Fund could be diminished. Accordingly, distribution of dividends made during the lifetime of the Fund must be understood as a type of capital reimbursement. The rationale for the charging of fees and expenses in this manner is that it will have the effect of increasing the distributable income of the Fund.

The distribution amount and Net Asset Value of the Hedged Class may be adversely affected by differences in the interest rates of the reference currency of the Hedged Class and the Fund's Base Currency, resulting in an increase in the amount of distribution that is paid out of capital and hence a greater erosion of capital than other non-hedged Classes.

### **Portfolio Transactions**

The Manager and delegates of the Manager which are associated companies of the Manager may deal in securities and other investments for the Unit Trust through or with any associated company of the Manager.

In addition, any cash of the Unit Trust may be deposited, subject to the provisions of the Central Bank Acts, 1942 to 2010, with the Depositary or any associated company of the Depositary or invested in certificates of deposit or banking instruments issued by the Depositary or any associated company of the Depositary. Banking and similar transactions may also be undertaken with or through the Depositary or any other associated company of the Depositary.

There is no prohibition on dealings in the assets of a Fund by the Manager, the Investment Manager, the Administrator, the Depositary or entities related to the Manager, the Investment Manager, the Administrator or the Depositary or to their respective officers, directors or executives, provided that the transaction is negotiated at arm's length. Such transactions must be consistent with the best interests of the Unitholders.

There will be no obligation on the part of the Manager, the Investment Manager, the Administrator, the Depositary or entities related to the Manager, the Investment Manager, the Administrator or the Depositary or their respective officers, directors or executives to account to the Unitholders for any benefits so arising and any such benefits may be retained by the relevant party provided that:

- (i) a person approved by the Depositary (or in the case of a transaction involving the Depositary, the Manager) as independent and competent certifies the price at which the transaction is effected is fair; or
- (ii) the execution of the transaction is on best terms on an organised investment exchanges under its rules; or
- (iii) where the conditions set out in (i) or (ii) above are not practical, the Depositary (or in the case of a transaction involving the Depositary, the Manager) is satisfied that such transaction conforms with the principle that it is negotiated at arm's length and is in the best interest of Unitholders.

The Investment Manager is acting for the Manager in relation to this Prospectus and matters relating thereto and it or any of its associates may have an interest or position in Units in the Unit Trust. It is not acting for, or advising, or treating as its customer, any other person (unless other arrangements apply between the Investment Manager and such person) in relation to investment in the Unit Trust and will not be responsible for providing to any such other person best execution or any other of the protections afforded to its customers.

### **Counterparty Risk**

Counterparty risk, otherwise known as default risk, is the risk that an organisation does not pay out on a bond or other trade or transaction when it is supposed to. If a counterparty fails to honour its obligations in a timely manner and the Fund is delayed or prevented from exercising its rights with respect to the investments in its portfolio, it may experience a decline in the value of its position, lose income and/or incur costs associated with asserting its rights.

### **Credit Risk – General**

Funds may be exposed to a credit / default risk of issuers of debt securities that the Fund may invest in. When a Fund invests in a security or other instrument which is guaranteed by a bank or other type of financial institution there can be no assurance that such guarantor will not itself be subject to credit difficulties, which may lead to the downgrading of

such securities or instruments, or to the loss of some or all of the sums invested in such securities or instruments, or payments due on such securities or instruments

### **Currency Risk**

The underlying investments of a Fund may be denominated in currencies other than the Base Currency of the Fund. Also, a Class of a Fund may be designated in a currency other than the Base Currency of the Fund. The Net Asset Value of the Fund may be affected unfavourably by fluctuations in the exchange rates between these currencies and the Base Currency and by changes in exchange rate controls. Unless the Class is specifically described as a Hedged Class, no steps are taken to mitigate the effects of exchange rate fluctuations between the currency of denomination of the Units and the Base Currency.

### **Cyber Security Risk**

The Unit Trust and its service providers are susceptible to operational and information security and related risks of cyber security incidents. In general, cyber incidents can result from deliberate attacks or unintentional events. Cyber security attacks include, but are not limited to, gaining unauthorized access to digital systems (e.g., through "hacking" or malicious software coding) for purposes of misappropriating assets or sensitive information, corrupting data or causing operational disruption.

Cyber attacks also may be carried out in a manner that does not require gaining unauthorized access, such as causing denial-of-service attacks on websites (i.e. efforts to make services unavailable to intended users). Cyber security incidents affecting the Manager, Investment Manager, Administrator or Depositary or other service providers such as financial intermediaries have the ability to cause disruptions and impact business operations, potentially resulting in financial losses, including by interference with the Administrators ability to calculate the Net Asset Value; impediments to trading for the relevant Funds' portfolio; the inability of Unitholders to transact business with the Unit Trust; violations of applicable privacy, data security or other laws; regulatory fines and penalties; reputational damage; reimbursement or other compensation or remediation costs; legal fees; or additional compliance costs.

Similar adverse consequences could result from cyber security incidents affecting issuers of securities in which the Unit Trust invests, counterparties with which the Unit Trust engages in transactions, governmental and other regulatory authorities, exchange and other financial market operators, banks, brokers, dealers, insurance companies and other financial institutions and other parties. While information risk management systems and business continuity plans have been developed which are designed to reduce the risks associated with cyber security, there are inherent limitations in any cyber security risk management systems or business continuity plans, including the possibility that certain risks have not been identified.

### **Fund Termination Risk**

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

### **Inflation Risk**

A Fund's assets or income from a Fund's investments may be worth less in real terms in the future as inflation decreases the value of money. As inflation increases, the real value of a Fund's portfolio will decline unless it grows by more than the rate of inflation.

### **Investment in Europe- European Sovereign Debt Crisis**

Some of the Funds may invest substantially in Europe. In light of the fiscal conditions and concerns on sovereign debt of certain European countries, the Eurozone crisis continues to raise uncertainty with some or no clarity on an enduring solution. Any adverse events, such as the downgrading of the credit rating of a European country, the default or bankruptcy of one or more sovereigns within the Eurozone, the departure of some, or all, relevant EU Member States from the Eurozone, or any combination of the above or other economic or political events may have a negative impact on the value of the Funds. In light of ongoing concerns on the sovereign debt risk of certain countries within the Eurozone, a Fund's investments in the region may be subject to higher volatility, liquidity, currency and default risks associated with investments in Europe.

If certain countries cease to use Euro as their local currency, the transition by an EU Member State away from the Euro or the dissolution of the Euro may require the redenomination of some, or all, Euro-denominated sovereign debt, corporate debt and securities (including equity securities). This may have an adverse impact on the liquidity of a Fund's Euro-denominated assets and on the performance of the Fund which hold such assets. A Eurozone break-up or exit

from the Euro might also lead to additional performance, legal and operational risks to the Fund and may cause uncertainty as to the operation of certain terms of agreements that are governed by the law of an exiting EU Member State.

While the governments of many European countries, the European Commission, the European Central Bank, the International Monetary Fund and other authorities are taking measures (such as undertaking economic reforms and imposing austerity measures on citizens) to address the current fiscal conditions, there are concerns that these measures may not have the desired effect and the future stability and growth of Europe remains uncertain. If a crisis occurs, economic recovery may take some time and future growth will be affected. The performance and value of the Funds may potentially be adversely affected by any or all of the above factors, or there may be unintended consequences in addition to the above arising from the potential European crisis that may adversely affect the performance and value of the Funds. It is also possible that a large number of investors could decide to redeem their investments in the Fund at the same time. Investors also need to bear in mind that the events in Europe may spread to other parts of the world, affecting the global financial system and other local economies, and ultimately adversely affecting the performance and value of a Fund.

### **Volatility and Liquidity Risk**

The debt instruments in which a Fund invests may not be traded on an active secondary market. In addition, debt instruments in certain markets may be subject to a higher volatility and lower liquidity when compared to more developed markets. The prices of securities traded in such markets may be subject to fluctuations. The bid and offer spreads of the price of such securities may be large and a Fund may incur significant trading costs. Liquidity risk exists when a particular security or instrument is difficult to purchase or sell. If the size of a transaction would represent a relatively large proportion of the average trading volume in that security or if the relevant market is illiquid (as is the case with many privately negotiated derivatives), it may not be possible to initiate a transaction or liquidate a position at an advantageous time or price. Further information on how the Investment Manager manages liquidity risk can be found under the heading Liquidity Risk Management below.

### **Market Disruption Risk**

The Funds may be exposed to the risk of incurring large losses in the event of disrupted markets. Disruptions can include the suspension or limit on trading of a financial exchange and disruptions in one market sector can have an adverse effect on other market sectors. If this happens, the risk of loss to a Fund can be increased because many positions may become illiquid, making them difficult to sell. Finance available to a Fund may also be reduced which can make it more difficult for a Fund to trade.

### **No Investment Guarantee**

Investment in a Fund is not of the same nature of a deposit in a bank account and is not protected by any government, government agency or other guarantee scheme which may be available to protect the holder of a bank deposit account. Any investment in a Fund is subject to fluctuations in value and you may get back less than you invest.

### **Potential implications of Brexit**

On 23 June 2016 the United Kingdom held a referendum and voted to leave the European Union. This has led to volatility in the financial markets of the United Kingdom and more broadly across Europe and may also lead to weakening in consumer, corporate and financial confidence in such markets. The extent and process by which the United Kingdom will exit the European Union, and the longer term economic, legal, political and social framework to be put in place between the United Kingdom and the European Union are unclear at this stage and are likely to lead to ongoing political and economic uncertainty and periods of exacerbated volatility in both the United Kingdom and in wider European markets for some time. This mid to long term uncertainty may have an adverse effect on the economy generally and on the ability of the Funds to execute their respective strategies and to receive attractive returns.

Leaving the European Union may also result in significant changes to law and regulation in the United Kingdom. It is not currently possible to assess the effect of these changes on the Unit Trust, its investments or the position of the Unitholders. Investors should be aware that these and other similar consequences following from the referendum result may adversely affect the value of the Units and the Unit Trust's performance.

### **Suspension of Trading**

A securities exchange typically has the right to suspend or limit trading in any instrument traded on that exchange. The government or the regulators may also implement policies that may affect the financial markets. A suspension could render it impossible for the Investment Manager or an underlying fund manager to liquidate positions and thereby expose a Fund to losses and may have a negative impact on the Fund.

## **Taxation**

Any change in the taxation legislation or the interpretation thereof in any jurisdiction where a Fund is registered, marketed or invested could affect the tax status of the Fund, and consequently the value of the Fund's investments in the affected jurisdiction, the Fund's ability to achieve its investment objective and/or to alter the post tax returns to Unitholders.

A Fund may be subject to withholding or other taxes on income and/or gains arising from its investments. Certain investments may themselves be subject to similar taxes on the underlying investments that they hold. Any investment in either developed or emerging markets, may be subject to new taxes or the rate of tax applicable to any income arising or capital gains may increase or decrease as a result of any prospective or retrospective change in applicable laws, rules or regulations or the interpretation thereof. It is possible that a Fund may or may not be able to benefit from relief under a double tax agreement between Ireland and the country where an investment is resident for tax purposes.

Certain countries may have a tax regime that is less well defined, may be subject to unpredictable change and may permit retroactive taxation thus the Funds could become subject to a local tax liability that had not reasonably been anticipated. Such uncertainty could necessitate significant provisions being made by any relevant Fund in the Net Asset Value per Unit calculations for foreign taxes while it could also result in a Fund incurring the cost of a payment made in good faith to a fiscal authority where it was eventually found that a payment need not have been made.

Consequently, where through fundamental uncertainty as to the tax liability, or the lack of a developed mechanism for practical and timely payment of taxes, a Fund pays taxes relating to previous years, any related costs will likewise be chargeable to the Fund. Such late paid taxes will normally be debited to a Fund at the point the decision to accrue the liability in the Fund's accounts is made.

As a result of the situations referred to above, any provisions made by the Funds in respect of the potential taxation of and returns from investments held at any time may prove to be excessive or inadequate to meet any eventual tax liabilities. Consequently, investors in a Fund may be advantaged or disadvantaged when they subscribe or redeem their Units in the Fund.

Unitholders and potential investors' attention is drawn to the taxation risks associated with investing in a Fund. Please refer to the section headed "TAXATION".

## **Foreign Account Tax Compliance Act**

The foreign account tax compliance provisions ("**FATCA**") of the Hiring Incentives to Restore Employment Act 2010 which apply to certain payments are essentially designed to require reporting of Specified US Person's direct and indirect ownership of non-US accounts and non-US entities to the US Internal Revenue Service ("**IRS**"), with any failure to provide the required information resulting in a 30% US withholding tax on direct US investments (and possibly indirect US investments). In order to avoid being subject to US withholding tax, both US investors and non-US investors are likely to be required to provide information regarding themselves and their investors. In this regard the Irish and US Governments signed an intergovernmental agreement ("**Irish IGA**") with respect to the implementation of FATCA (see section entitled "*Other*" within the "Taxation" section for further detail) on 21 December 2012.

Under the Irish IGA (and the relevant Irish regulations and legislation implementing same), foreign financial institutions (such as the Unit Trust) should generally not be required to apply 30% withholding tax. To the extent the Unit Trust, however suffers US withholding tax on its investments as a result of FATCA, or is not in a position to comply with any requirement of FATCA, the Administrator acting on behalf of the Unit Trust may take any action in relation to a Unitholder's investment in the Unit Trust to redress such non-compliance and/or to ensure that such withholding is economically borne by the relevant Unitholder whose failure to provide the necessary information or to become a participating foreign financial institution or other action or inaction gave rise to the withholding or non-compliance, including compulsory redemption of some or all of such Unitholder's holding of Units. The Manager, in taking any such action or pursuing any such remedy, shall act in good faith and on reasonable grounds, and pursuant to applicable laws and regulations.

Unitholders and prospective investors should consult their own tax advisor with regard to US federal, state, local and non-US tax reporting, the possible implication of FATCA on them and the Unit Trust and certification requirements associated with an investment in the Unit Trust.

## **Common Reporting Standard**

The OECD developed the Common Reporting Standard ("**CRS**") to address the issue of offshore tax evasion on a global basis. The CRS provides a common standard for due diligence, reporting and exchange of financial account information. Pursuant to the CRS, participating jurisdictions will obtain from reporting financial institutions, and automatically exchange with exchange partners on an annual basis, financial information with respect to all reportable accounts identified by financial institutions on the basis of common due diligence and reporting procedures. The first information exchanges began in September 2017. Ireland has legislated to implement the CRS. As a result the Unit Trust will be

required to comply with the CRS due diligence and reporting requirements, as adopted by Ireland. Unitholders may be required to provide additional information to the Unit Trust to enable the Unit Trust to satisfy its obligations under the CRS. Failure to provide requested information may subject an investor to liability for any resulting penalties or other charges and/or compulsory redemption of its Units in the relevant Fund.

Unitholders and prospective investors should consult their own tax advisor with regard to with respect to their own certification requirements associated with an investment in the Unit Trust.

### **Valuation Risk**

Valuation of a Fund's investments may involve uncertainties and judgmental determinations. If such valuation turns out to be incorrect, this may affect the Net Asset Value calculation of the Fund.

### **Risk of investing in other collective investment schemes**

A Fund may invest in other collective investment schemes and therefore will be subject to the risks associated with the underlying collective investment schemes. A Fund does not have control of the investments of the underlying collective investment schemes and there is no assurance that the investment objective and strategy of the underlying collective investment schemes will be successfully achieved which may have a negative impact to the Net Asset Value of the Fund.

There may be additional costs involved when investing into these underlying collective investment schemes. There is also no guarantee that the underlying collective investment schemes will always have sufficient liquidity to meet the Fund's redemption requests as and when made.

## **FUND SPECIFIC RISKS**

### **Hedged Classes**

Hedged Classes aim to mitigate the effect of fluctuations in the exchange rate of the currency of the relevant Hedged Class relative to the Base Currency of the Fund. The Manager aims to mitigate this risk by using financial instruments such as those described under the heading "Investment Policy: General - Efficient Portfolio Management Techniques", provided that such instruments shall not result in hedged positions exceeding 105% or falling below 95% of the Net Asset Value attributable to the relevant Class of the Fund.

Currency hedging also has potential downsides. Hedging techniques have transaction costs which are borne by the Hedged Class. In addition it is unlikely that the Manager will be able to achieve a perfect currency hedge, so there is no guarantee that a currency hedge will be entirely effective. Investors should also be aware that this strategy may substantially limit Unitholders of the relevant Class from benefiting if the designated currency falls against the Base Currency and/or the currency in which assets of the Fund are denominated.

### **Liability of the Fund**

Unitholders of the relevant Hedged Class of the Fund may be exposed to fluctuations in the Net Asset Value per Unit reflecting the gains/losses on and the costs of the relevant financial instruments. However, the financial instruments used to implement such strategies shall be assets/liabilities of the Fund as a whole.

### **RMB Hedged Class Risk**

RMB is subject to a managed floating exchange rate based on market supply and demand with reference to a basket of currencies. Currently, the RMB is traded in two markets: onshore RMB (CNY) in Mainland China and offshore RMB (CNH) primarily in Hong Kong. Onshore RMB (CNY) is not freely convertible and is subject to exchange controls and certain requirements by the government of PRC. Offshore RMB (CNH), on the other hand, is freely tradable. The exchange rate used for the RMB denominated Hedged Classes is the offshore RMB (CNH). The value of offshore RMB (CNH) could differ, perhaps significantly from that of the onshore RMB (CNY) due to a number of factors including without limitation those foreign exchange control policies and repatriation restrictions. Accordingly, RMB denominated Hedged Classes may be exposed to greater foreign exchange risks. There is no assurance that RMB will not be subject to devaluation or revaluation or that shortages in the availability of foreign currency will not develop.

### **Investment in Small Capitalisation / Mid-Capitalisation Companies**

The stock of small-capitalisation and mid-capitalisation companies may have lower liquidity and their prices are more volatile to adverse economic developments than those of larger capitalisation companies in general. Risks include economic risks, such as lack of product depth, limited geographical diversification and increased sensitivity to the business cycle. They also include organisational risk, such as concentration of management and shareholders and key-person dependence. Where smaller companies are listed on 'junior' sections of the stock exchange, they may be subject to a lighter regulatory environment. Furthermore, the shares in smaller companies can be more difficult to buy and sell, resulting in less flexibility, and sometimes higher costs, in implementing investment decisions.



## Investment in Specific Countries, Regions and Sectors

A Fund's investments are concentrated in specific industry sectors, instruments, countries or regions. The value of a Fund may be more volatile than that of a fund having a more diverse portfolio of investments.

The value of a Fund may be more susceptible to adverse economic, political, policy, foreign exchange, liquidity, tax, legal or regulatory event affecting the specific country or region market.

## Investment in China

Investing in the Chinese securities markets is subject to both emerging market risks as well as country specific risks. Political changes, restrictions on currency exchange, exchange monitoring, taxes, limitations on foreign capital investments and capital repatriation can also affect investment performance.

Whilst the number of available share issues continues to increase, availability remains limited as compared with the choice available in other developed financial markets. This can impact on the level of liquidity in the shares markets which in turn can lead to price volatility.

The legal and regulatory framework for capital markets and joint stock companies in China is less developed when compared with those of developed countries. In addition, Chinese accounting standards may differ from international accounting standards. Investment in Chinese securities may involve certain custodial risks. For example, the evidence of title of exchange traded securities in the People's Republic of China ("PRC") consists only of electronic book-entries in the depository and/or registry associated with the relevant exchange. These arrangements of the depositories and registries are new and not fully tested with regard to their efficiency, accuracy and security.

Investment in mainland China remains sensitive to any major change in economic, social and political policy in the PRC. The capital growth and thus the performance of these investments may be adversely affected due to such sensitivity. The PRC government's control of future movements in exchange rates and currency conversion may have an adverse impact on the operations and financial results of the companies in which these Funds invest.

With the potential uncertainty concerning the tax treatment of investments in Chinese securities, the possibility of tax rules being changed and the possibility of taxes or tax liabilities being applied retroactively, any provisions for taxation made by the relevant Funds at any time may prove to be excessive or inadequate to meet any eventual tax liabilities. Consequently, investors may be advantaged or disadvantaged depending on the position of the Chinese tax authorities in the future and the level of tax provisions proving to be either excessive or inadequate either when they subscribed or redeemed their Units in the relevant Funds. In the event that tax provisions are made, any shortfall between the provision and the actual tax liabilities, which will be debited from the Fund's assets, will adversely affect the Fund's Net Asset Value. The actual tax liabilities may be lower than the tax provision made. Depending on the timing of their subscriptions and/or redemptions, investors may be disadvantaged as a result of any shortfall of tax provision and will not have the right to claim any part of the overprovision (as the case may be).

Under the prevailing PRC tax policy, there are certain tax incentives available to PRC companies with foreign investments. Moreover, there is a possibility that the tax laws, regulations and practice in the PRC may be subject to change and that such changes may have retrospective effect. There is no assurance that tax incentives currently offered to foreign companies will not be abolished in the future. In addition, by investing in Chinese securities including China A-shares and China B-shares (indirectly through investment in other CIS or participation notes), these Funds may be subject to withholding and other taxes imposed in the PRC which cannot be eliminated by any applicable double taxation treaty. Therefore such uncertainty could necessitate significant provisions being made in the Net Asset Value per Unit calculations for foreign taxes.

Currently, foreign investors may only invest in China A shares and the PRC domestic securities market; (1) through quotas approved under the QFII Regulations and/or RQFII Regulations; (2) through the Shanghai Hong Kong Stock Connect Scheme and Shenzhen Hong Kong Stock Connect Scheme (the "Connect Schemes"); or (3) as a strategic investor under applicable PRC regulations. Foreign investors may invest in China B shares directly. It is anticipated that a Funds' exposure to China A shares listed on the Shanghai Stock Exchange ("SSE") and Shenzhen Stock Exchange ("SZSE") may be obtained directly via the Connect Schemes and exposure to China A Shares listed on other exchanges and China B shares will be obtained through indirect exposure through investment in other eligible collective investment schemes or participation notes and details of any such investment is set out in the relevant Supplement for a Fund. Details of the risks associated with investment in China A or China B securities is set out under the heading "Risk Considerations – Investment in China" and specific risk factors regarding investment directly in China A shares via the Connect Schemes is set out under the heading 'Risk Considerations- Investment via the Connect Schemes'. Further details on the Connect Schemes are set out below.

The Shanghai Hong Kong Stock Connect Scheme is a securities trading and clearing linked programme developed by the Stock Exchange of Hong Kong ("SEHK"), Hong Kong Exchanges and Clearing Limited ("HKEx"), SSE and China Securities Depository and Clearing Corporation Limited ("ChinaClear") and the Shenzhen Hong Kong Stock Connect Scheme is a securities trading and clearing linked programme developed by SEHK, HKEx and the SZSE and

ChinaClear. The aim of the Connect Schemes is to achieve mutual stock market access between mainland China and Hong Kong.

The Shanghai Hong Kong Stock Connect Scheme enables Hong Kong and overseas investors, to invest in China A shares listed in the SSE ("SSE Securities") through their Hong Kong brokers and a securities trading service company established by SEHK using the Northbound Shanghai Trading Link. Under the Northbound Shanghai Trading Link, investors, through their Hong Kong brokers and a securities trading service company established by the SEHK, may be able to trade SSE Securities, listed on the SSE, subject to the rules of the Shanghai Hong Kong Stock Connect Scheme. SSE Securities, as of the date of this Prospectus, include shares listed on the SSE that are (a) constituent stocks of SSE 180 Index; (b) constituent stocks of SSE 380 Index; (c) China A shares listed on the SSE that are not constituent stocks of the SSE 180 Index or SSE 380 Index but which have corresponding China H shares accepted for listing and trading on SEHK, provided that: (i) they are not traded on the SSE in currencies other than RMB (ii) they are not under risk alert. SEHK may include or exclude securities as SSE Securities and may change the eligibility of shares for trading on the Northbound Shanghai Trading Link.

The Shenzhen Hong Kong Stock Connect enables Hong Kong and overseas investors, to invest in China A shares listed in the SZSE ("SZSE Securities") through their Hong Kong brokers and a securities trading service company established by SEHK using the Northbound Shenzhen Trading Link. Under the Northbound Shenzhen Trading Link, through their Hong Kong brokers and a securities trading service company established by SEHK, Hong Kong and overseas investors may be able to trade SZSE Securities, listed on the SZSE, subject to the rules of the Shenzhen Hong Kong Stock Connect Scheme. SZSE Securities, as of the date of the Prospectus, include (a) all the constituent stocks of the SZSE Component Index and SZSE Small/Mid Cap Innovation Index which has a market capitalisation of not less than RMB 6 billion, and (b) China A shares listed on the SZSE which have corresponding China H shares accepted for listing and trading on SEHK, provided that: (i) they are not traded on the SZSE in currencies other than RMB (ii) they are not under risk alert or under delisting arrangement.

At the initial stage of the Shenzhen Hong Kong Stock Connect, investors eligible to trade shares that are listed on the ChiNext Board under Northbound trading will be limited to institutional professional investors (which the Funds will qualify as such) as defined in the relevant Hong Kong rules and regulations.

SEHK may include or exclude securities as SZSE Securities and may change the eligibility of shares for trading on the Northbound Shenzhen Trading Link.

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

#### Investment via the Connect Schemes

The relevant rules and regulations on Connect Schemes are subject to change which may have potential retrospective effect. The Connect Schemes are subject to quota limitations. Where a suspension in the trading through the programme is effected, the Fund's ability to invest in China A-shares or access the PRC market through the programme will be adversely affected. In such event, a Fund's ability to achieve its investment objective could be negatively affected.

#### Quota limitations

Trading under the Connect Schemes will be subject to a daily quota ("Daily Quota"). The Northbound Shanghai Trading Link under the Shanghai-Hong Kong Stock Connect Scheme, Northbound Shenzhen Trading Link under the Shenzhen-Hong Kong Stock Connect Scheme, Southbound Hong Kong Trading Link under the Shanghai-Hong Kong Stock Connect Scheme and Southbound Hong Kong Trading Link under the Shenzhen-Hong Kong Stock Connect Scheme will be respectively subject to a separate set of Daily Quota. The Daily Quota limits the maximum net buy value of cross boundary trades under each of the Connect Schemes each day. The Northbound Daily Quota is currently set at RMB13 billion for each of the Connect Schemes as of the date of this Prospectus. SEHK will monitor the quota and publish the remaining balance of the Northbound Daily Quota at scheduled times on the HKEx's website.

Once the remaining balance of the Northbound Daily Quota drops to zero or the Northbound Daily Quota is exceeded during the opening call session, new buy orders will be rejected (though investors will be allowed to sell their cross-boundary securities regardless of the quota balance). Therefore, quota limitations may restrict the relevant Fund's ability to invest in China A shares through the Connect Schemes on a timely basis, and the relevant Fund may not be able to effectively pursue its investment strategies.

#### Legal / Beneficial Ownership

The SSE Securities and SZSE Securities in respect of a Fund are held by the Depository in accounts in the Central Clearing and Settlement System ("CCASS") maintained by the HKSCC as central securities depository in Hong Kong. HKSCC in turn holds the SSE Securities and SZSE Securities, as the nominee holder, through an omnibus securities account in its name registered with ChinaClear for each of the Connect Schemes. While the relevant CSRC regulations and ChinaClear rules generally provide for the concept of a "nominee holder" and Hong Kong and overseas investors (such as the Unit Trust and the Funds) would be recognised as having beneficial ownership in the SSE Securities and

SZSE Securities. The precise nature and rights of the Funds as the beneficial owners of the SSE Securities and SZSE Securities through HKSCC as nominee is not well defined under PRC law. There is lack of a clear definition of, and distinction between, “legal ownership” and “beneficial ownership” under PRC law and there have been few cases involving a nominee account structure in the PRC courts. Therefore, the exact nature and methods of enforcement of the rights and interests of the Fund under PRC law is uncertain. Further, how an investor, such as a relevant Fund, as the beneficial owner of SSE Securities and SZSE Securities under the stock connect structure, exercises and enforces its right in the PRC courts are yet to be tested. Because of this uncertainty, in the unlikely event that HKSCC becomes subject to winding up proceedings in Hong Kong it may not be possible to say with certainty if the SSE Securities and SZSE Securities will be regarded as held for the beneficial ownership of the Funds or as part of the general assets of HKSCC available for general distribution to its creditors.

#### *Clearing and Settlement Risk*

The HKSCC and ChinaClear have established the clearing links and each is a participant of each other to facilitate clearing and settlement of cross-boundary trades. For cross-boundary trades initiated in a market, the clearing house of that market will on one hand clear and settle with its own clearing participants, and on the other hand undertake to fulfil the clearing and settlement obligations of its clearing participants with the counterparty clearing house.

Should the remote event of ChinaClear default occur and ChinaClear be declared as a defaulter, HKSCC’s liabilities in Northbound trades under its market contracts with clearing participants will be limited to assisting clearing participants in pursuing their claims against ChinaClear. HKSCC will in good faith, seek recovery of the outstanding stocks and monies from ChinaClear through available legal channels or through ChinaClear’s liquidation. In that event, the Fund may suffer delay in the recovery process or may not be able to fully recover its losses from ChinaClear.

#### *Currency Risk*

Hong Kong and overseas investors will trade and settle SSE Securities and SZSE Securities in RMB only. Hence, the Funds will need to use RMB to trade and settle SSE Securities and SZSE Securities.

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

Investment through the Connect Schemes is conducted through brokers, and is subject to the risks of default by such brokers’ in their obligations.

The Fund’s investments through Northbound trading under the Connect Schemes are not covered by Hong Kong’s Investor Compensation Fund. Hong Kong’s Investor Compensation Fund is established to pay compensation to investors of any nationality who suffer pecuniary losses as a result of default of a licensed intermediary or authorised financial institution in relation to exchange-traded products in Hong Kong.

Since default matters in the Northbound Trading Link via the Connect Schemes does not involve products listed or traded in SEHK or Hong Kong Futures Exchange Limited, they will not be covered by the Investor Compensation Fund.

On the other hand, since a Fund is carrying out Northbound trading through securities brokers in Hong Kong but not the PRC brokers, therefore not protected by the China Securities Investor Protection Fund.

#### *Corporate Actions and Shareholders’ Meetings*

Notwithstanding the fact that HKSCC does not claim proprietary interests in the SSE Securities and SZSE Securities held in its omnibus stock account in ChinaClear, ChinaClear as the share registrar for SSE and SZSE listed companies will still treat HKSCC as one of the shareholders when it handles corporate actions in respect of such SSE Securities and SZSE Securities.

HKSCC will monitor the corporate actions affecting SSE Securities and SZSE Securities and keep the relevant brokers or custodians participating in CCASS (“CCASS participants”) informed of all such corporate actions that require CCASS participants to take steps in order to participate in them.

SSE-/SZSE-listed companies usually announce information regarding their annual general meetings/extraordinary general meetings about two to three weeks before the meeting date. A poll is called on all resolutions for all votes. HKSCC will advise CCASS participants of all general meeting details such as meeting date, time, venue and the number of resolutions.

The HKSCC will keep CCASS participants informed of corporate actions of SSE Securities and SZSE Securities (as defined above). Where the articles of association of a listed company do not prohibit the appointment of proxy/multiple proxies by its shareholder, HKSCC will make arrangements to appoint one or more investors as its proxies or representatives to attend shareholders’ meetings when instructed. Further, investors (with holdings reaching the thresholds required under the PRC regulations and the articles of associations of listed companies) may, through their CCASS participants, pass on proposed resolutions to listed companies via HKSCC under the CCASS rules. HKSCC will

pass on such resolutions to the companies as shareholder on record if so permitted under the relevant regulations and requirements. Hong Kong and overseas investors (including the Fund) are holding SSE Securities and SZSE Securities traded via the Connect Schemes through their brokers or custodians, and they will need to comply with the arrangement and deadline specified by their respective brokers or custodians (i.e. CCASS participants). The time for them to take actions for some types of corporate actions of SSE Securities and SZSE Securities may be very short. Therefore, it is possible that the Fund may not be able to participate in some corporate actions in a timely manner.

#### *Foreign Shareholding Restrictions*

China Securities Regulatory Commission ("CSRC") stipulates that, when holding China A shares through the Connect Schemes, Hong Kong and overseas investors are subject to the following shareholding restrictions:

- shares held by a single foreign investor (such as a Fund) investing in a listed company must not exceed 10 % of the total issued shares of such listed company; and
- total shares held by all foreign investors (i.e. Hong Kong and overseas investors) who make investment in a listed company must not exceed 30 % of the total issued shares of such listed company.

When the aggregate foreign shareholding of an individual China A shares reaches 26 %, SSE or SZSE, as the case may be, will publish a notice on its website (<http://www.sse.com.cn/disclosure/disclosure/qfii> for SSE and <http://www.szse.cn/main/disclosure/news/qfii/> for SZSE). If the aggregate foreign shareholding exceeds the 30% threshold, the foreign investors concerned will be requested to sell the shares on a last-in-first-out basis within five trading days.

#### *Operational Risk*

The Connect Schemes provide a channel for investors from Hong Kong and overseas to access the China stock markets directly.

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

Market participants generally have configured and adapted their operational and technical systems for the purpose of trading China A shares through the Connect Schemes. However, it should be appreciated that the securities regimes and legal systems of the two markets differ significantly and in order for the program to operate, market participants may need to address issues arising from the differences on an on-going basis.

Further, the "connectivity" in the Connect Schemes requires routing of orders across the border SEHK has set up an order routing system ("China Stock Connects System") to capture, consolidate and route the cross boundary orders input by exchange participants). There is no assurance that the systems of the SEHK and market participants will function properly or will continue to be adapted to changes and developments in both markets. In the event that the relevant systems failed to function properly, trading in both markets through the programme could be disrupted. A Fund's ability to access the China A share market (and hence to pursue its investment strategy) will be adversely affected.

#### *Regulatory Risk*

The Connect Schemes will be subject to regulations promulgated by regulatory authorities and implementation rules made by the stock exchanges in the PRC and Hong Kong. Further, new regulations may be promulgated from time to time by the regulators in connection with operations and cross-border legal enforcement in connection with cross-border trades under the Connect Schemes.

It should be noted that the current regulations and rules on the Connect Schemes are subject to change which may have potential retrospective effect. There can be no assurance that the Connect Schemes will not be abolished. A Fund, which may invest in the PRC markets through the Connect Schemes, may be adversely affected as a result of such changes.

#### *Suspension Risk*

Each of the SEHK, SSE and SZSE reserves the right to suspend Northbound and/or Southbound trading if necessary for ensuring an orderly and fair market and that risks are managed prudently. Consent from the relevant regulator would be sought before a suspension is triggered. Where a suspension in the Northbound trading through the Connect Schemes is effected, a Fund's ability to access the PRC market will be adversely affected.

#### *Restrictions on selling imposed by front-end monitoring*

PRC regulations require that before an investor sells any share, there should be sufficient shares in the account; otherwise SSE or SZSE will reject the sell order concerned.

SEHK will carry out pre-trade checking on China A shares sell orders of its participants (i.e. the stock brokers) to ensure there is no over-selling.

Generally, if a Fund desires to sell certain China A shares it holds, it must transfer those China A shares to the respective accounts of its brokers before the market opens on the day of selling ("**trading day**"). If it fails to meet this deadline, it will not be able to sell those shares on the trading day. Because of this requirement, a Fund may not be able to dispose of holdings of China A shares in a timely manner.

However, a Fund may request a custodian to open a special segregated account ("SPSA") in CCASS to maintain its holdings in China A shares under the enhanced pre-trade checking model. Each SPSA will be assigned a unique "Investor ID" by CCASS for the purpose of facilitating China Stock Connects System to verify the holdings of an investor such as a Fund. Provided that there is sufficient holding in the SPSA when a broker inputs a Fund's sell order, the Fund will be able to dispose of its holdings of China A shares (as opposed to the practice of transferring China A shares to the broker's account under the current pre-trade checking model for non-SPSA accounts). Opening of the SPSA accounts for the Fund will enable it to dispose of its holdings of China A shares in a timely manner.

#### *Differences in Trading Days*

The Connect Schemes will only operate on days when both the PRC and the Hong Kong stock markets are open for trading and when banks in both markets are open on the corresponding settlement days. So it is possible that there are occasions when it is a normal trading day for the PRC stock markets but Hong Kong investors (such as a Fund) cannot carry out any China A shares trading. Due to the differences in trading days, the Fund may be subject to a risk of price fluctuations in China A shares on a day that the PRC stock markets are open for trading but the Hong Kong stock market is closed.

#### *Recalling of Eligible Stocks*

When a stock is recalled from the scope of eligible stocks for trading via the Connect Schemes, the stock can only be sold but restricted from being bought. This may affect the investment portfolio or strategies of the Fund, for example, when a Fund wishes to purchase a stock which is recalled from the scope of eligible stocks.

Risks associated with the Small and Medium Enterprise Board of the SZSE ("**SME Board**") and/or ChiNext Board

Certain Funds may have exposure to stocks listed on SME Board and/or ChiNext Board.

#### *Higher Fluctuation on Stock Prices*

Listed companies on the SME Board and/or ChiNext Board are usually of emerging nature with smaller operating scale. Hence, they are subject to higher fluctuation in stock prices and liquidity and have higher risks and turnover ratios than companies listed on the Main Board of the SZSE ("Main Board").

#### *Over-Valuation Risk*

Stocks listed on SME Board and/or ChiNext Board may be overvalued and such exceptionally high valuation may not be sustainable. Stock price may be more susceptible to manipulation due to fewer circulating shares.

#### *Differences in Regulation*

The rules and regulations regarding companies listed on ChiNext Board are less stringent in terms of profitability and share capital than those in the Main Board and SME Board.

#### *Delisting risk*

It may be more common and faster for companies listed on the SME Board and/or ChiNext Board to delist. This may have an adverse impact on a Fund if the companies that it invests in are delisted.

Investments in the SME Board and/or ChiNext Board may result in significant losses for a Fund and its investors.

#### *Taxation in People's Republic of China*

The tax regime in the People's Republic of China is less well defined, may be subject to unpredictable change and may permit retroactive taxation thus the Fund could become subject to a local tax liability that had not reasonably been anticipated. Such uncertainty could necessitate significant provisions being made by a Fund in the Net Asset Value calculations for foreign taxes while it could also result in a Fund incurring the cost of a payment made in good faith to a fiscal authority where it was eventually found that a payment need not have been made.

There are risks and uncertainties associated with the current PRC tax laws, regulations and practice in respect of capital gains realised via RQFII quota or the Connect Schemes or access products on the Fund's investments in the PRC (which may have retrospective effect). Any increased tax liabilities on the fund may adversely affect the Fund's value.

#### Renminbi Currency and Conversion Risk

RMB is currently not a freely convertible currency and is subject to exchange control policies and restrictions. The value of the assets of the Fund as measured in the Base Currency of a Fund, may be affected unfavourably by fluctuations in currency rates and exchange control regulations. There can be no assurance that the RMB will not be subject to devaluation or revaluation or that shortages in the availability of foreign currency will not develop.

Non-RMB based investors are exposed to foreign exchange risk and there is no guarantee that the value of RMB against the investors' base currencies will not depreciate. Any depreciation of RMB could adversely affect the value of investor's investment in the Fund.

Although offshore RMB (CNH) and onshore RMB (CNY) are the same currency, they trade at different rates. Any divergence between CNH and CNY may adversely impact investors.

Under exceptional circumstances, payment of redemptions and/or dividend payment in RMB may be delayed due to the exchange controls and restrictions applicable to RMB.

#### **Tax Reporting**

Investors should also note that, given the wide range of instruments in which a Fund is able to invest, the level and nature of income generated by the Fund in different accounting periods could vary significantly. Consequently, depending on the tax status of investors and the place where they may be subject to tax, this could also impact on the manner in which their share of any income will need to be reported and taxed. Further information concerning the potential tax treatment of investors is provided under the heading "Taxation" in the Prospectus.

#### **RQFII Risk**

Certain Funds may make investments that are tied economically to issuers from the PRC. This exposure to the Chinese market may be obtained via the Renminbi Qualified Foreign Institutional Investor ("RQFII") scheme or via the Shanghai-Hong Kong Stock Connect program ("SC") within certain investment quotas as approved under and subject to applicable Chinese regulatory requirements.

#### **RQFII Regulatory Risks**

The RQFII regime is governed by rules and regulations as promulgated by the relevant authorities in the PRC, including the China Securities Regulatory Commission ("CSRC"), the State Administration of Foreign Exchange ("SAFE") and the People's Bank of China ("PBOC") and/or other relevant authorities (the "RQFII Regulations"). Certain investment managers that meet the relevant prescribed eligibility requirements under the RQFII Regulations may in the future apply to be granted a RQFII license and quota (each a "Barings RQFII, together "Barings RQFIIs"). As the RQFII Regulations have a relatively short history and their application and interpretation remain relatively untested, there is uncertainty as to how they will be applied and interpreted by the PRC authorities or how regulators may exercise the wide discretionary powers given to them thereunder in future. A Fund's ability to make the relevant investments or to fully implement or pursue its investment objective and strategy is subject to the applicable laws, rules and regulations (including restrictions on investments and repatriation of principal and profits) in the PRC, which are subject to change and such change may have potential retrospective effect. Any changes to the relevant rules may have a material adverse impact on Unitholders' investment in a Fund. If a Fund invests through the RQFII scheme, it will be subject to some or all of the following additional risks.

Under the SAFE's and PBOC's RQFII quota administration policy, Barings RQFII may have the flexibility to allocate their RQFII quota across different Funds, or subject to SAFE's and PBOC's approvals, as the case may be, to other products which are open-ended funds and/or to products and/or accounts that are not open ended funds. Barings RQFIIs may therefore allocate RQFII quota to a Fund, or allocate RQFII quota which may otherwise be available to a Fund to other products and/or accounts. Subject to applicable rules and approvals, the RQFII quota(s) to be obtained by the Barings RQFIIs may be utilised by the Funds they manage and / or by the funds managed by other investment managers of the Barings Group who do not currently hold a RQFII license and quota. In the latter case, in accordance with the RQFII Regulations, the Barings RQFIIs will retain an overall oversight responsibility on the use of the RQFII quota, but will not take on any discretionary investment management role in respect of the Funds managed by such other investment managers.

RQFII Regulations may be amended from time to time and include (but are not limited to):

- (i) the "Pilot Scheme for Domestic Securities Investment through Renminbi Qualified Foreign Institutional Investors" issued by the CSRC, the PBOC and the SAFE and effective from 1 March 2013;

- (ii) the “Implementation Rules for the Pilot Scheme for Domestic Securities Investment through Renminbi Qualified Foreign Institutional Investors” issued by the CSRC and effective from 1 March 2013;
- (iii) the “Circular on Issues Related to the Pilot Scheme for Domestic Securities Investment through Renminbi Qualified Foreign Institutional Investors” issued by the SAFE and effective from 21 March 2013 (the “RQFII Measures”);
- (iv) the “Notice of the People’s Bank of China on the Relevant Matters concerning the Implementation of the Pilot Scheme for Domestic Securities Investment through Renminbi Qualified Foreign Institutional Investors”, issued by the PBOC and effective from 2 May 2013; and
- (v) any other applicable regulations promulgated by the relevant authorities.

The RQFII Regulations are relatively new. The application and interpretation of such investment regulations are therefore relatively untested and there is no certainty as to how they will be applied as the PRC authorities and regulators have been given wide discretion in such investment regulations and there is no precedent or certainty as to how such discretion may be exercised now or in the future.

### **RQFII Quota Risks**

To the extent a Barings RQFII has utilised its entire RQFII quota, the Barings RQFII may, subject to any applicable regulations, apply for an increase of its RQFII quota which may be utilised by the Funds, other clients of the Barings RQFII or other products managed by the Barings RQFII. There can however be no assurance that additional RQFII quota can be obtained to fully satisfy subscription requests in the relevant Funds, which may result in a need to close such Funds to further subscriptions, to reject and/or (pending receipt of additional RQFII quota) to defer all or part of any new subscription requests, subject to the provisions of the Prospectus. On the other hand, the size of the quota granted to a Barings RQFII may generally be reduced or cancelled by the relevant Chinese authorities if this Barings RQFII is unable to use its RQFII quota effectively within one (1) year since the quota is granted. Also, regulatory sanctions may be imposed on Barings RQFIIs if the latter (or the RQFII local custodian – please see “RQFII Custody Risks” below) breach any provision of the RQFII Regulations, which could potentially result in the revocation of the RQFII quota or other regulatory sanctions that may impact on the portion of the quota made available for investment by the relevant Funds. Should a Barings RQFII lose its RQFII status or its investment quota is revoked or reduced, a Fund may no longer be able to invest directly in the PRC or may be required to dispose of its investments in the PRC domestic securities market held through the quota, which could have an adverse effect on its performance or result in a significant loss.

A Fund may suffer losses if there is insufficient RQFII quota allocated for the Fund to make investments, the approval of the Barings RQFII is being revoked/terminated or otherwise invalidated as the Fund may be prohibited from trading of relevant securities and repatriation of the Fund’s monies, or if any of the key operators or parties (including RQFII Custodian/PRC brokers) is bankrupt/in default and/or is disqualified from performing its obligations (including execution or settlement of any transaction or transfer of monies or securities).

### **RQFII Repatriation Risks**

A Fund may be impacted by the rules and restrictions under the RQFII Regulations (including investment restrictions, limitations on foreign ownership or holdings), which may have an adverse impact on its performance and/or its liquidity. The SAFE regulates and monitors the repatriation of funds out of the PRC by RQFIIs pursuant to the RQFII Regulations. Repatriations by RQFIIs in respect of an open-ended RQFII fund (as defined under RQFII Regulations), such as the relevant Funds, conducted in RMB are currently conducted daily and are not subject to repatriation restrictions or prior approval. There is no assurance, however, that RQFII Regulations will not change or that repatriation restrictions will not be imposed in the future.

Any restrictions on repatriation of the invested capital and net profits may impact on the relevant Fund’s ability to meet redemption requests from the Unitholders. In extreme circumstances, the relevant Funds may incur significant loss due to limited investment capabilities, or may not be able fully to implement or pursue its investment objectives or strategies, due to RQFII investment restrictions, illiquidity of the PRC’s securities market, and delay or disruption in execution of trades or in settlement of trades.

### **RQFII Custody Risks**

Where a Fund invests in fixed income securities traded on the interbank bond market and the exchange markets in the PRC through a Barings RQFII quota, such securities will be maintained by a local custodian (the “RQFII Custodian”) pursuant to PRC regulations through securities accounts with the China Securities Depository and Clearing Corporation Limited or the China Central Depository & Clearing Co. Ltd and/or the Shanghai Clearing House Co. Ltd. and such other relevant depositories in such name as may be permitted or required in accordance with PRC law. Cash shall be maintained in a cash account with the RQFII Custodian.

The Depositary will make arrangements to ensure that the RQFII Custodian has appropriate procedures to properly safe-keep the assets of the relevant Funds including maintaining records that clearly show that such Funds assets are recorded in the name of such Funds and segregated from the other assets of the RQFII Custodian. Under RQFII Regulations, any securities acquired by a Fund through a RQFII quota held by Barings RQFIIs will be maintained by the RQFII Custodian and should be registered in the joint names of the Barings RQFII (as the RQFII licence holder) and the Fund and for the sole benefit and use of the Fund. However, it is possible that the judicial and regulatory authorities in China may interpret the position differently in future and determine that Barings RQFIIs could be the party entitled to the securities in such securities trading account. Such securities may be vulnerable to a claim by a liquidator of the Barings RQFII and may not be as well protected as if they were registered solely in the name of the Fund. In particular, there is a risk that creditors of the Barings RQFII may incorrectly assume that the Fund's assets belong to the Barings RQFII and such creditors may seek to gain control of the Fund's assets to meet the Barings RQFII's liabilities owed to such creditors.

Investors should also note that cash deposited in the cash account of the relevant Funds with the RQFII Custodian will not be segregated but will be a debt owing from the RQFII Custodian to the relevant Funds as a depositor. Such cash will be co-mingled with cash belonging to other clients of the RQFII Custodian. In the event of bankruptcy or liquidation of the RQFII Custodian, the relevant Funds will not have any proprietary rights to the cash deposited in such cash account, and the relevant Funds will become an unsecured creditor, ranking pari passu with all other unsecured creditors, of the RQFII Custodian.

The relevant Fund may face difficulty and/or encounter delays in recovering such debt, or may not be able to recover it in full or at all, in which case the Fund will suffer losses. Also, the Fund may incur losses due to the acts or omissions of the RQFII Custodian in the execution or settlement of any transaction or in the transfer of any funds or securities.

#### **PRC Brokerage Risks under RQFII regime**

The execution and settlement of transactions or the transfer of any funds or securities may be conducted by PRC brokers appointed by the Barings RQFIIs. There is a risk that a Fund may suffer losses from the default, bankruptcy or disqualification of the PRC brokers. In such event, the Fund may be adversely affected in the execution or settlement of any transaction or in the transfer of any funds or securities.

In selection of PRC brokers, the Barings RQFIIs will have regard to factors such as the competitiveness of commission rates, size of the relevant orders and execution standards. If the Barings RQFIIs consider appropriate and if under market or operational constraints, it is possible that a single PRC broker will be appointed and the Fund may not necessarily pay the lowest commission or the trades may not be executed at the best price available in the market at the relevant time.

### **EQUITY RISKS**

#### **Investment in Equities**

A Fund's investment in equity securities is subject to general market risks, whose value may fluctuate due to various factors, such as changes in investment sentiment, political and economic conditions and issuer-specific factors. When the equity markets are extremely volatile a Fund's Net Asset Value may fluctuate substantially.

#### **Equity-Related Securities**

A Fund may invest in equity-related securities such as structured notes, participation notes or equity-linked notes. These are usually issued by a broker, an investment bank or a company and are therefore subject to the risk of insolvency or default of the issuer. If there is no active market in these instruments, this may lead to liquidity risk. Further, investment in equity-linked securities may lead to dilution of performance of a Fund when compared to the other funds which invest directly in similar underlying assets due to fees embedded in the notes. The aforesaid circumstances may adversely affect the Net Asset Value per Unit of a Fund.

Convertible bonds are a hybrid between debt and equity, permitting holders to convert into shares in the company issuing the bond at a specified future date. As such, convertibles will be exposed to equity movement and greater volatility than straight bond investments. Investments in convertible bonds are subject to the same interest rate risk, credit risk, liquidity risk and prepayment risk associated with comparable straight bond investments.

### **EMERGING MARKETS**

#### **Investment in Emerging Markets (and/or Frontier Markets)**

Where a Fund invests in emerging markets it may involve increased risks and special considerations not typically associated with investment in more developed markets, such as liquidity risks, currency risks/control, political and economic uncertainties, legal and taxation risks, settlement risks, custody risk and the likelihood of a high degree of volatility. High market volatility and potential settlement difficulties in certain markets may also result in significant fluctuations in the prices of the securities traded on such markets and thereby may adversely affect the value of a Fund. Currency conversion and repatriation of investment income, capital and proceeds of sale by a Fund may be limited or



require governmental consents. A Fund could be adversely affected by delays in, or refusal to grant, any such approval for the repatriation of funds or by any official intervention affecting the process of settlement of transactions. Stock exchanges and other such clearing infrastructure may lack liquidity and robust procedures and may be susceptible to interference.

### **Political, Social and Economic Instability**

Some countries have a higher than usual risk of nationalisation, expropriation or confiscatory taxation, any of which might have an adverse effect on a Fund's investments in those countries. Developing countries can be subject to a higher than usual risk of political change, government regulation, social instability or diplomatic developments (including war) which could adversely affect the economies of such countries and thus a Fund's investments in those countries. Furthermore, it may be difficult for a Fund to obtain effective enforcement of its rights in certain developing countries.

### **Market Liquidity and Foreign Investment Infrastructure**

Trading volume on the stock exchange of most developing countries can be substantially less than in the leading stock markets of the developed world, so that the purchase and sale of holdings may take longer. Volatility of prices can be greater than in the developed world. This may result in considerable volatility in the value of a Fund and, if sales of a significant amount of securities have to be effected at short notice in order to meet redemption requests, such sales may have to be effected at unfavourable prices which could have an adverse effect on the value of a Fund and therefore the Net Asset Value per Unit.

In certain developing countries, portfolio investment by foreign investors such as the Funds may require consent or be subject to restrictions. These restrictions and any further restrictions introduced in the future could limit the availability to the Funds of attractive investment opportunities.

### **Corporate Disclosure, Accounting and Regulatory Standards**

Companies in developing countries are generally not subject to accounting, auditing and financial reporting standards, practices and disclosure requirements comparable to those applicable to companies in the developed world. In addition, there is generally less government supervision and regulation of stock exchanges, brokers and listed companies in most developing countries than in countries with more advanced securities markets. As a result, there may be less information available publicly to investors in developing country securities; such information as is available may be less reliable.

### **Availability and Reliability of Official Data**

Less statistical data is available in relation to the securities markets of developing countries relative to the securities markets in, for example the United Kingdom; such data as is available may be less reliable.

### **Legal Risk**

Many laws in developing countries are new and largely untested. As a result a Fund may be subject to a number of risks, including but not limited to inadequate investor protection, contradictory legislation, incomplete, unclear and changing laws, lack of established avenues for legal redress and a lack of enforcement of existing regulations. Furthermore, it may be difficult to obtain and enforce a judgement in certain countries in which assets of a Fund are invested.

### **Taxation**

Taxation of dividends, interest and capital gains received by foreign investors varies among developing countries and, in some cases, is comparatively high. In addition, certain developing countries are amongst those countries that have less well defined tax laws and procedures and such laws may permit retroactive taxation so that a Fund investing in such a country could in the future become subject to a local tax liability that could not have been reasonably anticipated. Such uncertainty could necessitate significant provisions for foreign taxes being made by a Fund in its Net Asset Value calculations. The making and potential impact of such provisions is considered further under the "General Risks - Taxation" section.

### **Settlement and Custody Risk**

As the Funds may invest in markets where the trading, settlement and custodial systems are not fully developed, there is an increased risk of the assets of a Fund which are traded in such markets being lost through fraud, negligence, oversight or catastrophe such as a fire. In other circumstances such as the insolvency of a sub-custodian or registrar, or retroactive application of legislation, the Funds may not be able to establish title to investments made and may suffer loss as a result. In such circumstances, the Fund may find it impossible to enforce its right against third parties. As these Funds may invest in markets where the trading, settlement and custodial systems are not fully developed, the assets of such Fund which are traded in such markets and which have been entrusted to sub-custodians in such markets may be exposed to risk in circumstances in which the Depositary will have no liability.

Risks include but are not limited to:

- a non-true delivery versus payment settlement, which could increase the credit risk with the counterparty. Delivery versus payment is a settlement system that stipulates that cash payment must be made prior to or simultaneously with the delivery of the security;
- a physical market (as opposed to electronic book keeping of records) and, as a consequence, the circulation of forged securities;
- poor information in regards to corporate actions;
- registration process that impacts the availability of the securities;
- lack of appropriate legal/fiscal infrastructure advices;
- lack of compensation/risk fund with a central depository.

## **FIXED INCOME SECURITIES**

### **Investment in Fixed Income Securities**

Investment in bonds or fixed income securities is subject to liquidity, interest rate and credit risks (i.e. the risk of default). The value of a bond will fall if an issuer defaults.

Fixed income securities are often rated by credit rating agencies. Credit ratings indicate the probability that an issuer will fail to make timely payment of capital and / or interest that is due to be paid to investors under the terms of the security i.e. the risk of default.

Certain credit rating agencies are designated by the U.S. Securities and Exchange Commission as Nationally Recognized Statistical Rating Organizations (NRSROs). Each NRSRO has an alpha or alphanumerical scale that expresses their ratings. An example of an NRSRO is Standard and Poor's, their rating scale (expressed here in increasing order of default risk) is; AAA, AA+, AA, AA-, A+, A, A-, BBB+, BBB, BBB-, BB+, BB, BB-, B+, B, B-, CCC+, CCC, CCC-, CC, C. The identifier D is also used, in order to signify that a security has already defaulted.

Securities rated between the AAA rating level and the BBB- rating level are commonly referred to as 'investment grade'. These securities would be expected to have a very low risk of default.

Securities with ratings of BB+, and lower, are commonly referred to as 'sub-investment grade'. These securities would be expected to have a higher risk of default, and a greater sensitivity to economic conditions, than 'investment grade' securities.

A Fund may in accordance with its investment policy only be permitted to invest in securities / investments of a certain credit rating. Credit ratings may however not always be an accurate or reliable measure of the strength of the securities / investments being invested in. Credit ratings assigned by rating agencies are also subject to limitations and do not guarantee the creditworthiness of the security and/or issuer at all times. Where such credit ratings prove inaccurate or unreliable, losses may be incurred by any Fund which has invested in such securities / investments.

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

### **Credit Risk – Fixed Income**

A Fund may invest in fixed income securities which have low credit status which may represent a higher credit risk than funds which do not invest in such securities. Investment in securities issued by corporations may also represent a higher credit risk than investment in securities issued by governments.

There can be no assurance that the issuers of fixed income securities in which a Fund may invest will not be subject to credit difficulties, leading to either the downgrading of such securities or instruments, or to the loss of some or all of the sums invested in or payments due on such securities or instruments.

### **Interest Rate Risk**

The fixed income instruments in which a Fund may invest are subject to interest rate risk. In general, the prices of debt securities rise when interest rates fall, whilst their prices fall when interest rates rise.

## **Downgrading Risk**

The credit rating of a debt instrument or its issuer may subsequently be downgraded. In the event of such downgrading, the value of the Fund may be adversely affected. The Investment Manager may or may not be able to dispose of the debt instruments that are being downgraded.

## **Zero Coupon Risk**

Relative to interest paying securities of similar maturity, the market prices of securities structured as zero coupon are generally affected to a greater extent by interest rate changes. These securities tend to be more volatile than securities which pay interest periodically.

## **Sovereign Debt Risk**

A Fund's investment in securities issued or guaranteed by governments may be exposed to political, social and economic risks. In adverse situations, the sovereign issuers may not be able or willing to repay the principal and/or interest when due or may request the Fund to participate in restructuring such debts. A Fund may suffer significant losses when there is a default of sovereign debt issuers.

A government entity's willingness or ability to repay principal and interest due in a timely manner may be affected by, among other factors, its cash flow situation, the extent of its foreign reserves, the availability of sufficient foreign exchange on the date a payment is due, the relative size of the debt service burden to the economy as a whole, the government entity's policy towards the International Monetary Fund and the political constraints to which a government entity may be subject. Government entities may also be dependent on expected disbursements from foreign governments, multilateral agencies and others abroad to reduce principal and interest arrearage on their debt. Such commitments may be conditioned on a government entity's implementation of economic reforms and/or economic performance and the timely service of such debtor's obligations. Failure to implement such reforms, achieve such levels of economic performance or repay principal or interest when due may result in the cancellation of such third parties' commitments to lend funds to the government entity, which may further impair such debtor's ability or willingness to service its debt on a timely basis.

## **Investment in Sub-Investment Grade Securities**

A Fund may invest in debt securities rated sub-investment grade (e.g. with a credit rating of less than BBB- on the Standard & Poor's scale or as equivalent in respect of other internationally recognised credit rating agencies) or unrated. Such securities are generally subject to lower liquidity, higher volatility and greater risk of loss of principal and interest than high-rated debt securities. The risk of loss due to default by such issuers is significantly greater because sub-investment grade securities generally are unsecured and are lower in the hierarchy of creditors.

The value of sub-investment grade securities tends to go up and down more quickly than investment grade securities, reflecting short-term corporate and market developments. Investment grade securities respond primarily to fluctuations in the general level of interest rates.

There are fewer investors in sub-investment grade securities and it may be harder to sell such securities. Market quotations may not be available for high yield debt securities, and judgment plays a greater role in valuing high yield corporate debt securities than is the case for securities for which more external sources for quotations and last sale information is available.

## **DERIVATIVE TECHNIQUES AND INSTRUMENTS**

### **Investment in Derivatives**

Investments of a Fund may be composed of securities with varying degrees of volatility and may comprise, from time to time, financial derivative instruments. Since financial derivative instruments may be geared instruments, their use may result in greater fluctuations of the Net Asset Value of the Fund concerned. Risks associated with financial derivative instruments include counterparty/credit risk, liquidity risk, valuation risk, volatility risk and over-the-counter transaction risk. The leverage element/component of a financial derivative instrument can result in a loss significantly greater than the amount invested in the financial derivative instrument by the Unit Trust. Exposure to financial derivative instruments may lead to a high risk of significant loss by the Unit Trust.

A Fund may use financial derivative instruments for efficient portfolio management or to attempt to hedge or reduce the overall risk of its investments or, if disclosed in relation to any Fund, financial derivative instruments may be used as part of the principal investment policies and strategies. Such strategies might be unsuccessful and incur losses for the Fund, due to market conditions. A Fund's ability to use these strategies may be limited by market conditions, regulatory limits and tax considerations. Investments in financial derivative instruments are subject to normal market fluctuations and other risks inherent in investment in securities. In addition, the use of financial derivative instruments involves special risks, including: 1. dependence on the Investment Manager's ability to accurately predict movements in the price of the underlying security; 2. imperfect correlation between the movements in securities or currency on which a financial derivative instruments contract is based and movements in the securities or currencies in the relevant Fund; 3. the

absence of a liquid market for any particular instrument at any particular time which may inhibit the ability of a Fund to liquidate a financial derivative instrument at an advantageous price; 4. due to the degree of leverage inherent in derivatives contracts, a relatively small price movement in a contract may result in an immediate and substantial loss to a Fund; and 5. Possible impediments to efficient portfolio management or the ability to meet repurchase requests or other short term obligations because a percentage of a Fund's assets may be segregated to cover its obligations.

### **Forward Foreign Exchange Transactions**

Forward contracts, unlike futures contracts, are not traded on exchanges and are not standardised; rather, banks and dealers act as principals in these markets, negotiating each transaction on an individual basis, and therefore have an increased counterparty risk. If a counterparty defaults, the Fund may not get the expected payment or delivery of assets. This may result in the loss of the unrealised profit.

### **Futures Contracts**

A futures contract is a standardised contract between two parties to exchange a specified asset of standardised quantity and quality for a price agreed today (the futures price or the strike price) with delivery occurring at a specified future date, the delivery date. The contracts are normally traded on a futures exchange. The amount of loss (as well as profit) is unlimited.

For example, where the underlying specified asset is a commodity index, the futures contract may be illiquid because certain commodity exchanges limit fluctuations in certain future contract prices during a single day by regulations referred to as "daily price fluctuation limits" or "daily limits". Once the price of a contract for a particular future has increased or decreased by an amount equal to the daily limit, positions in the future can neither be taken nor liquidated unless traders are willing to affect trades at or within the limit.

A Fund may also be exposed to a credit risk in relation to the counterparties with whom they transact or place margin or collateral in respect of transactions and may bear the risk of counterparty default. A Fund may be invested in certain futures contracts which may involve the assumption of obligations as well as rights and assets. Assets deposited as margin with brokers may not be held in segregated accounts by the brokers and may therefore become available to the creditors of such brokers in the event of their insolvency or bankruptcy.

### **Hedging Techniques**

A Fund may utilise a variety of financial instruments, such as options, interest rate swaps, futures and forward contracts, etc. to seek to hedge against declines in the values of the Fund's positions as a result of changes in currency exchange rates, equity markets, market interest rates and other events. Hedging against a decline in the value of a Fund's positions will not eliminate fluctuations in the values of the Fund's positions or prevent losses if the values of such positions decline, but it does establish other positions designed to gain from those same developments, thus reducing the decline in the Fund's value. However, such hedging transactions also limit the opportunity for gain if the value of the Fund's positions should increase. It may not be possible for the Fund to hedge against a change or event at a price sufficient to protect its assets from the decline in value of the Fund's positions anticipated as a result of such change. In addition, it may not be possible to hedge against certain changes or events at all or the Investment Manager may choose not to. Furthermore, there is no guarantee that a Fund's use of financial derivatives for hedging will be entirely effective and in adverse situations, where the use of financial derivatives becomes ineffective, a Fund may suffer significant loss.

### **Leverage Risk**

When a Fund purchases a security, the risk to the Fund is limited to the loss of its investment. In the case of a transaction involving futures, forwards, swaps or options, that Fund's liability may be potentially unlimited until the position is closed.

### **Over the Counter (OTC) Transactions**

An OTC transaction takes place when a financial instrument is traded directly between two parties rather than through a stock exchange. Where a Fund acquires securities through an OTC transaction, there is no guarantee that the Fund will be able to realise the fair value of such securities due to their tendency to have limited liquidity.

#### *Absence of Regulation*

In general, there is less regulation and supervision of OTC transactions than for transactions entered into on some stock exchanges. In addition, many of the protections afforded to participants on some stock exchanges might not be available in connection with OTC transactions.

#### *Counterparty Default*

A Fund may also have credit exposure to counterparties by virtue of positions in swap agreements, repurchase transactions, forward exchange rate and other financial or derivative contracts held by the Fund. OTC transactions are

executed in accordance with an agreed terms and conditions drawn up between the Fund and the counterparty. If the counterparty experiences credit issues and therefore defaults on its obligation and a Fund is delayed or prevented from exercising its rights with respect to the investments in its portfolio, it may experience a decline in the value of its position, lose income and incur costs associated with asserting its rights. Counterparty exposure will be in accordance with a Fund's investment restrictions. Regardless of the measures a Fund may implement to reduce counterparty risk, there can be no assurance that a counterparty will not default or that the Fund will not sustain losses on the transactions as a result.

## **Options**

Transactions in options may also carry a high degree of risk. For purchased positions the risk to the option holder is limited to the purchase cost of establishing the position. Out of the Money (OTM) positions will see the value of the options position decrease, especially as the position nears expiry.

## **Swap Agreements**

Swap agreements can be individually negotiated and structured to include exposure to a variety of different types of investments or market factors. Depending on their structure, swap agreements may increase or decrease a Fund's exposure to strategies, long term or short term interest rates, foreign currency values, corporate borrowing rates or other factors. Swap agreements can take many different forms and are known by a variety of names.

Depending on how they are used, swap agreements may increase or decrease the overall volatility of a Fund. The most significant factor in the performance of swap agreements is the change in the specific interest rate, currency or other factors that determine the amounts of payments due to and from the counterparties. If a swap agreement calls for payments by a Fund, the Fund must be prepared to make such payments when due. In addition, if a counterparty's creditworthiness declines, the value of swap agreements with such counterparty can be expected to decline, potentially resulting in losses to the Fund.

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

Entering into total-return swaps create several risks for the Unit Trust and its investors. The relevant Fund is exposed to the risk that a counterparty to a securities financing transaction may default on its obligation to return assets equivalent to the ones provided to it by the relevant Fund. It is also subject to liquidity risk if it is unable to liquidate collateral provided to it to cover a counterparty default. Such transactions may also carry legal risk in that the use of standard contracts to effect securities financing transactions may expose a Fund to legal risks such as the contract may not accurately reflect the intention of the parties or the contract may not be enforceable against the counterparty in its jurisdiction of incorporation. Such transactions may also involve operational risks in that the use of securities financing transactions and management of collateral are subject to the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. Risks may also arise with respect to any counterparty's right of re-use of any collateral as outlined below under "Operational Risk linked to Management of Collateral".

## **Risks Associated with Stock Lending**

Stock lending may involve the risk that the borrower may fail to return the securities lent out in a timely manner and the value of the collateral may fall below the value of the securities lent out.

## **Risks Associated with Repurchase Agreements**

In the event of the failure of the counterparty with which collateral has been placed, the Fund may suffer loss as there may be delays in recovering collateral placed out or the cash originally received may be less than the collateral placed with the counterparty due to inaccurate pricing of the collateral or market movements.

## **Risks Associated with Reverse Repurchase Agreements**

In the event of the failure of the counterparty with which cash has been placed, the Fund may suffer loss as there may be delay in recovering cash placed out or difficulty in realising collateral or proceeds from the sale of the collateral may be less than the cash placed with the counterparty due to inaccurate pricing of the collateral or market movements.

## **Taxation**

Where a Fund invests in derivatives, the issues described in the "General Risks - Taxation" section may also apply to any change in the taxation legislation or interpretation thereof of the governing law of the derivative contract, the derivative counterparty, the market(s) comprising the underlying exposure(s) of the derivative or the markets where a Fund is registered or marketed.

## Legal Risks

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

## Operational Risk linked to Management of Collateral

The use of OTC derivatives and the management of collateral received are subject to the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. Where cash collateral is re-invested, in accordance with the conditions imposed by the Central Bank, a Fund will be exposed to the risk of a failure or default of the issuer of the relevant security in which the cash collateral has been invested.

The management of operational risk is established through policies set by the risk committee of the Investment Manager. These policies set standards for the high level assessment of risk and, monitoring and reporting of risk within the business and analysis of reported operational risk events.

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## Borrowings

Under the Trust Deed, the Manager is empowered to exercise all of the borrowing powers of the Unit Trust, subject to any limitations under the UCITS Regulations, and to charge the assets of the Unit Trust as security for any such borrowings.

Under the UCITS Regulations, the Funds may not grant loans or act as guarantor on behalf of third parties, borrow money except for temporary borrowings in an amount not exceeding 10% of its net assets and except as otherwise permitted under the UCITS Regulations. The Funds may acquire foreign currency by means of a back-to-back loan agreement. Where a Fund has foreign currency borrowings which exceed the value of a back-to-back deposit, the Manager shall ensure that excess is treated as borrowing for the purposes of the UCITS Regulations.

Subject to the provisions of the UCITS Regulations and the Central Bank UCITS Regulations, the Manager may, from time to time, where collateral is required to be provided by a Fund to a relevant counterparty in respect of derivatives transactions, pledge assets of the relevant Fund equal in value to the relevant amount of required collateral, to the relevant derivative counterparty.

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## Charges and Expenses

The following fees and expenses are applicable to each Fund.

### Fund Charges and Expenses

#### Manager

The Manager is entitled under the Trust Deed to charge a management fee at the rates per annum specified in the relevant Supplement. The management fee is payable monthly in arrears and will be calculated by reference to the Net Asset Value of each Fund attributable to the relevant Class as at each day as at which the Net Asset Value of the relevant Fund and the relevant Class is calculated.

In relation to investment by a Fund in a collective investment scheme managed (i) directly or by delegation by the Manager or (ii) by another company with which the Manager is linked by common management and control or by a direct or indirect holding of more than 10% of the capital or voting rights of such company (collectively referred to as "Related Funds"), the following conditions will apply:

- (a) no subscription, conversion or redemption fees on account of the Fund's investment in the Related Fund may be charged;
- (b) no management fee may be charged at the level of the Related Fund; and
- (c) where a commission (including a related commission) is received by the Manager or Investment Manager by virtue of their investment in the Related Fund, the commission must be repaid into the property of the relevant Fund.

#### Investment Management

The Manager will discharge the fees and expenses of the Investment Manager for the discretionary management of the assets of the Unit Trust out of its management fee.

### Administration, Depositary and Operating Fee

The Manager is also entitled to receive an administration, depositary and operating expenses fee (the “Administration, Depositary and Operating Fee”) as set out in the relevant Fund’s Supplement. The Administration, Depositary and Operating Fee payable will be a percentage of the Net Asset Value of each Class and will be accrued daily and be paid monthly in arrears. The Manager will pay the aggregate fees and expenses of the Administrator and Depositary, in addition to certain other fees and ongoing expenses such as the fees payable to permanent representatives and other agents of each Fund; the fees and expenses of each Fund’s auditors and legal advisers; sub-custodian fees, expenses and direct transaction handling charges at normal commercial rates; fees or expenses involved (including the fees and expenses of paying agents) in registering and maintaining the registration of a Fund with any governmental agency or stock exchange in Ireland and in any other country; expenses in respect of portfolio and unit class currency hedging; reporting and publishing expenses, including the costs of printing, preparing, advertising and distributing prospectuses, Key Investor Information Documents, explanatory memoranda, periodical reports or registration statements; and the costs of reports to Unitholders of the Fund.

The Administration, Depositary and Operating Fee does not include any other expenses including, but not limited to withholding tax, stamp duty or other taxes on the investments of the Fund (including fees of professional agents associated with processing and reclaiming such taxes); commissions and brokerage fees incurred with respect to the Fund’s investments; interest on borrowings and bank charges incurred in negotiating, effecting or varying the terms of such borrowings (including any liquidity facility entered into in respect of a Fund); any commissions charged by intermediaries in relation to an investment in the Fund and such extraordinary or exceptional costs and expenses (if any) as may arise from time to time, such as material litigation in relation to the Unit Trust. Such expenses will generally be paid out of the Net Asset Value of the relevant Fund.

Expenses will be charged to the Fund in respect of which they were incurred or, where an expense is not considered by the Depositary to be attributable to any one Fund, the expense will normally be allocated by the Depositary to all Funds pro rata to the Net Asset Value of the relevant Funds.

### Paying Agents

Local laws/regulations may require the appointment of paying agents/ representatives/ distributors/ correspondent banks (“Paying Agents”) and maintenance of accounts by such Paying Agents through which subscription and redemption monies or distributions may be paid. Unitholders who choose or are obliged under local regulations to pay or receive subscription or realization monies or distributions via an intermediate entity rather than directly to or from the Depositary (e.g. a Paying Agent in a local jurisdiction) bear a credit risk against that intermediate entity with respect to (a) subscription monies prior to the transmission of such monies to the Depositary for the account of the Unit Trust or the relevant Fund and (b) realization and/or distribution monies payable by such intermediate entity to the relevant Unitholder.

### Commissions / Brokerage

The Manager and any duly appointed delegate of the Manager is entitled under the Trust Deed to charge commissions and/or brokerage on transactions effected by them as agents for the Unit Trust.

Where the Manager or any duly appointed delegate of the Manager successfully negotiates the recapture of a portion of the commissions charged by brokers or dealers in connection with the purchase and/or sale of securities for a Fund, the rebated commission shall be paid to the Fund. The Fund will generally pay brokerage at customary institutional brokerage rates. Transactions of the Fund may be entered into through associates of the Manager.

The Manager and their associates will not receive cash or other rebates from brokers or dealers in respect of transactions for the Fund. Execution of transactions for the Fund will be consistent with best execution standards.

### Charges Deducted from Capital

Each Fund normally pays its management fee and other fees and expenses out of income. However, where insufficient income is available, investors should note that the Manager may provide for a Fund to pay some or all of its management fee and other fees and expenses out of capital and out of both realised and unrealised capital gains less realised and unrealised capital losses.

### **Unitholder Fees**

#### Preliminary Charge

A Preliminary Charge of up to 5% may be added to the Net Asset Value per Unit and retained by the Manager out of which the Manager may pay commission to authorised agents. In respect of Class C and Class I Units, the Directors will not impose a Preliminary Charge.

The Manager is also entitled to add to the Net Asset Value per Unit for their own account, a charge sufficient to cover amounts paid by them on account of stamp duties and taxation in respect of the issue of Units and may also add a charge (not exceeding 1% of the Net Asset Value per Unit) for the account of the relevant Fund in respect of fiscal and purchase charges. It is not, however, the intention of the Manager to make any such additions in normal circumstances.

#### Distributor Fee

Class C Units shall also pay a distributor fee of 1% per annum of the Net Asset Value of the Fund attributable to the Classes. Such fee when applied will be payable to the distributor who has been appointed as a distributor pursuant to a placing agency agreement between the Manager or their delegate and the relevant distributor. The distributor fee shall be accrued daily and is payable quarterly in arrears.

#### Redemption Charge

The Manager is entitled under the Trust Deed, in calculating the Net Asset Value per Unit, to deduct from the Net Asset Value per Unit for the account of the appropriate Fund a charge (not exceeding 1% of such Net Asset Value per Unit) to meet duties and charges incurred in realising assets to provide monies to meet the redemption request but it is not the intention of the Manager to make any deduction in respect of such duties and charges in normal circumstances, other than in respect of the Class C Units for which a charge of 1% of the Net Asset Value attributable to the Class C Unit may be applied at the discretion of the Manager or its delegate. Should this policy change, the Unitholders will be given advance written notice of the intention to charge a redemption charge.

#### Conversion Charge

The Preliminary Charge and any other charges normally made on the issue of Units will not normally be made on a conversion but the Manager is entitled to make any such charges at their discretion.

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## **Administration of the Unit Trust**

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

The Manager has delegated the determination of the Net Asset Value and the Net Asset Value per Unit to the Administrator which shall be carried out in accordance with generally accepted accounting principles. In calculating the Net Asset Value, the Administrator shall not be liable for any loss suffered by the Manager, the Unit Trust by reason of any error resulting from any inaccuracy in the information provided by any third party pricing service that the Administrator is directed to use by the Manager or the Investment Manager in accordance with the Unit Trust's valuation policy.

In calculating the Net Asset Value and Net Asset Value per Unit, the Administrator shall not be responsible for the accuracy of financial data, opinions or advice furnished to it by the Manager or its delegates, the Investment Manager, or their agents and delegates including an external valuer, prime broker(s), market makers and/or independent third party pricing services. The Administrator may accept, use and rely on prices provided to it by the Manager or its delegates or other agreed independent third party pricing services for the purposes of determining the Net Asset Value and Net Asset Value per Unit and shall not be liable to the Unit Trust, the Manager, the Depositary, an external valuer, any Unitholder or any other person in so doing by reason of any error in the calculation of the Net Asset Value resulting from any inaccuracy in the information provided by the Manager, its delegates, an external valuer or other independent third party pricing services or its delegates that the Administrator is directed to use by the Manager, the Unit Trust, or an external valuer in accordance with the Manager Valuation Policy. The Manager, acknowledges and agrees that the Administrator has not been retained to act as an external valuer or independent valuation agent.

In the event that there is an error in the calculation of the Net Asset Value of the Unit Trust, a Fund, or Class which results in a Unitholder receiving proceeds from the Unit Trust, the Manager reserves the right to seek to recover from such Unitholder any excess amount recovered by them or to re-issue a contract note with the correct Net Asset Value of the Unit Trust, the Fund, or Class.

The Net Asset Value per Unit is calculated by dividing the value of the assets of the Fund, less its liabilities, by the total number of Units in issue as at that Dealing Day. The Net Asset Value per Unit is the resulting sum adjusted to two decimal places (five up four down).

The method of establishing the Net Asset Value of any Fund is set out in the Trust Deed and summarised below.

The Net Asset Value of each Fund shall be calculated in the Base Currency of the Fund by valuing the assets of the Fund in accordance with the valuation rules set out in the Trust Deed and summarised below and deducting the liabilities of the Fund. However, in respect of certain Funds where different Classes are available, the Net Asset Value of the Fund is calculated as set out below and is allocated between each Class in accordance with their respective values. The portion of the Net Asset Value allocated to each Class is divided by the number of Units of the relevant Class then in issue and the resultant amount is the Net Asset Value of the relevant Class.



In summary, quoted investments are valued at their last traded price (or, if no last traded price is available, at mid-market prices) and unquoted investments are valued on the probable realisable value estimated with care and in good faith by the Manager or a competent person, firm or corporation (including the Investment Manager) selected by the Manager and approved by the Depositary. Cash deposits and similar investments shall normally be valued at face value (together with accrued interest); certificates of deposit shall be valued by reference to the best bid price for certificates of deposit of like maturity, amount and credit risk on the relevant Dealing Day; and treasury bills and bills of exchange shall be valued with reference to prices ruling in the appropriate markets for such instruments of like maturity, amount and credit risk on the relevant Dealing Day. Collective investment schemes are valued, where appropriate, on the basis of the last published net asset value per share, or if unavailable, the last published bid price per share excluding any preliminary charges. Interest and other income and liabilities are, where practicable, accrued from day-to-day. Forward foreign exchange contracts shall be valued with reference to the prevailing market maker quotation, namely, the price at which a new forward contract of the same size and maturity could be undertaken or, if unavailable, at the settlement price as provided by the counterparty. Derivatives traded on a regulated market shall be valued at the settlement price as determined by the market. If the settlement price is not available, the value shall be the probable redemption value estimated with care and in good faith by the Manager or a competent person, firm or corporation (including the Investment Manager) selected by the Manager and approved by the Depositary. OTC derivative contracts will be valued daily either (i) on the basis of a quotation provided by the relevant counterparty and such valuation shall be approved or verified at least weekly by a party who is approved for the purpose by the Depositary and who is independent of the counterparty (the "Counterparty Valuation"); or (ii) using an alternative valuation provided by the Manager or a competent person appointed by the Manager and approved for the purpose by the Depositary (the "Alternative Valuation"). Where such Alternative Valuation method is used the Manager will follow international best practice and adhere to the principles on valuation of OTC instruments established by bodies such as IOSCO and AIMA and will be reconciled to the Counterparty Valuation on a monthly basis. Where significant differences arise these will be promptly investigated and explained.

If the Manager deems it necessary, a specific investment may be valued using an alternative method of valuation approved by the Depositary.

Where the value of an investment is not ascertainable as described above, the value shall be the probable redemption value estimated by the Manager with care and good faith or by a competent person appointed by the Manager and approved for the purpose by the Depositary. The Trust Deed also provides that notwithstanding the above, the Manager may with the consent of the Depositary adjust the value of any Investment if, having regard to currency, applicable rate of interest, maturity, marketability and/or such other considerations as they may deem relevant, they consider that such adjustment is required to reflect the fair value thereof. A description of fair value pricing and the circumstances where it may be applied is set out below.

### **Fair Value Pricing**

Fair value pricing (FVP) may be defined as the application of the Manager's best estimate of the amount a Fund might receive on a sale, or expect to pay on a purchase, of one or more securities or even an entire portfolio of securities, at the time of the Fund's Valuation Point, with the intention of producing a fairer dealing price, thereby protecting ongoing, incoming and outgoing investors.

In the opinion of the Manager, where market conditions may be such that the last applicable real time quoted price or the Valuation Point does not capture the best reflection of the buying and selling price of a stock, FVP may be applied. Due to the time differences between the closing of the relevant securities exchanges and the time of the Fund's Valuation Point, a Fund may apply FVP on its investments more frequently than it does other securities and on some Funds this may occur on a daily basis. The Manager has determined that movements in relevant indices or other appropriate market indicators, after the close of the securities exchanges, may demonstrate that market quotations are unreliable and may trigger fair value pricing for certain securities. Therefore the fair values assigned to a Fund's investments may not be the quoted or published prices of the investments on their primary markets or exchanges. By fair valuing a security which is suspended for trading, for example, because of financial irregularities, or whose price may have been affected by significant events or by news after the last market pricing of the security, the Funds attempt to establish a price that they might reasonably expect to receive upon the current sale of that security. It may also be necessary to use FVP in the event of a market remaining closed unexpectedly due to a force majeure event.

### **Dilution Adjustment**

In determining the Net Asset Value of the Unit Trust and each Fund, the Manager may with the approval of the Depositary (i) adjust downwards the Net Asset Value of the Unit Trust or any Fund where on any Dealing Day, the aggregate value of all redemption requests received exceeds the value of all applications for Units or (ii) adjust upwards the Net Asset Value of the Unit Trust or any Fund where on any Dealing Day the value of all applications for Units received for that Dealing Day exceeds the aggregate value of all redemption requests, provided that in each case, the valuation policy by the Manager shall be applied consistently through the various categories of assets and will be applied consistently (with effect from the date of this Prospectus) through the lifetime of the Unit Trust or each Fund, for as long as the Unit Trust or each Fund is operated on a going concern basis. The Manager's intention is only to exercise this

discretion to preserve the value of the holdings of continuing Unitholders in the event of substantial or recurring net redemptions or subscriptions. The calculation of such prices and the amount of the adjustment may take into account any provision for the estimated market spreads (bid/offer spread of underlying securities), duties (for example transaction taxes) and charges (for example settlement costs or dealing commission) and other dealing costs related to the adjustment or disposal of investments and to preserve the value of the underlying assets of the relevant Fund. The application of the foregoing pricing methodology will comply with the requirements of the Central Bank.

#### **Availability of the Net Asset Value per Unit**

Except where the redemption of Units of a Fund has been suspended, in the circumstances described below, in the section headed "Temporary Suspension of Redemptions", the Net Asset Value per Unit of each Class shall be available on the Barings website at [www.baring.com](http://www.baring.com). Prices can also be ascertained at the registered office of the Manager and from the offices of the Investment Manager and the Paying Agents as set out under the "Directory" section of this Prospectus.

Such information will relate to the Net Asset Value per Unit for the previous Dealing Day and is made available for information purposes only. It is not an invitation to subscribe for or redeem Units at that Net Asset Value per Unit. In the case of listed Units, the Net Asset Value per Unit will also be notified to the Irish Stock Exchange immediately upon calculation and shall be available on the website [www.ise.ie](http://www.ise.ie).

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## **Dividend Policy**

The Trust Deed provides for the Depositary to distribute in respect of each accounting period not less than 85% of surplus net income represented by the dividends and interest received for each Fund to the holders of Units of the relevant class, after charging expenses and various other items, as set out under "Charges and Expenses", as are attributable to the income of that Fund. In addition, the Manager may distribute to the holders of Units of the relevant Fund or Class such part of any capital gains less realised and unrealised capital losses attributable to the relevant Fund as, in their opinion, is appropriate to maintain a satisfactory level of distribution. The Manager may, at their discretion, declare additional dividend payment dates in respect of any distributing Fund or Class. It is intended that income distributions, if any, in relation to the Funds will be paid as set out in the relevant Supplement below.

Any distributions unclaimed after a period of six years from the date of declaration of such distribution will lapse and shall revert to the relevant Fund.

Subject to the Manager's policy as mentioned under "Reinvestment of Income Distributions" below, payment of distributions will be made by electronic transfer in the relevant currency of the relevant Unit Class and sent, at the risk of persons entitled thereto, to the account set out in the Application Form. If investors wish to make any change in the payment instructions, such change must be by written notice to the Manager signed by the sole Unitholder or all joint Unitholders. Any charges incurred in making payment by electronic transfer may be payable by the Unitholder. Payment may, however, be made in any other major currency if requested by the Unitholder, or Unitholders in the case of any joint holding, in writing to the Manager, but such payment will be arranged at the expense and risk of the Unitholders. Any payment of distributions made by bank transfer will be at the expense of the Unitholder.

Equalisation arrangements will be effected by the Manager with a view to ensuring that the level of distributions payable on any Class is not affected by the issue, conversion or redemption of Units of that Class during the relevant accounting period. If distributions are paid to the Unitholder and are, for any reason, returned, the money will be held in a Collection Account until valid bank details are provided.

#### **Reinvestment of Income Distributions**

The Manager will automatically re-invest any distribution entitlements in further Units of the relevant Class of the relevant Fund:

- i) unless distributions are in excess of US\$100 (or equivalent), £50 or €100 in value (depending on the relevant denomination of the Units) and instructions in writing to the contrary are received from the Unitholder at least 21 days prior to the relevant distribution date
- ii) if distributions are less than US\$100 (or equivalent depending on the relevant denomination of the Units), distributions may be made in cash or reinvested at the discretion of the Manager.
- iii) in all cases where the Unitholder's anti-money laundering documentation is incomplete or has not been completed to the satisfaction of the Administrator and/or the Unitholder has not provided an original Application Form.

Further Units will be issued on the date of distribution or, if that is not a Dealing Day, on the next following Dealing Day at a price calculated in the same way as for other issues of Units but without incurring any Preliminary Charge. There is, however, no minimum number of such further Units which may be so subscribed and fractions of Units will be issued if

necessary. Unitholders may also when applying for Units or subsequently, request the Manager in writing to pay them all distributions to which they are entitled; every such request by a Unitholder will remain effective until countermanded in writing or, if earlier, the person making the request ceases to be a Unitholder.

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## Application Procedure

Applications for Units must be received by the Valuation Point on each Dealing Day. Units will be issued at the Net Asset Value per Unit applicable on the relevant Dealing Day, except, in the cases of Units in a Class of which there are no Units currently issued, where Units will be issued at either a) the initial offer price of EUR10 in respect of Euro denominated Classes, GBP10 in respect of Sterling denominated Classes, USD 10 in respect of USD denominated Classes and the relevant currency equivalent of USD10 in respect of Classes denominated in all other currencies; or b) the latest available Net Asset Value per Unit equivalent to the relevant class of Class A, Class I or Class C (adjusted for currency conversion at the prevailing rate).

For Units in a Class of which there are no Units currently issued, the initial offer period shall commence at 9.00 am (Irish time) on 1 May 2018 and end at noon (Irish time) on 30 May 2018 or such other date and/or time as the Directors may agree and notify to the Central Bank.

Initial subscriptions must be made on the Application Form and submitted in writing to the Manager c/o the Administrator at the address or facsimile numbers set out in the Application Form. The signed original Application Form together with supporting documentation in relation to anti-money laundering requirements must be received promptly by the Manager. If any of the details that are provided change, including your address, other contact details (e.g. telephone number, email address) or bank account details, please inform the Administrator immediately by letter at the address set out in the "Directory" section of this Prospectus. Failure to do so may cause a delay in processing any subsequent orders. Subsequent subscriptions may be made on the Top Up Form and submitted by facsimile to the Manager c/o the Administrator. In addition, investors can, with the agreement of the Manager, subscribe via electronic messaging services such as EMX or SWIFT. Requests received after 12 noon Irish time on a Dealing Day will be treated as having been received on the following Dealing Day. Applications by facsimile will be treated by the Manager as definitive orders even if not subsequently confirmed in writing and will not be capable of withdrawal after acceptance by the Manager.

The Minimum Investment / Minimum Holding in respect of each Class may be waived at the discretion of the Manager.

The Manager and the Administrator retain the right to seek such evidence of identity from applicants as they deem appropriate to comply with their obligations under anti-money laundering legislation and, in the absence of satisfactory evidence, or for any other reason, to reject any application in whole or in part (as detailed below under the section headed "Anti-Money Laundering and Counter Terrorist Financing Measures"). If an application is rejected the Manager the Administrator or a distributor, at the risk of the applicant, may return application moneys or the balance thereof, at the cost of the applicant, by electronic transfer.

Prospective investors should note that by completing the Application Form they are providing to the Manager personal information, which may constitute personal data within the meaning of the Data Protection Legislation. The personal data of prospective investors and registered Unitholders shall be processed in accordance with the Privacy Statement.

By signing the Application Form, prospective investors consent to the recording of telephone calls made to and received from investors by the Manager, its delegates, its duly appointed agents and any of their respective related, associated or affiliated companies for record keeping, security and/or training purposes.

The Administrator may and will hold all or part of the data provided in accordance with applicable laws even after the investor has fully redeem from the Unit Trust/Fund.

A confirmation note will be sent to each successful applicant. Subscription monies in cleared funds must be received by the Settlement Date. If payment in full in cleared funds has not been received by the Settlement Date, the application may be refused and any allotment or transfer of Units made on the basis thereof cancelled, or, alternatively, the Manager may treat the application as an application for such number of Units as may be purchased or subscribed with such payment. The Manager reserves the right, in the event of non-receipt of cleared funds by the due date and cancellation of a subscription, to charge the applicant for losses accruing. The Manager reserves the right to limit deals without prior receipt of cleared funds. In such an event the investor shall indemnify the Manager, the Administrator, the Depositary, the Unit Trust, the applicable distributor, the Investment Manager and any of their respective affiliates for any and all claims, losses, liabilities or damages (including attorneys' fees and other related out-of-pocket expenses) suffered or incurred by any such person as a result of the investor not remitting the amount of its subscription by the due date for such subscription or otherwise failing to comply with the terms of such Application Form.

Payment is normally due in the currency of the relevant Class of the relevant Fund. The Manager may accept payment in other currencies, but such payments will be converted into the currency of the relevant Class and only the proceeds of such conversion at the prevailing exchange rate (after deducting expenses relating to such conversion) will be applied by the Manager towards payment of the subscription monies. The value of a Unit expressed in the Class Currency will be

subject to exchange rate risk in relation to the Base Currency of the relevant Fund. The Manager has standing arrangements for subscription monies to be paid by electronic transfer as specified in the Application Form.

Payments by electronic transfer should quote the applicant's name, bank, bank account number, Fund name and confirmation note number (if one has already been issued). Any charges incurred in making payment by electronic transfer will be payable by the applicant.

Should investors prefer to make payment in any currency other than the currency of the relevant Class they are advised to make direct contact with the Manager.

Fractions of not less than one-thousandth of a Unit may be issued. Application moneys representing smaller fractions of a Unit will not be returned to the applicant but will be retained as part of the relevant Fund's assets.

The Trust Deed also permits the Manager to issue Units at the issue price in consideration of the vesting in the Depositary of investments approved by the Manager.

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

Measures aimed at the prevention of money laundering and terrorist financing require a detailed verification of the investor's identity and where applicable the beneficial owner on a risk sensitive basis. Politically exposed persons ("PEPs"), an individual who is or has, at any time in the preceding year, been entrusted with a prominent public function, and immediate family member, or persons known to close associates of such persons, must also be identified. By way of example an individual may be required to produce a copy of a passport or identification card together with evidence of his/her address such as a copy of, a utility bill or bank statement and proof of tax residence. In the case of corporate investors, such measures may require production of a certified copy of the certificate of incorporation (and any change of name), memorandum and articles of association (or equivalent), the names, occupations, dates of birth and resident and business address of all directors. Depending on the circumstances of each application, a detailed verification might not be required where for example, the application is made through a relevant third party as such term is defined in the Criminal Justice (Money Laundering and Terrorist Financing) Act 2010. This exception will only apply if the relevant third party referred to above is located within a country recognised in Ireland as having equivalent anti-money laundering and counter terrorist financing regulations and satisfies other applicable conditions such as providing a letter of undertaking confirming that it has carried out the appropriate verification checks on the investor and will retain such information in accordance with the required timeframe and will provide such information on request to the Manager or the Administrator.

The details above are given by way of example only and in that regard the Manager and the Administrator each reserve the right to request any such information or documents as is necessary at the time of application (and also during the business relationship) for Units in a Fund to verify the identity of an investor and where applicable the beneficial owner of an investor. In particular, the Manager and the Administrator each reserve the right to carry out additional procedures in relation to an investor who is classed as a PEP. Verification of the investor's identity is required to take place before the establishment of the business relationship. In any event, evidence of identity is required for all investors as soon as is reasonably practicable after the initial contact. In the event of delay or failure by an investor or applicant to produce any information required for verification purposes, the Manager or the Administrator may refuse to accept the application and subscription monies and return all subscription monies or compulsorily redeem such Unitholder's Units and/or payment of redemption proceeds may be delayed (no redemption proceeds will be paid if the Unitholder fails to produce such information). None of the Manager, the Investment Manager or the Administrator shall be liable to the subscriber or Unitholder where an application for Units is not processed or Units are compulsorily repurchased or payment of repurchase proceeds is delayed in such circumstances. If an application is rejected, the Administrator may return application monies or the balance thereof by electronic transfer in accordance with any applicable laws to the account from which it was paid at the cost and risk of the applicant. The Manager or the Administrator will refuse to pay proceeds and any such proceeds will be held in the Collection Account where the requisite information for verification purposes has not been produced by a Unitholder.

For existing unit holdings who are compulsorily redeemed, the proceeds of redemption will be held in an Umbrella Cash Account until such time as the Manager or the Administrator have verified the Unitholder's identity to its satisfaction

### **Umbrella Cash Accounts**

In circumstances where Units have been compulsorily repurchased for failure to provide the information required for verification purposes, the proceeds of redemption will be held in an "Umbrella Cash Account" (as described hereafter) and therefore, investors should note that such proceeds shall be treated as an asset of the relevant Fund. An Umbrella Cash Account is an account opened in the name of the Depositary on behalf of the Unit Trust for the purpose of holding redemption proceeds due to an investor which cannot be transferred to the relevant investor. The relevant investor will rank as an unsecured creditor of the relevant Fund until such time as the Manager or the Administrator are satisfied that its anti-money laundering and counter terrorist financing procedures have been fully complied with, following which redemption proceeds will be released. Any such unclaimed monies following a termination of a Fund will also be held in an Umbrella Cash Account (see section headed "Duration of the Unit Trust").

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

Accordingly, investors should ensure that all documentation required by the Manager or Administrator to comply with anti-money laundering and anti-fraud procedures are submitted promptly to the Manager or Administrator when subscribing for Units.

The Manager and the Administrator reserve the right to obtain any additional information or documents from investors, at any point during the business relationship and may not carry out a service for the investor until the additional information or documentation is obtained to the satisfaction of the Manager. The Manager and the Administrator cannot rely on third parties to meet this obligation, which remains their ultimate responsibility.

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## Subscriptions of Units

Under the Trust Deed the Manager is given the exclusive right to effect for the account of the Unit Trust the issue of Units of any Class and to create, with the consent of the Depositary and the Central Bank, new Classes of Unit and have absolute discretion to accept or reject in whole or in part any application for Units. The initial issue price for each Class is determined by the Manager. All Units of each Class will rank *pari passu*. Issues of Units are normally made with effect from a Dealing Day against applications received up to 12 noon Irish time on that Dealing Day.

The price at which Units will be issued to any person whose application is received prior to 12 noon Irish time on a Dealing Day, after the initial issue, is calculated by reference to the Net Asset Value per Unit determined as at the Valuation Point on that Dealing Day.

The Manager shall have an absolute discretion to declare any Fund or Class closed to further subscriptions. Existing Unitholders of the relevant Fund or Class will be provided with prior notification of such closure and the Manager shall also notify distributors and/or placing agents. The Manager may invoke this discretion to close the Fund to further subscriptions where they are satisfied that it will be in the best interests of the Unitholders of a Fund, given the market conditions prevailing at the time. The Manager will have the discretion to re-open the relevant Fund or Class for subscription on any Dealing Day and existing Unitholders will be given advance notification of such re-opening.

Units may not be issued or sold by the Manager during any period when the right of Unitholders to require the redemption of their Units is suspended in the manner described under "Redemption of Units" below. Applicants for Units will be notified of such postponement or cancellation and, unless withdrawn, their applications will be considered as at the next Dealing Day following the ending of such suspension.

All Units shall be in registered form. Unit certificates will not be issued. Registration of the Units comprised in the application will normally be effected within twenty-one days of the Manager receiving the relevant registration details. Ownership is recorded by an entry in the Unit register and an account number is allocated to the investor which will be shown in a registration advice despatched within twenty-one days of the Manager receiving the relevant registration details. Your account number should be quoted in all communications relating to the Fund.

The Net Asset Value per Unit of each Fund will be calculated by the Administrator and notified to the Irish Stock Exchange without delay upon calculation by the Administrator. The calculation of the Net Asset Value per Unit may be suspended when the right of Unitholders to require the redemption of Units is suspended as detailed in "Redemption of Units" in the Prospectus. Any suspension will be notified to the Central Bank and the Irish Stock Exchange without delay and where possible all reasonable steps will be taken to bring any period of suspension to an end as soon as possible.

The Manager, the Administrator or a distributor may, in their sole discretion, reject any subscription order for Units in whole or in part for any or no reason, including in particular, where the Manager or the Administrator, as appropriate, reasonably believes the subscription order may represent a pattern of excessive trading or market timing activity in respect of the Unit Trust. Where an application for Units is rejected, the subscription monies shall be returned to the applicant within fourteen days of the date of such application at the applicant's cost and risk and no interest or other compensation will be payable in respect of such returned monies.

Unit certificates will not be issued.

## Collection Account

The Administrator operates the Collection Account in accordance with the Central Bank's Investor Money Regulations for a number of collective investment schemes managed by the Manager. The Collection Account is held at a credit

institution as prescribed by the Investor Money Regulations ("Relevant Bank") in the name of the Administrator and is designated as a "Collection Account" or "Coll a/c". All monies in the Collection Account will be held at the Relevant Bank on a segregated basis by the Administrator, in trust for the benefit of the investors and on behalf of, and at the risk of, the investors for whom such investor monies are being held. The Relevant Bank will hold the cash on the Administrator's behalf (for the benefit of the investors on behalf of whom such monies are being held) in an account separate from any money the Relevant Bank holds for the Administrator in its own right. In the event of the insolvency of the Relevant Bank, the Administrator should have a claim against the Relevant Bank on behalf of the investors for whom the monies in the Collection Account are being held. In the event of the insolvency of the Administrator, monies in the Collection Account would not form part of the Administrator's assets.

Any subscription monies which are received by the Administrator prior to investment in a Fund, will be held in a collection account and will not form part of the assets of the relevant fund until such monies are transferred from the Collection Account to the account of the relevant Fund.

Redemption proceeds will be paid into the Collection Account on the Settlement Date and distributions on the relevant distribution payment date, when they will no longer be considered an asset of the relevant Fund. Further, any conversion from one Fund or Class (the "Original Fund") into another Fund or Class (the "New Fund") will be deemed to be a redemption from the Original Fund and a subscription into the New Fund and the relevant proceeds will be held in the Collection Account until transferred to the New Fund.

In the event of the insolvency of another Fund of the Unit Trust, recovery of any amounts to which a Fund is entitled, but which may have transferred to such other Fund as a result of the operation of the Collection Account, will be subject to the principles of Irish trust law and the terms of the operational procedures for the Collection 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 relevant Fund. Accordingly, there is no guarantee that such Fund or the Unit Trust will recover such amounts. Furthermore, there is no guarantee that in such circumstances such Fund or the Unit Trust would have sufficient funds to repay any unsecured creditors.

No interest is payable by the Manager or the Administrator on monies credited to the Collection Account.

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## Redemption of Units

Requests for the redemption of Units may be made either by facsimile or in writing to the Manager c/o the Administrator at the address or facsimile numbers set out in the Application Form. In addition investors can, with the agreement of the Manager, redeem Units via electronic messaging services such as EMX or SWIFT. Redemption requests can be processed on receipt of electronic instructions only where made to the account of record of the Unitholder. No redemption payments shall be made until the original subscription Application Form (and supporting documentation) has been received by the Manager. Units also need to be fully registered and settled before redemption payments can be made.

Applications for the redemption of Units received by the Manager prior to 12 noon Irish time on a Dealing Day will, subject as mentioned in this section, be dealt with by reference to the Net Asset Value per Unit determined as at the Valuation Point on that Dealing Day. Redemption requests received after 12 noon Irish time will be treated as having been received on the following Dealing Day. Requests by fax will be treated by the Manager as definitive orders even if not subsequently confirmed in writing and will not be capable of withdrawal after acceptance by the Manager.

The Manager and the Administrator will withhold payment of the proceeds of redemption and income on Units and may automatically reinvest dividend entitlements until the original signed Application Form has been received from the investor and where it is considered necessary or appropriate to carry out or complete identification procedures in relation to the Unitholder pursuant to a statutory, regulatory, European Union or other obligation.

Instructions for the redemption of Units must be signed by the Unitholder before payment of redemption proceeds can be made. Payment of redemption proceeds will be made in accordance with initial redemption payment instructions as notified to the Manager. If investors wish to make any change in the redemption payment instructions, such change must be by written notice to the Manager signed by the sole Unitholder or all joint Unitholders. The Manager will be deemed to be authorised to act on any redemption instruction received from any person purporting to be the Unitholder and reciting the relevant account number.

Payment of redemption proceeds will be made to the registered Unitholder or in favour of the joint registered Unitholders as appropriate unless the Manager is otherwise instructed in writing by the registered Unitholder or joint registered Unitholders. Amendments to a Unitholder's registration details and payment instructions will only be effected on receipt of original documentation.

Payment of redemption proceeds will be paid by electronic transfer. Any charges incurred in making payment by electronic transfer may be payable by the Unitholder. Arrangements can be made for Unitholders wishing to redeem their

Units to receive payment in currencies other than the currency of the relevant Class. In such circumstances the Unitholder is advised to make direct contact with the Manager in order to facilitate payment. The cost of currency conversion and other administrative expenses including electronic transfers may be charged to the Unitholder.

Subject as mentioned above, the amount due on the redemption of Units will be made in the currency of the relevant Class. Payment will normally be made by the Settlement Date (excluding days when due to public holidays in the relevant country, payments in the currency of the relevant Class cannot be settled) of the relevant Dealing Day or, if later, four Business Days after receipt by the Manager of a duly signed dealing confirmation by facsimile or in writing (excluding days when due to public holidays in the relevant country, payments in the currency of the relevant Class cannot be settled). Delayed payment of redemption proceeds can occur where there is a delay in the settlement of the underlying securities in a particular Fund. Such delay will not exceed 10 Business Days from the date of receipt of the redemption request.

Where all relevant documentation and information is held in respect of the Unitholder the redemption proceeds will be paid from the Collection Account to the bank account provided by the Unitholder. Where redemption proceeds are paid but are refused by the Unitholder's receiving bank, the monies will be returned to the Collection Account until valid bank details for the Unitholder are provided.

Partial redemptions or conversions of holdings are permitted provided that this will not result in the Unitholder holding a number of Units of a Class of a value which is less than the Minimum Holding for the relevant Class. A registration advice confirming the new Unitholding will be posted to the Unitholder.

The Manager may, in its sole discretion, redeem some or all of the Units of a Unitholder where the Unitholder has failed to pay subscription monies by the due date and may apply the redemption proceeds in satisfaction of the Unitholder's liabilities to the Unit Trust, the Manager, the Investment Manager or any of their respective affiliates pursuant to the indemnity described under "Application Procedure".

#### **Redemption Deferral Policy**

The Manager, with the approval of the Depositary, is entitled to limit the number of Units which may be redeemed on any Dealing Day to 10% of the total number of Units in issue of that Fund (the "Redemption Deferral Policy"). The Redemption Deferral Policy will apply pro rata amongst all Unitholders seeking to redeem Units on the relevant Dealing Day, and in such event, the Manager will carry out such redemptions which, in aggregate, amount to 10% of the Units then in issue in the Fund. Where the Manager decides to invoke this Redemption Deferral Policy, the excess of Units above 10% which have not been redeemed will be carried forward until the next Dealing Day and will be redeemed on the next Dealing Day (subject to a further operation of the Redemption Deferral Policy on the next Dealing Day). If requests for redemption are so carried forward, the Manager will give immediate notice to the Unitholders affected.

#### **In-Specie Redemptions**

Redemption requests will normally be settled in cash. However, the Manager may at its discretion, satisfy any redemption request by in-specie distribution in circumstances where a Unitholder wishes to redeem Units representing 5% or more of the Net Asset Value of any Fund on a single Dealing Day and where the Unitholder either requests in-specie distribution or has consented to such in-specie redemption. The assets so redeemed shall have a value equal to the redemption price (which is calculated in accordance with the provisions of the Trust Deed) less any costs incurred in connection with the sale or in-specie distribution. Such costs shall include an amount equivalent to any Stamp Duty Reserve Tax (SDRT) to be paid in relation to cancellation of the Units. The assets for distribution will be selected in consultation with and subject to the approval of the Depositary on such basis as the Manager deems equitable and so that there is no prejudice to the interests of remaining Unitholders. The Unitholder may, by notice in writing to the Manager, request the Manager to sell such investments and to pay the proceeds of sale less any costs incurred in connection with such sale.

Where a redeeming Unitholder has elected or has consented to receive redemption proceeds by an in specie distribution of stock of Units representing 5% or more of the Net Asset Value of any Fund, the Units settled in-specie will not be included in the calculation of the percentage of the Units for which redemption requests have been received for the purpose of determining whether the Redemption Deferral Policy may be invoked on a particular Dealing Day. Where a Unitholder has elected or consented to receive part or all of the redemption proceeds in-specie, the Manager shall advise the Unitholder that a Redemption Deferral Policy may operate if cash settlement is requested.

#### **Temporary Suspension of Redemptions**

In addition, the Manager may at any time, with the approval of the Depositary, suspend temporarily the right of Unitholders to require the redemption of Units of any Class and/or may delay the payment of any monies in respect of any such redemption during any of the following periods:

- (i) any period when any market on which a substantial part of the investments of the relevant Fund are quoted, listed or dealt is closed or when trading on such a market is limited or suspended;

- (ii) any period when dealings on any such market are restricted or suspended;
- (iii) the existence of any state of affairs as a result of which disposal of the investments of the relevant Fund cannot, in the opinion of the Manager, be effected normally or without seriously prejudicing the interests of Unitholders of that Class;
- (iv) any breakdown in the means of communication normally employed in determining the Net Asset Value of the relevant Fund or when, for any other reason, the value of any investments of the relevant Fund cannot be promptly and accurately ascertained;
- (v) any period during which the Depositary is unable to repatriate funds required for making payments due on redemption of Units or during which the realisation of investments or the transfer of funds involved in such redemption cannot, in the opinion of the Manager, be effected at normal prices or normal rates of exchange.

Unitholders who have requested redemptions of any Units will be notified of any such suspension and, unless withdrawn but subject to the limitation referred to above, their requests will be dealt with on the first Dealing Day after the suspension is lifted. Any such suspension will be notified to the Central Bank and the Irish Stock Exchange immediately and in any event, where practicable within the same business day and to the competent authorities in the Member States in which the Unit Trust is marketed.

### **Liquidity Risk Management**

The Manager has established a liquidity management policy which enable it to identify, monitor and manage the liquidity risks of the Unit Trust and to ensure the liquidity profile of the investments of each Fund will facilitate compliance with the Fund's underlying obligations. The Manager's liquidity policy takes into account the investment strategy, the liquidity profile, redemption policy and other underlying obligations of the Funds. The liquidity management systems and procedures include appropriate escalation measures to address anticipated or actual liquidity shortages or other distressed situations of the Unit Trust.

In summary, the liquidity management policy monitors the profile of investments held by the Unit Trust and each Fund and ensures that such investments are appropriate to the redemption policy as stated under Redemption of Units above, and will facilitate compliance with each Fund's underlying obligations.

The Manager seeks to ensure that the investment strategy, the liquidity profile and the redemption policy of each Fund are consistent. The investment strategy, liquidity profile and redemption policy of the Unit Trust will be considered to be aligned when investors have the ability to redeem their investments in a manner consistent with the fair treatment of all investors and in accordance with the Manager's redemption policy and its obligations. In assessing the alignment of the investment strategy, liquidity profile and redemption policy, the Manager shall have regard to the impact that redemptions may have on the underlying prices or spreads of the individual assets of each Fund.

Details of the redemption rights of Unitholders, including redemption rights of Unitholders in normal and exceptional circumstances and existing redemption arrangements are set above in this section.

### **Qualified Unitholders and Total Redemption**

The Manager shall have the power (but shall not be under a duty) to impose such restrictions as it may think necessary for the purpose of ensuring that no Units are acquired or held by any person in breach of the law or any requirements of any country or governmental authority, including any foreign exchange control regulations or by a United States Person or Japanese person (except in transactions exempt from the requirements of the United States Securities Act of 1933 (as amended) and applicable state securities laws) or by any person described in (a) to (f) below.

#### **The Manager may at any time give notice in writing for the redemption of, or request the transfer of, Units held directly or beneficially by:**

- (a) any person in breach of any law or requirement of any country or governmental authority or by virtue of which such person is not qualified to hold such Units;
- (b) any United States Person;
- (c) any Japanese person;
- (d) any person or persons in circumstances which, (whether directly or indirectly affecting such person or persons and whether taken alone or in conjunction with any other person or persons connected or not, or any other circumstances appearing to the Manager to be relevant) in the opinion of the Manager might result in the Unit Trust or its Unitholders incurring any liability to taxation or suffering pecuniary disadvantages which the Unit Trust or its Unitholders might not otherwise have incurred or suffered;
- (e) any Unitholder, on the basis of the circumstances of the Unitholder concerned, if it has reasonable grounds to believe that the Unitholder is engaging in any activity which might result in the Unit Trust or its Unitholders as a whole suffering any regulatory, pecuniary, legal, taxation or other material administrative disadvantage which the Unit Trust or its Unitholders as a whole might not otherwise have suffered; or



- (f) any person or persons holding Units with a value less than the Minimum Holding.

The Manager shall be entitled to give notice to such persons requiring him/her to transfer such Units to a person who is qualified or entitled to own them or submit a request for redemption. If any such person upon whom such a notice is served as aforesaid does not within 30 days after such notice transfer such Units or request the Manager to purchase such Units as aforesaid he shall be deemed forthwith upon the expiration of 30 days to have requested the Manager to purchase his Units and the Manager shall be entitled to appoint any delegate to sign on his/her behalf such documents as may be required for the purposes of the purchase of the said Units by the Manager.

All of the Units of any Fund or of the Unit Trust may be realised by the Manager if the holders of 75% in value of the relevant Class or Fund resolve at a meeting of the Unitholders duly convened and held that such Units should be redeemed.

The Manager may resolve at its discretion to retain sufficient monies prior to effecting a total redemption of Units to cover the costs associated with the subsequent termination of the Unit Trust or relevant Fund.

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## Transfer of Units

Units in each Fund will be transferable by instrument in writing signed by (or, in the case of a transfer by a body corporate, signed on behalf of or sealed by) the transferor provided that the transfer does not result in the transferor or the transferee holding a number of Units of a value which is less than the Minimum Holding for that Fund. A purported transfer of Units will not become effective and binding upon the Manager until such time as the transferee has completed the prescribed Application Form and any attendant documentation, such as anti-money laundering documentation, and the Administrator has received the originals thereof. In this regard the rights and obligations of the purported transferor will subsist and the purported transferor will continue to be regarded as the registered holder of Units, to the exclusion of the purported transferee, until receipt by the Administrator of the documentation outlined above. In the case of the death of one of joint Unitholders, the survivor or survivors will be the only person or persons recognised by the Depositary and the Manager as having any title to or interest in the Units registered in the names of such joint Unitholders. If the transferor is not resident in Ireland, the transferor must complete a declaration of non-residence to avoid deduction of tax on redemptions and distributions.

Irish Resident Unitholders other than Exempt Investors must notify the Manager in advance of any proposed transfer of Units.

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## Conversion of Units

Unitholders will be able to apply to convert on any Dealing Day all or part of their holding of Units of any Class (the "Original Class") into Units of another Class of the same Fund or in another Fund, which are being offered at that time (the "New Class") by giving notice to the Manager in the manner set out under "Redemption of Units" above. The general provisions and procedures relating to redemption will apply equally to conversions. No conversion will be made, however, if it would result in the Unitholder holding a number of Units of either the Original Class or the New Class of a value which is less than the Minimum Holding for the relevant Class.

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

$$N = \frac{P(R \times CF)}{S}$$

where:

N - is the number of Units of the New Class to be allotted

P - is the number of Units of the Original Class to be converted

R - is the Net Asset Value per Unit of the Original Class applicable to redemption requests received on the relevant Dealing Day

CF - is the currency conversion factor determined by the Manager as representing the effective rate of exchange on the relevant Dealing Day between the base currencies of the Original Class and the New Class (where the base currencies are different)

S - is the Net Asset Value per Unit of the New Class applicable to subscription applications received on the relevant Dealing Day.

## Manager, Investment Manager, Depositary and Administrator

### Manager

The Manager of the Unit Trust is Baring International Fund Managers (Ireland) Limited which was incorporated in Ireland as a private limited company on 16 July 1990. The issued share capital of the Manager is £100,000, all of which has been paid up in full. The company secretary of the Manager is Matsack Trust Limited.

The Directors of the Manager as of the date of this Prospectus are as follows:

James Cleary: (resident of Ireland) Mr Cleary is the principal of Cleary Consulting, a fund consultancy practice based in Ireland, since June 2002. He worked in public practice in London and Luxembourg focusing on the financial services sector from 1986 to 1990. He has focused directly in offshore fund management since 1990 and has established and managed fund management offices in Luxembourg and Toronto for State Street Bank from February 1990 to October 1993, as Finance Director of PFPC, Dublin from October 1993 to June 1997, and as Managing Director of SEI Investments, Dublin from June 1997 to June 2002. He has been a committee member of the Irish Funds Industry Association and a member of the Alternative Investment Management Association. He has written and lectured within the industry and is a director of a number of mutual fund companies and of a number of companies operating in the Ireland's International Financial Services Centre. He is a Fellow of the Chartered Association of Certified Accountants and received an MBA (cum laude) from the University of Limerick.

Timothy B. Schulze: (resident of the United States) Mr Schulze is the Chief Risk Officer and Global Head of Risk Management for Barings LLC. Tim is responsible for global oversight of the firm's Enterprise Risk Management program, including the investment, counterparty and organisational risk functions. He presently sits on the Board of Directors of several of Barings' affiliated fund companies domiciled in Ireland and Luxembourg. Tim has worked in the industry since 2001. Prior to joining Barings LLC (formerly Babson Capital Management LLC) in 2003, Tim spent two years as a participant in MassMutual's Executive Development Program. Tim holds a B.A. from the University of Colorado at Boulder and an M.B.A. from the University of Massachusetts Amherst. He is a CFA® charterholder, and holds the Financial Risk Manager and Professional Risk Manager designations. He is a member of the CFA Institute, the Global Association of Risk Professionals and the Professional Risk Managers' International Association.

Barbara Healy: (resident of Ireland) Barbara is a chartered accountant by profession and has over 20 years' experience in the asset management industry. From 2004-2009, Barbara was Global Head of Operations for JPMorgan Hedge Fund Services incorporating the role of Executive Director and Head of Technical Solutions EMEA and Asia. During her tenure assets grew from \$5Bn to \$100Bn, positioning the firm as a top-tier service provider in the hedge fund administration market. Ms. Healy previously ran operations for Tranaut Fund Administration Ltd from 2002 to 2004 which was subsequently acquired by JPMorgan, and before this was Director of Accounting for SEI Investments Europe. Ms. Healy has also worked in fund accounting positions in Banker's Trust and Chase Manhattan. She is currently serving as a non-executive director to Irish, Luxembourg and Cayman domiciled funds. Barbara holds a Bachelor of Commerce Degree (Honours) and a Post-Graduate Diploma in Professional Accounting. She is a member of the Institute of Chartered Accountants in Ireland and is also a member of the Institute of Directors in Ireland. Barbara attended the High Performance Boards Corporate Governance Programme at IMD, Lausanne, Switzerland, 2011.

David Conway: (resident in Ireland) Mr Conway is a company director and formerly a senior executive at Ulster Bank. He has extensive leadership experience across the investment management industry, including portfolio management, asset management, funds administration, custodial services, private client and wealth management. Mr Conway, who is Irish, held a variety of roles at Ulster Bank over a period of 26 years, most recently as Director, Ulster Bank Wealth Management Division. He is currently a Director of a number of collective investment schemes across a broad range of asset classes. Mr Conway holds an honours degree in Economics from Trinity College Dublin and is a Certified Investment Fund Director (CIFD).

Julian Swayne: (resident of the United Kingdom) Mr Swayne is the Chief Executive Officer of 'Barings' in Europe. He is responsible for the day-to-day general management of Barings' main UK operating entities. He previously served as the Chief Financial Officer International of 'Barings', having joined Baring Asset Management when it was formed in 1989. Mr Swayne became Finance Director in 1997 and then Chief Financial Officer International in 2016 when the new 'Barings' group was created. Prior to joining Baring Asset Management, he worked at Baring Brothers & Co. Previous to that, Mr Swayne was with London City based auditors Neville Russell. Mr Swayne holds a degree in Economics from Leicester University and qualified as a chartered accountant in 1985.

Peter Clark: (resident in the United Kingdom) is a Managing Director and General Counsel, European Fixed Income & Private Investments of Barings (UK). He joined in 2007 from the London office of Latham & Watkins, where he was a senior member of the Finance Group. Peter is responsible for leading and managing the Legal Team at Barings (UK). He is involved in analysing the legal aspects of investment opportunities, setting up new funds, engaging in workout and restructuring discussions with respect to distressed loan investments and legal oversight. He was admitted as a Solicitor of the Senior Courts of England and Wales in 1999 and as a member of the California State Bar in 2001.

All of the above-named directors act in a non-executive capacity. The address of the Directors is the registered office of the Manager.

The Manager has the right under the Trust Deed to retire at any time upon the appointment of a successor as provided in the Trust Deed. They may be removed by the Depositary in certain circumstances, including where the holders of not less than 50% of the Units for the time being in issue so request.

The Trust Deed contains provisions governing the responsibilities of the Manager and providing for their indemnification in certain circumstances, subject to exclusions in the case of its negligence, fraud, bad faith or wilful default in the performance of its obligations and subject to the provisions of the UCITS Regulations and any conditions imposed by the Central Bank thereunder.

The Manager is an indirect wholly-owned subsidiary of Massachusetts Mutual Life Insurance Company, a member of the MassMutual Financial Group. MassMutual Financial Group is a global, growth-oriented, diversified financial services organisation providing life insurance, annuities, disability income insurance, long-term care insurance, retirement planning products, structured settlement annuities, trust services, money management, and other financial products and services.

In addition to managing the Unit Trust, the Manager also manages Barings China A-Share Fund plc, Barings Alpha Funds plc, Barings Currency Umbrella Fund, Barings Emerging Markets Umbrella Fund, Barings Global Umbrella Fund, Barings Global Opportunities Umbrella Fund, Barings Investment Funds plc, Barings Korea Feeder Fund, Barings Component Funds and Barings Umbrella Fund plc. Only the Unit Trust, Barings Global Umbrella Fund, Barings Investment Funds plc and Barings Emerging Markets Umbrella Fund are recognised schemes for the purpose of the FSMA.

The Manager will at all times have due regard to its duties owed to each fund managed by it (including each Fund within the Unit Trust) and if any conflict of interest should arise as between any of those funds the Manager will have regard to its obligations under the Trust Deed and its obligation to act in the best interests of its clients in seeking to ensure that the conflict is resolved fairly.

#### Remuneration Policy

The Manager has a remuneration policy in place (the “Remuneration Policy”) which is designed to ensure that its remuneration practices are consistent with and promote sound and effective risk management, do not encourage risk taking and are consistent with the risk profile of the Funds. The Manager considers the Remuneration Policy to be appropriate to its size, internal operations, nature, scale and complexity and in line with the risk profile, risk appetite and the strategy of the Unit Trust. The Remuneration Policy will apply to the fixed and variable (if any) remuneration received by the identified staff. Details of the remuneration policy including, but not limited to, a description of how remuneration and benefits are calculated and the identity of the persons responsible for awarding the remuneration and benefits are available at [www.baring.com](http://www.baring.com) and a paper copy will be made available to investors upon request.

The Manager does not have any employees and only non-executive directors are in scope of the Remuneration Policy. The non-executive directors (with the exception of Baring Asset Management Limited affiliated directors who do not receive any directors fees) receive a fixed fee only and do not receive performance-based or variable remuneration therefore avoiding a potential conflict of interest. No pension contributions are payable on non-executive Board members’ fees. In respect of any investment management delegates, the Manager requires that: (i) the entities to which such activities have been delegated are subject to regulatory requirements on remuneration that are equally as effective as those applicable under the ESMA Guidelines / Article 14 of the UCITS Directive; or (ii) appropriate contractual arrangements are put in place with entities to which such activities have been delegated in order to ensure that there is no circumvention of the remuneration rules set out in the ESMA Guidelines/UCITS Directive.

#### **Investment Manager**

Under the terms of the Investment Management Agreement, the Manager has delegated the investment management of each Fund to the Investment Manager. The Investment Management Agreement provides that the appointment of the Investment Manager may be terminated by either party giving notice in writing to the other party and provides for the orderly transfer of the Investment Manager’s responsibilities in such circumstances.

Subject to the Central Bank’s approval, the Investment Manager may sub-delegate such investment management to other entities including group companies. The fees and expenses of any sub-investment managers appointed by Investment Manager will be discharged by the Investment Manager. Details of any sub-investment managers appointed to a Fund will be provided to Unitholders upon request and details will also be provided in the periodic reports of the Unit Trust.

The Investment Manager provides asset management services in developed and emerging equity and bond markets on behalf of institutional and retail clients globally. The Investment Manager is authorised and regulated by the FCA.

The Investment Manager may in the course of its business have conflicts of interest with the Unit Trust. The Investment Manager will, however, have regard to its obligations to act in the best interest of its clients when undertaking any investments where conflicts of interest may arise and will seek to resolve such conflicts fairly. In relation to co-investment opportunities which arise between the Funds and the Investment Manager's other clients, the Investment Manager will ensure that the Funds participate fairly in such investment opportunities and that these are fairly allocated.

## **Depository**

The Depository of the Unit Trust is Northern Trust Fiduciary Services (Ireland) Limited.

The Depository is a private limited liability company incorporated in Ireland on 5 July 1990. Its main activity is the provision of custodial services and to act as trustee and depository to collective investment schemes. The Depository is an indirect wholly-owned subsidiary of Northern Trust Corporation. Northern Trust Corporation and its subsidiaries comprise the Northern Trust Group, one of the world's leading providers of global custody and administration services to institutional and personal investors. As at 30 September 2017, the Northern Trust Group's assets under custody totalled in excess of US\$7.1 trillion.

Pursuant to the Trust Deed, the Depository may delegate its safekeeping obligations provided that (i) the services are not delegated with the intention of avoiding the requirements of the UCITS Regulations, (ii) the Depository can demonstrate that there is an objective reason for the delegation and (iii) the Depository has exercised all due, skill, care and diligence in the selection and appointment of any third party to whom it wants to delegate parts of the services, and keeps exercising all due skill, care and diligence in the periodic review and ongoing monitoring of any third party to whom it has delegated parts of its safekeeping services and of the arrangements of the third party in respect of the matters delegated to it. The liability of the Depository will not be affected by virtue of any such delegation. The Depository has delegated to its global sub-custodian, The Northern Trust Company, London branch, responsibility for the safekeeping of the Unit Trust's financial instruments and cash. The global sub-custodian proposes to further delegate these responsibilities to sub-delegates. Details regarding the Depository, including a description of its duties and any conflicts of interest that may arise, any safekeeping functions delegated by the depository and an up to date list of such sub-custodians shall be made available to investors free of charge upon request.

The Trust Deed provides that the Depository shall be liable, (i) in respect of a loss of a financial instrument held in its custody (or that of its duly appointed delegate) unless it can prove that the loss has arisen as a result of an external event beyond the Depository's reasonable control, the consequences of which would have been unavoidable despite all reasonable measures to the contrary, and (ii) in respect of all other losses as a result of the Depository's negligent or intentional failure to properly fulfil its obligations pursuant to the UCITS Regulations. The Trust Deed contains certain indemnities in favour of the Depository (and each of its officers, employees and delegates) which are restricted to exclude matters for which the Depository is liable pursuant to the UCITS Regulations or matters arising by reason of the negligent or intentional failure of the Depository in the performance of its duties.

Up-to-date information on the Depository, its duties, any conflicts that may arise, the safe-keeping functions delegated by the depository, the list of delegates and sub-delegates and any conflicts of interest that may arise from such a delegation will be made available to Unitholders on request.

## **Administrator**

Under the terms of the Administrator Agreement, the Manager has appointed the Administrator as the administrator of the Unit Trust. The Manager has delegated its duties as registrar to the Administrator pursuant to the Administrator Agreement. The Administrator Agreement provides that the appointment of the Administrator may be terminated by any party giving not less than 24 months' notice in writing to the others. The Administrator, a company incorporated in Ireland on 15 June 1990 and is an indirect wholly owned subsidiary of Northern Unit Trust Corporation. Northern Unit Trust Corporation and its subsidiaries comprise the Northern Unit Trust Group, one of the world's leading providers of global custody and administration services to institutional and personal investors. The principal business activity of the Administrator is the administration of collective investment schemes.

The duties and functions of the Administrator include, inter alia, the calculation of the Net Asset Value and the Net Asset Value per Unit, the keeping of all relevant records in relation to the Funds as may be required with respect to the obligations assumed by it pursuant to the Administration Agreement, the preparation and maintenance of the Unit Trust and the Unit Trust's books and accounts, liaising with the auditor in relation to the audit of the financial statements of the Unit Trust and the provision of certain Unitholder registration and transfer agency services in respect of units in the Unit Trust.

The Administrator is not involved directly or indirectly with the business affairs, organisation, sponsorship or management of the Unit Trust and is not responsible for the preparation of this document other than the preparation of the above description and accepts no responsibility or liability for any information contained in this document except disclosures relating to it. As at the date of this Prospectus, the Administrator is not aware of any conflicts of interest in respect of its appointment as administrator to the Unit Trust. If a conflict of interest arises, the Administrator will ensure it is addressed in accordance with the Administration Agreement, applicable laws and in the best interests of the Unitholders.

## Report and Accounts

The Unit Trust's year end is 30 April in each year. Audited accounts and a report in relation to the Unit Trust will be produced within four months after the conclusion of each Accounting Period and hosted on the Manager's website at [www.barings.com](http://www.barings.com). Unaudited semi-annual reports will also be produced within two months of the Semi-Annual Accounting Date in each year and hosted on the Manager's website at [www.barings.com](http://www.barings.com). Annual reports will be sent to the Irish Stock Exchange. Copies of the latest annual and semi-annual accounts may also be obtained at the registered office of the Manager and the Investment Manager.

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## Taxation

### Ireland

The following is a summary of certain Irish tax consequences of the purchase, ownership and disposal of Units. The summary does not purport to be a comprehensive description of all of the Irish tax considerations that may be relevant. The summary relates only to the position of persons who are the absolute beneficial owners of Units and may not apply to certain other classes of persons.

The summary is based on Irish tax laws and the practice of the Irish Revenue Commissioners in effect on the date of this Prospectus (and is subject to any prospective or retroactive change). Potential investors in Units should consult their own advisors as to the Irish or other tax consequences of the purchase, ownership and disposal of Units.

### Taxation of the *Unit Trust*

The Manager intends to conduct its affairs so that the Unit Trust is Irish tax resident. On the basis that the Unit Trust is Irish tax resident, the Unit Trust qualifies as an 'investment undertaking' for Irish tax purposes and, consequently, is exempt from Irish tax on its income and gains.

The Unit Trust will be obliged to account for Irish income tax to the Irish Revenue Commissioners if Units are held by non-exempt Irish resident Unitholders (and in certain other circumstances), as described below. Explanations of the terms 'resident' and 'ordinarily resident' are set out at the end of this summary.

### Taxation of Non-Irish Unitholders

Where a Unitholder is not resident (or ordinarily resident) in Ireland for Irish tax purposes, the Unit Trust will not deduct any Irish tax in respect of the Unitholder's Units once the declaration set out in the Application Form has been received by the Unit Trust confirming the Unitholder's non-resident status. The declaration may be provided by an Intermediary who holds Units on behalf of investors who are not resident (or ordinarily resident) in Ireland, provided that, to the best of the Intermediary's knowledge, the investors are not resident (or ordinarily resident) in Ireland. An explanation of the term '*Intermediary*' is set out at the end of this summary.

If this declaration is not received by the Unit Trust, the Unit Trust will deduct Irish tax in respect of the Unitholder's Units as if the Unitholder was a non-exempt Irish resident Unitholder (see below). The Unit Trust will also deduct Irish tax if the Unit Trust has information which reasonably suggests that a Unitholder's declaration is incorrect. A Unitholder will generally have no entitlement to recover such Irish tax, unless the Unitholder is a company and holds the Units through an Irish branch and in certain other limited circumstances. The Unit Trust must be informed if a Unitholder becomes Irish tax resident.

Generally, Unitholders who are not Irish tax resident will have no other Irish tax liability with respect to their Units. However, if a Unitholder is a Unit Trust which holds its Units through an Irish branch or agency, the Unitholder may be liable to Irish corporation tax in respect of profits and gains arising in respect of the Units (on a self-assessment basis).

### Taxation of Exempt Irish Unitholders

Where a Unitholder is resident (or ordinarily resident) in Ireland for Irish tax purposes and falls within any of the categories listed in section 739D(6) of the Taxes Consolidation Act of Ireland ("TCA"), the Unit Trust will not deduct Irish tax in respect of the Unitholder's Units once the declaration set out in the Application Form has been received by the Unit Trust confirming the Unitholder's exempt status.

The categories listed in section 739D(6) TCA can be summarised as follows:

1. Pension schemes (within the meaning of section 774, section 784 or section 785 TCA).
2. Companies carrying on life assurance business (within the meaning of section 706 TCA).
3. Investment undertakings (within the meaning of section 739B TCA).

4. Investment limited partnerships (within the meaning of section 739J TCA).
5. Special investment schemes (within the meaning of section 737 TCA).
6. Unauthorised unit trust schemes (to which section 731(5)(a) TCA applies).
7. Charities (within the meaning of section 739D(6)(f)(i) TCA).
8. Qualifying managing companies (within the meaning of section 734(1) TCA).
9. Specified companies (within the meaning of section 734(1) TCA).
10. Qualifying fund and savings managers (within the meaning of section 739D(6)(h) TCA).
11. Personal Retirement Savings Account (PRSA) administrators (within the meaning of section 739D(6)(i) TCA).
12. Irish credit unions (within the meaning of section 2 of the Credit Union Act 1997).
13. The National Asset Management Agency.
14. The National Treasury Management Agency or a Fund Investment Vehicle (within the meaning of section 37 of the National Treasury Management Agency (Amendment) Act 2014) of which the Minister for Finance is the sole beneficial owner, or Ireland acting through the National Treasury Management Agency.
15. Qualifying companies (within the meaning of section 110 TCA).
16. Any other person resident in Ireland who is permitted (whether by legislation or by the express concession of the Irish Revenue Commissioners) to hold Units in the Unit Trust without requiring the Unit Trust to deduct or account for Irish tax.

Irish resident Unitholders who claim exempt status will be obliged to account for any Irish tax due in respect of Units on a self-assessment basis.

If this declaration is not received by the Unit Trust in respect of a Unitholder, the Unit Trust will deduct Irish tax in respect of the Unitholder's Units as if the Unitholder was a non-exempt Irish resident Unitholder (see below). A Unitholder will generally have no entitlement to recover such Irish tax, unless the Unitholder is a company within the charge to Irish corporation tax and in certain other limited circumstances.

#### **Taxation of Other Irish Unitholders**

Where a Unitholder is resident (or ordinarily resident) in Ireland for Irish tax purposes and is not an 'exempt' Unitholder (see above), the Unit Trust will deduct Irish tax on distributions, redemptions and transfers and, additionally, on 'eighth anniversary' events, as described below.

##### *Distributions by the Unit Trust*

If the Unit Trust pays a distribution to a non-exempt Irish resident Unitholder, the Unit Trust will deduct Irish tax from the distribution. The amount of Irish tax deducted will be:

1. 25% of the distribution, where the distributions are paid to a Unitholder who is a company which has made the appropriate declaration for the 25% rate to apply; and
2. 41% of the distribution, in all other cases.

The Unit Trust will pay this deducted tax to the Irish Revenue Commissioners.

Generally, a Unitholder will have no further Irish tax liability in respect of the distribution. However, if the Unitholder is a company for which the distribution is a trading receipt, the gross distribution (including the Irish tax deducted) will form part of its taxable income for self-assessment purposes and the Unitholder may set off the deducted tax against its corporation tax liability.

##### *Redemptions and Transfers of Units*

If the Unit Trust realises Units held by a non-exempt Irish resident Unitholder, the Unit Trust will deduct Irish tax from the redemption payment made to the Unitholder. Similarly, if such an Irish resident Unitholder transfers (by sale or otherwise) an entitlement to Units, the Unit Trust will account for Irish tax in respect of that transfer. The amount of Irish tax deducted or accounted for will be calculated by reference to the gain (if any) which has accrued to the Unitholder on the Units being redeemed or transferred and will be equal to:

1. 25% of such gain, where the Unitholder is a company which has made the appropriate declaration for the 25% rate to apply; and
2. 41% of the gain, in all other cases.

The Unit Trust will pay this deducted tax to the Irish Revenue Commissioners. In the case of a transfer of Units, to fund this Irish tax liability the Unit Trust may appropriate or cancel other Units held by the Unitholder. This may result in

further Irish tax becoming due.

Generally, a Unitholder will have no further Irish tax liability in respect of the redemption or transfer. However, if the Unitholder is a company for which the redemption or transfer payment is a trading receipt, the gross payment (including the Irish tax deducted) less the cost of acquiring the Units will form part of its taxable income for self-assessment purposes and the Unitholder may set off the deducted tax against its corporation tax liability.

If Units are not denominated in Euro, a Unitholder may be liable (on a self-assessment basis) to Irish capital gains taxation on any currency gain arising on the redemption or transfer of the Units.

#### **Eighth Anniversary' Events**

If a non-exempt Irish resident Unitholder does not dispose of Units within eight years of acquiring them, the Unitholder will be deemed for Irish tax purposes to have disposed of the Units on the eighth anniversary of their acquisition (and any subsequent eighth anniversary). On such deemed disposal, the Unit Trust will account for Irish tax in respect of the increase in value (if any) of those Units over that eight year period. The amount of Irish tax accounted for will be equal to:

1. 25% of such increase in value, where the Unitholder is a company which has made the appropriate declaration for the 25% rate to apply; and
2. 41% of the increase in value, in all other cases.

The Unit Trust will pay this tax to the Irish Revenue Commissioners. To fund the Irish tax liability, the Unit Trust may appropriate or cancel Units held by the Unitholder.

However, if less than 10% of the Units (by value) in the relevant Fund are held by non-exempt Irish resident Unitholders, the Unit Trust may elect not to account for Irish tax on this deemed disposal. To claim this election, the Unit Trust must:

1. confirm to the Irish Revenue Commissioners, on an annual basis, that this 10% requirement is satisfied and provide the Irish Revenue Commissioners with details of any non-exempt Irish resident Unitholders (including the value of their Units and their Irish tax reference numbers); and
2. notify any non-exempt Irish resident Unitholders that the Unit Trust is electing to claim this exemption.

If the exemption is claimed by the Unit Trust, any non-exempt Irish resident Unitholders must pay to the Irish Revenue Commissioners on a self-assessment basis the Irish tax which would otherwise have been payable by the Unit Trust on the eighth anniversary (and any subsequent eighth anniversary).

Any Irish tax paid in respect of the increase in value of Units over the eight year period may be set off on a proportionate basis against any future Irish tax which would otherwise be payable in respect of those Units and any excess may be recovered on an ultimate disposal of the Units.

#### **Share Exchanges**

*Where a Unitholder exchanges Units on arm's length terms for other Units in the Unit Trust or for Units in another Fund of the Unit Trust and no payment is received by the Unitholder, the Unit Trust will not deduct Irish tax in respect of the exchange.*

#### **Stamp Duty**

No Irish stamp duty (or other Irish transfer tax) will apply to the issue, transfer or redemption of Units. If a Unitholder receives a distribution *in specie* of assets from the Unit Trust, a charge to Irish stamp duty could potentially arise.

#### **Gift and Inheritance Tax**

Irish capital acquisitions tax (at a rate of 33%) can apply to gifts or inheritances of Irish situate assets or where either the person from whom the gift or inheritance is taken is Irish domiciled, resident or ordinarily resident or the person taking the gift or inheritance is Irish resident or ordinarily resident.

The Units could be treated as Irish situate assets because they have been issued by an Irish trust. However, any gift or inheritance of Units will be exempt from Irish gift or inheritance tax once:

1. the Units are comprised in the gift or inheritance both at the date of the gift or inheritance and at the 'valuation date' (as defined for Irish capital acquisitions tax purposes);
2. the person from whom the gift or inheritance is taken is neither domiciled nor ordinarily resident in Ireland at the date of the disposition; and

3. the person taking the gift or inheritance is neither domiciled nor ordinarily resident in Ireland at the date of the gift or inheritance.

If the Unit Trust becomes liable to account for tax in any jurisdiction in the event that a Unitholder or beneficial owner of a Unit were to receive a distribution in respect of his/her Units or to dispose (or deemed to have disposed) of his/her Units in any way ("Chargeable Event"), the Manager shall be entitled to deduct from the payment arising on a Chargeable Event an amount equal to the appropriate tax and/or where applicable, to appropriate, cancel or compulsorily repurchase such number of Units held by the Unitholder or such beneficial owner as are required to meet the amount of tax. The relevant Unitholder shall indemnify and keep the Unit Trust indemnified against loss arising to the Unit Trust by reason of the Unit Trust becoming liable to account for tax in any jurisdiction on the happening of a Chargeable Event if no such deduction, appropriation, cancellation or compulsory repurchase has been made.

### **OECD Common Reporting Standard**

The automatic exchange of information regime known as the "*Common Reporting Standard*" developed by the Organisation for Economic Co-operation and Development applies in Ireland. Under this regime, the Unit Trust is required to report information to the Irish Revenue Commissioners relating to all Unitholders, including the identity, residence and tax identification number of Unitholders and details as to the amount of income and sale or redemption proceeds received by Unitholders in respect of the Units. This information may then be shared by the Irish Revenue Commissioners with tax authorities in other EU member states and other jurisdictions which implement the OECD Common Reporting Standard.

The OECD Common Reporting Standard replaces the previous European information reporting regime in respect of savings income under Directive 2003/48/EC (commonly known as the EU Savings Directive regime).

### **Meaning of Terms**

#### *Meaning of 'Residence' for Companies*

A company which has its central management and control in Ireland is tax resident in Ireland irrespective of where it is incorporated. A company which does not have its central management and control in Ireland but which was incorporated in Ireland on or after 1 January 2015 is tax resident in Ireland except where the company is regarded as not resident in Ireland under a double taxation treaty between Ireland and another country.

A company which does not have its central management and control in Ireland but which was incorporated before 1 January 2015 in Ireland is resident in Ireland except where:

1. the company (or a related company) carries on a trade in Ireland and either the company is ultimately controlled by persons resident in EU member states or in countries with which Ireland has a double tax treaty, or the company (or a related company) are quoted companies on a recognised stock exchange in the EU or in a tax treaty country; or
2. the company is regarded as not resident in Ireland under a double tax treaty between Ireland and another country.

Finally, a company that was incorporated in Ireland before 1 January 2015 will also be regarded as resident in Ireland if the company is (i) managed and controlled in a territory with which a double taxation agreement with Ireland is in force (a 'relevant territory'), and such management and control would have been sufficient, if exercised in Ireland, to make the company Irish tax resident; and (ii) the company would have been tax resident in that relevant territory under its laws had it been incorporated there; and (iii) the company would not otherwise be regarded by virtue of the law of any territory as resident in that territory for the purposes of tax.

#### *Meaning of 'Residence' for Individuals*

An individual will be regarded as being tax resident in Ireland for a calendar year if the individual:

1. spends 183 days or more in Ireland in that calendar year; or
2. has a combined presence of 280 days in Ireland, taking into account the number of days spent in Ireland in that calendar year together with the number of days spent in Ireland in the preceding year. Presence in Ireland by an individual of not more than 30 days in a calendar year will not be reckoned for the purposes of applying this 'two year' test.

An individual is treated as present in Ireland for a day if that individual is personally present in Ireland at any time during that day.



### Meaning of 'Ordinary Residence' for Individuals

The term 'ordinary residence' (as distinct from 'residence') relates to a person's normal pattern of life and denotes residence in a place with some degree of continuity. An individual who has been resident in Ireland for three consecutive tax years becomes ordinarily resident with effect from the commencement of the fourth tax year. An individual who has been ordinarily resident in Ireland ceases to be ordinarily resident at the end of the third consecutive tax year in which the individual is not resident. For example, an individual who is resident and ordinarily resident in Ireland in 2017 and departs Ireland in that year will remain ordinarily resident in Ireland up to the end of the tax year in 2020.

### **Foreign Taxes**

The Unit Trust may be liable to taxes (including withholding taxes) in countries other than Ireland on income earned and capital gains arising on its investments. The Unit Trust may not be able to benefit from a reduction in the rate of such foreign tax by virtue of the double taxation treaties between Ireland and other countries. The Unit Trust may not, therefore, be able to reclaim any foreign withholding tax suffered by it in particular countries. If this position changes and the Unit Trust obtains a repayment of foreign tax, the Net Asset Value of the Unit Trust will not be restated and the benefit will be allocated to the then-existing Unitholders rateably at the time of repayment.

### **United Kingdom ("UK")**

Unless otherwise stated, the following analysis is based on the Unit Trust being treated as fiscally opaque for the purposes of UK taxation.

The Depositary, Manager and the Investment Manager intend to conduct the affairs of the Unit Trust so as to minimise, as far as it deems reasonably practicable, any liability of the Unit Trust to UK taxation. This includes intending to manage and conduct the affairs of the Unit Trust so that it does not become resident in the UK for taxation purposes. Accordingly, provided the Unit Trust does not exercise a trade within the UK or carry on a trade in the UK through a permanent establishment, the Unit Trust should not be subject to UK tax other than on certain UK source income.

It is not expected that the activities of the Unit Trust will be regarded as trading activities for the purposes of UK taxation. However, to the extent that trading activities are carried on in the UK they may in principle be liable to UK tax. The profit from such trading activities will not, based on the UK Finance Act, 2003, be assessed to UK tax provided that the Unit Trust and the Investment Manager meet certain conditions. The Manager and the Investment Manager intend to conduct the affairs of the Unit Trust so that all those conditions are satisfied, so far as those conditions are within their respective control.

Unitholders who are resident in the UK should note that all distributions made from a Fund of the Unit Trust are assessable to UK income tax under section 830(2) of ITTOIA 2005 or corporation tax under case V of Schedule D whether or not such distributions are automatically or otherwise reinvested in further Units in the relevant Fund. With effect from 22 April 2009, if any distribution is made from a Fund that holds more than 60% of its assets in interest bearing (or economically similar) form, the resulting distribution will be treated in the hands of an individual Unitholder resident in the UK for tax purposes as a payment of yearly interest. This will mean that UK tax will be paid on such a distribution at the tax rates applicable from time to time to interest payments. However, any other distributions that are made from a Fund will be treated in the hands of an individual Unitholder resident in the UK for tax purposes as a distribution on which the Unitholder will during 2013/14 be taxable at the rate of 10%, 32.5% or 37.5% depending on whether he is either a lower, higher or additional rate taxpayer respectively.

### Change from Distributing to Reporting Funds Status

On 1 December 2009, new UK legislation became effective under which the distributing fund regime would be replaced over a period of time by the reporting fund regime. Under both regimes each Class is viewed as a separate offshore fund. Classes for which distributing fund status has or will be sought for previous accounting periods have been accepted into the UK Reporting Fund regime with effect from the accounting period commencing on 1 May 2010. Details of which Classes which have been accepted into the UK Reporting Fund regime are available from the Manager. While it is intended that all practicable steps will be taken to ensure that those Classes retain Reporting Fund status going forward, it cannot be guaranteed that this will be achieved.

The relevance of holding Units in a Class which qualify as a reporting fund or, previously a distributing fund, for Unitholders resident or ordinarily resident in the UK for taxation purposes is that, unless holding Units as dealing stock (when different rules apply), they would be liable to UK tax on capital gains (and not income) in respect of any gains arising from the sale, redemption or other disposal of Units (save that a charge to income tax or corporation tax on income may arise on the equalisation element of the disposal proceeds). This treatment will only apply upon disposal if the relevant Class has successfully applied to be a reporting fund or been certified as a distributing fund during the entire holding period by a UK resident or ordinarily resident Unitholder making the disposal. Accordingly any gain arising from the disposal of an investment in a Class that has either not qualified as a reporting fund or been certified as a distributing fund for the whole holding period that accrues to a Unitholder resident or ordinarily resident in the UK for taxation purposes may become subject to income tax or corporation tax on the basis that the gain is treated as an offshore income gain without the benefit of the annual exemption in the case of individual investors.

It should also be noted that reporting funds are required to prepare accounts in accordance with an acceptable accounting policy, and provide details of their 'reportable income', which is the accounts figure for total return of the fund adjusted in accordance with certain rules set out in the Offshore Funds Tax Regulations 2009 (the 'Regulations'). Reporting funds must make returns of their reportable income to HM Revenue & Customs and also provide to UK investors, in one of the ways prescribed under the Regulations, details of their proportionate share of any reportable income which has not previously been distributed to them within 6 months of the end of each accounting period. A UK investor in a reporting fund will then be liable to disclose the applicable reported income, if any, in their tax return for the period during which any relevant amount of income was reported.

#### Other Provisions

Unitholders who are exempt from UK tax on capital gains and income from investments (such as exempt approved pension schemes) will enjoy exemption from UK tax on any income from, and any gains made on the disposal of their Units.

An individual Unitholder domiciled or deemed for UK tax purposes domiciled in the UK may be liable to UK Inheritance Tax on their units in the event of death or on making certain categories of lifetime transfer.

The attention of individuals ordinarily resident in the UK for tax purposes is drawn to the provisions of Chapter 2 of part 13 of the Income Tax Act 2007. These provisions are aimed at preventing the avoidance of income tax by individuals ordinarily resident in the UK through a transaction resulting in the transfer of assets or income to persons (including companies) resident or domiciled outside the UK. These provisions may render them liable to income tax in respect of undistributed income and profits of the Unit Trust on an annual basis to the extent that they have not already been taxed on such income.

The attention of persons resident or ordinarily resident in the UK (and who, if they are individuals, are domiciled in the UK) is drawn to the fact that the provisions of Section 13 of the Taxation of Chargeable Gains Act, 1992 could be material to any such person who together with persons, connected to that person, holds 10% or more of the Units in the Unit Trust, if at the same time, the Unit Trust is controlled in such a manner as to render it a company (for UK chargeable gains purposes a Unit Trust is deemed to be a company) that would, were it to have been resident in the UK, be a "close company" for UK taxation purposes. These provisions could, if applied, result in such a person being treated, for the purposes of the UK taxation of chargeable gains, as if a part of any gain accruing to the Unit Trust (such as on a disposal of its investments that constitutes a chargeable gain for those purposes) had accrued to that person directly; that part being equal to the proportion of the assets of the Unit Trust to which that person would be entitled on the winding up of the Unit Trust at the time when the chargeable gain accrued to the Unit Trust.

Under the UK corporate debt regime any corporate Unitholder, which is within the charge to UK corporation tax could be taxed on the increase in the value of its holding on a mark to market basis (rather than on disposal) or will obtain tax relief on any equivalent decrease in value if the investments of the particular sub-fund of the Unit Trust consist of more than 60% (by value) of 'qualifying investments'. Qualifying investments are broadly those which yield a return directly or indirectly in the form of interest.

As a Unit Trust constituted under Irish law, the Unit Trust could alternatively be treated as fiscally transparent for UK taxation purposes. If this were to be the case the tax treatment of the Classes of Unit within the Unit Trust would be different from that described above. The principal impact would be that Unitholders resident or ordinarily resident in the UK would become liable to income tax or corporation tax on their proportionate share of the income of the relevant Class of the Unit Trust (subject to the deduction of expenses properly incurred and paid by the Manager out of that income) on an arising basis, whether the income is distributed by the Class, or accumulated on the Unitholder's behalf. However, it should be noted that HMRC has stated that its general view would be that an Irish unit trust should be treated as being opaque for UK taxation purposes.

#### **Other**

Very generally, pursuant to Sections 1471-1474 of the means the U.S. Internal Revenue Code of 1986 as modified by U.S. Treasury Regulations, guidance from the IRS, intergovernmental agreements and implementing non-U.S. laws and regulations, and subject to any further guidance (collectively, "FATCA"), to the extent a non-U.S. fund makes an investment which would generate U.S. source income, then certain U.S. source interest, dividends, and certain other payments relating to such investment, including, in some cases, gross proceeds realized upon the sale or other disposition of such investment, made to the non-U.S. fund will be subject to a 30% withholding tax unless, very generally, the non-U.S. fund (i) enters into a valid agreement with the Secretary of the U.S. Department of Treasury that obligates the non-U.S. fund to obtain and verify certain information from its investors and comply with annual reporting requirements with respect to certain direct and indirect U.S. investors, among other requirements, or (ii) satisfies the requirements of an applicable intergovernmental agreement (or otherwise qualifies for an exemption from the foregoing). In this respect, Ireland and the United States have entered into an intergovernmental agreement with respect to FATCA implementation (the "IGA"), under which the Unit Trust and each Fund may be required to obtain and provide to the Irish government certain information from its investors and meet certain other requirements. Ireland has also enacted regulations to introduce the provisions of the IGA into Irish law.

If the Unit Trust and each Fund comply with their obligations under the IGA and if Ireland complies with its obligations under the IGA, the Unit Trust and each Fund generally should not be subject to withholding under FATCA, although the Unit Trust or a Fund may be subject to withholding if a member of its “affiliated group” or a “related entity” fails to comply with FATCA. Withholding pursuant to FATCA may reduce returns to Unitholders.

Any information reported by the Unit Trust to the Irish Revenue Commissioners will be communicated to the US Internal Revenue Service pursuant to the IGA. It is possible that the Irish Revenue Commissioners may also communicate this information to other tax authorities pursuant to the terms of any applicable double tax treaty, intergovernmental agreement or exchange of information regime.

Any Unitholder that fails to provide a Fund with any information, documentation or certifications requested by the Fund to meet its obligations pursuant to FATCA may be subject to the 30% withholding tax with respect to the payments described above that are made to such Unitholder, and may be required to indemnify the Fund and the Unit Trust for other taxes and costs attributable to such Unitholder's failure. The Unit Trust and each Fund may disclose information provided by Unitholders to taxing authorities and other parties as necessary or appropriate to comply with FATCA or reduce withholding tax thereunder. Unitholders who fail to provide applicable information, documentation, or certifications may be subject to additional adverse consequences and may be subject to compulsory redemption from each Fund in which they have invested.

The requirements of FATCA are complex and remain unclear in certain respects and are potentially subject to material changes resulting from any future guidance. Unitholders are urged to consult their advisers about the requirements imposed on the Unit Trust, each Fund, and the Unitholders and the effect that any requirements may have on Unitholders.

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## Meetings of Unitholders

The Trust Deed contains detailed provisions for meetings of Unitholders generally and Unitholders of each particular Class. Meetings may be convened by the Depositary, the Manager or the Unitholders of at least 10% in value of the Units in issue or the Units of the particular Class in issue, on not less than 21 days' notice. Notices of meetings will be sent to Unitholders or Unitholders of the particular Class. Unitholders may appoint proxies, who need not themselves be Unitholders. The quorum for a meeting will be Unitholders present in person or by proxy and holding or representing not less than 10% (or in relation to the passing of an Extraordinary Resolution, 25%) of the Units (or Units of the relevant Class) for the time being in issue or, for an adjourned meeting, Unitholders present in person or by proxy whatever their number or the number of Units held by them.

On a show of hands every Unitholder who (being an individual) is present in person or by proxy or (being a corporation) is present by a representative or one of its officers as its proxy shall have one vote. On a poll every Unitholder present in person or by representative or proxy shall have one vote for every Unit for which he is registered as the holder. For so long as the Unit Trust is authorised by the Securities and Futures Commission in Hong Kong, a poll will be conducted at a meeting of Unitholders. Such voting rights may be amended in the same manner as any other provision of the Trust Deed.

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

The Trust Deed provides that a resolution which, in the opinion of the Depositary, affects one Class only of Units will be duly passed if passed at a separate meeting of the Unitholders of that Class. If, in the opinion of the Depositary, the resolution affects more than one Class of Unit but does not give rise to a conflict of interests between the holders of the Units of the respective classes, the resolution will be duly passed if passed at a single meeting of the holders of the Units of those Classes. If the resolution affects, in the opinion of the Depositary, more than one Class of Unit and gives or may give rise to a conflict of interests between the holders of Units of the respective Classes, the resolution will only be duly passed if, in lieu of being passed at a single meeting of the holders of the Units of those Classes, it is passed at separate meetings of the holders of Units of those Classes.

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## Duration of the Unit Trust

The Unit Trust will continue indefinitely until terminated in accordance with the Trust Deed either (a) by the Manager if the Net Asset Value of the Unit Trust amounts, at any time, to less than US\$25 million or its equivalent or (b) if the Unit Trust ceases to be an authorised UCITS or to be authorised or otherwise officially approved pursuant to the Securities and Futures Ordinance of Hong Kong or c) if any law is passed which renders it illegal or, in the opinion of the Manager, impracticable or inadvisable to continue the Unit Trust or d) by an Extraordinary Resolution of a meeting of Unitholders passed at any time. The Unit Trust may also be terminated by the Depositary if: (a) if the Manager goes into liquidation

(except a voluntary liquidation for the purpose of reconstruction or amalgamation upon terms previously approved in writing by the Depositary) or if a receiver is appointed over any of their assets; or (b) if in the opinion of the Depositary the Manager is incapable of performing or shall in fact fail to perform their duties satisfactorily or shall do any other thing which in the opinion of the Depositary is calculated to bring the Unit Trust into disrepute or to be harmful to the interest of the Unitholders; or (c) if the Unit Trust shall cease (i) to be an authorised UCITS or (ii) to be authorised or otherwise officially approved pursuant to the Securities and Futures Ordinance of Hong Kong or if any law shall be passed which renders it illegal or in the opinion of the Depositary impracticable or inadvisable to continue the Unit Trust; or (d) if within a period of six months from the date the Depositary expressing in writing to the Manager its desire to retire, the Manager shall have failed to appoint a new Depositary.

The Manager has power to terminate any particular Fund on the date one year following the first issue of Units in that Fund or on any date thereafter if the Net Asset Value of that Fund amounts at such date to less than US\$2 million or its equivalent.

The Trust Deed provides that upon the Unit Trust or any Fund being terminated the Depositary shall:

- (a) sell all investments held for the Unit Trust or the relevant Fund; and
- (b) distribute all net cash proceeds derived from the redemption of the assets of each Fund to Unitholders of the relevant Class in proportion to their respective interests or delivery of such form of request as the Depositary may require.

The Depositary shall not be bound (except in the case of final distribution) to distribute any moneys for the time being in its hands the amount of which is insufficient to pay the equivalent of US\$1.00 in respect of each Unit. The Depositary shall be entitled to retain out of any monies in its hands as part of the property of the Unit Trust or the relevant Fund, full provision for all costs, charges, expenses, claims and demands.

Following the termination of a Fund, any unclaimed proceeds or monies which cannot be distributed to investors (e.g. where an investor has not provided the documentation required for client identification and verification purposes or where an investor cannot be traced,) will be held in an Umbrella Cash Account. Your attention is drawn to the section of the Prospectus entitled “Anti-Money Laundering and Counter Terrorist Financing Measures” – “Umbrella Cash Accounts” for a description of the Umbrella Cash Accounts and associated risks.

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## General Information

Any distribution of assets in specie will not be materially prejudicial to the rights of the remaining Unitholders.

Any investor wishing to make a complaint regarding any aspect of the Unit Trust or its operations may do so directly to the Manager or to the Investment Manager at the addresses shown under “Enquiries To” at the end of this document.

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## Proxy Voting Policies and Procedures

The Manager will vote proxies on the securities held by the Funds in accordance with the procedures of the Investment Manager. The Investment Manager has established a Proxy Voting Policy which is overseen by the Investment Manager’s Proxy Voting Committee. The policy is designed to ensure that votes are cast in accordance with the best economic interest of the clients of the Investment Manager, such as the Funds. The Investment Manager uses the services of an independent third party service provider who provides proxy analysis, information on events requiring voting and vote recommendations, and also to execute the voting decisions of the Investment Manager. The Investment Manager ordinarily votes proxies according to the independent third party service provider’s proxy voting recommendations. Proxies on all proposals are voted, except in those instances when the Investment Manager, with guidance from the Proxy Voting Committee if desired, determines that the cost of voting those proxies outweighs the economic benefit to the Investment Manager’s clients.

The Investment Manager’s detailed Proxy Voting Policy is available on request from the Investment Manager.

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## Best Execution

The Manager relies on the Best Execution Policy of the Investment Manager. Best Execution is the term used to describe the objective of taking all sufficient steps to obtain the best possible result for each transaction carried out by the Investment Manager on the property of the Unit Trust. In order to obtain the best possible result the Investment Manager takes into account a number of factors including price, both the explicit and implicit costs of trading, size and speed of execution and any other specific considerations relevant to that transaction.

The Investment Manager's detailed Best Execution Policy is available on request from the Investment Manager.

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## Inducements

In the course of providing portfolio management services, the Investment Manager is prohibited from accepting and retaining any fees, commission or monetary benefits, or accepting any non-monetary benefits (other than acceptable minor non-monetary benefits and research which is permitted), where these are paid or provided by any third party or a person acting on their behalf. The Investment Manager considers that:

- (a) information or documentation relating to a financial instrument or investment service, that is generic in nature or personalised to reflect the circumstances of an individual client;
- (b) written material from a third party that is commissioned and paid for by a corporate issuer or potential issuer to promote a new issuance by the issuer, or where the third party firm is contractually engaged and paid by the issuer to produce such material on an ongoing basis, provided that the relationship is clearly disclosed in the material and that the material is made available at the same time to any firms wishing to receive it, or to the general public;
- (c) participation in conferences, seminars and other training events on the benefits and features of a specific financial instrument or an investment service;
- (d) hospitality of a reasonable de minimis value, including food and drink during a business meeting or a conference, seminar or other training event specified in this clause;
- (e) research relating to an issue of shares, debentures, warrants or certificates representing certain securities by an issuer, which is:
  - produced prior to the issue being completed, by a person that is providing underwriting or placing services to the issuer on that issue; and
  - made available to prospective investors in the issue; and
- (f) research that is received during a trial period so that the Investment Manager may evaluate the research provider's research service in accordance with FCA rules

are regarded as acceptable minor non-monetary benefits as they are capable of enhancing the quality of the service provided by the Investment Manager to the Unitholders; of a scale and nature that it could not be judged to impair the Investment Manager's compliance with its duty to act honestly, fairly and professionally in the best interests of the Unitholders; and reasonable, proportionate and of a scale that is unlikely to influence the Investment Manager's behaviour in any way that is detrimental to the interests of the Unitholders.

If the Investment Manager receives any such fees, commissions or monetary benefits, it will transfer these for the benefit of the Unit Trust and will inform the Manager within the standard reporting.

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## Documents Available for Inspection

Copies of the following documents may be obtained from the Manager free of charge or inspected during usual business hours on a Business Day at the registered office of the Manager and at the offices of the Investment Manager at the addresses set out in the "Directory" section of this Prospectus:

- (a) the Trust Deed;
- (b) the Prospectus;
- (c) the Key Investor Information Documents; and
- (d) the annual and half yearly reports relating to the Unit Trust most recently prepared and published by the Manager;

Items (a), (b), (c) and (d) as listed above, may also be obtained from the Paying Agents in the jurisdictions where the Funds have been registered for public marketing.

The most recently prepared annual report relating to the Unit Trust can also be obtained by prospective investors on request from the offices of the Manager or from the Paying Agents.

## Appendix I – Investment Restrictions

Investment may only be made as permitted by the Trust Deed and the Regulations and is subject to any restrictions and limits set out in the Trust Deed and the Regulations. The relevant provisions of the Regulations in respect of the investment restrictions applying to the Unit Trust and each Fund, in addition to other restrictions imposed by the Manager, are set out below. The Manager may from time to time impose such further investment restrictions as shall be compatible with or in the interest of the Unitholders, in order to comply with the laws and regulations of the countries where Units of each Fund are placed. Any such further restrictions shall be in accordance with the UCITS Regulations and in accordance with the requirements of the Central Bank.

### 1 Permitted Investments

Investments of a UCITS are confined to:

- 1.1 Transferable Securities and Money Market Instruments which are either admitted to official listing on a stock exchange in a Member State or non-Member State or which are dealt on a market which is regulated, operates regularly, is recognised and open to the public in a Member State or non-Member State.
- 1.2 Recently issued Transferable Securities which will be admitted to official listing on a stock exchange or other market (as described above) within a year.
- 1.3 Money Market Instruments, other than those dealt on a regulated market.
- 1.4 Shares/Units of UCITS.
- 1.5 Shares/Units of alternative investment funds.
- 1.6 Deposits with credit institutions.
- 1.7 FDIs.

### 2 Investment Restrictions

- 2.1 A UCITS may invest no more than 10% of net assets in Transferable Securities and Money Market Instruments other than those referred to in paragraph 1.
- 2.2 A UCITS may invest no more than 10% of net assets in recently issued Transferable Securities which will be admitted to official listing on a stock exchange or other market (as described in paragraph 1.1) within a year. This restriction will not apply in relation to investment by the UCITS in certain US securities known as Rule 144A securities provided that:
  - the securities are issued with an undertaking to register with the US Securities and Exchanges Commission within one year of issue; and
  - the securities are not illiquid securities i.e. they may be realised by the UCITS within seven days at the price, or approximately at the price, at which they are valued by the UCITS.
- 2.3 A UCITS may invest no more than 10% of net assets in Transferable Securities or Money Market Instruments issued by the same body provided that the total value of Transferable Securities and Money Market Instruments held in the issuing bodies in each of which it invests more than 5% does not exceed 40%.
- 2.4 The limit of 10% (as described in paragraph 2.3) is raised to 25% in the case of bonds that are issued by a credit institution which has its registered office in a Member State and is subject by law to special public supervision designed to protect bond-holders. If a UCITS invests more than 5% of its net assets in these bonds issued by one issuer, the total value of these investments may not exceed 80% of the net asset value of the UCITS. (To avail of this provision, the prior approval of the Central Bank is required).
- 2.5 The limit of 10% (as described in paragraph 2.3) is raised to 35% if the Transferable Securities or Money Market Instruments are issued or guaranteed by a Member State or its local authorities or by a non-Member State or public international body of which one or more Member States are members.
- 2.6 The Transferable Securities and Money Market Instruments referred to in paragraphs 2.4 and 2.5 shall not be taken into account for the purpose of applying the limit of 40% referred to in paragraph 2.3.
- 2.7 Cash booked in accounts and held as ancillary liquidity shall not exceed:
  - (a) 10% of the net assets of the UCITS; or
  - (b) where the cash is booked in an account with the Depositary, 20% of net assets of the UCITS.

- 2.8 The risk exposure of a UCITS to a counterparty to an over-the-counter (“OTC”) derivative may not exceed 5% of net assets.
- This limit is raised to 10% 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 or credit institutions authorised within Jersey, Guernsey, the Isle of Man, Australia or New Zealand.
- 2.9 Notwithstanding paragraphs 2.3, 2.7 and 2.8 above, a combination of two or more of the following issued by, or made or undertaken with, the same body may not exceed 20% of net assets:
- investments in Transferable Securities or Money Market Instruments;
  - deposits, and/or
  - risk exposures arising from OTC derivatives transactions.
- 2.10 The limits referred to in paragraphs 2.3, 2.4, 2.5, 2.7, 2.8 and 2.9 above may not be combined, so that exposure to a single body shall not exceed 35% of net assets.
- 2.11 Group companies are regarded as a single issuer for the purposes of paragraphs 2.3, 2.4, 2.5, 2.7, 2.8 and 2.9. However, a limit of 20% of net assets may be applied to investment in Transferable Securities and Money Market Instruments within the same group.
- 2.12 A UCITS may invest up to 100% of net assets in different Transferable Securities and Money Market Instruments issued or guaranteed by any Member State, its local authorities, non-Member States or public international bodies 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), 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, International Monetary Fund, Euratom, The Asian Development Bank, European Central Bank, Council of Europe, Eurofima, African Development Bank, International Bank for Reconstruction and Development (The World Bank), The Inter American Development Bank, European Union, Federal National Mortgage Association (Fannie Mae), Federal Home Loan Mortgage Corporation (Freddie Mac), Government National Mortgage Association (Ginnie Mae), Student Loan Marketing Association (Sallie Mae), Federal Home Loan Bank, Federal Farm Credit Bank, Tennessee Valley Authority, Straight-A Funding LLC.

The UCITS must hold securities from at least 6 different issues, with securities from any one issue not exceeding 30% of net assets.

### 2.13 **Deposits**

Deposits with any single credit institution other than a credit institution specified in Regulation 7 of the Central Bank UCITS Regulations held as ancillary liquidity shall not exceed:

- (a) 10% of the NAV of the UCITS; or
- (b) where the deposit is made with the Depositary 20% of the net assets of the UCITS.

### 2.14 **Recently Issued Transferable Securities**

- (i) Subject to paragraph (ii) a Fund shall not invest any more than 10% of its assets in securities of the type to which Regulation 68(1)(d) of the UCITS Regulations apply.
- (ii) Paragraph (i) does not apply to an investment by a responsible person in US Securities known as “ Rule 144 A securities” provided that;
  - (a) the relevant securities have been issued with an undertaking to register the securities with the SEC within 1 year of issue; and
  - (b) the securities are not illiquid securities i.e. they may be realised by the UCITS within 7 days at the price, or approximately at the price, which they are valued by the UCITS.

## 3 **Investment in Collective Investment Schemes (“CIS”)**

- 3.1 A UCITS may not invest more than 20% of net assets in any one CIS. However, the Manager has determined that no more than 10% of the net assets of a Fund may be invested in CIS.
- 3.2 Investment in alternative investment funds may not, in aggregate, exceed 30% of net assets.
- 3.3 The CIS are prohibited from investing more than 10% of net assets in other open-ended CIS.

- 3.4 When a UCITS invests in the units of other CIS that are managed, directly or by delegation, by the UCITS management company or by any other company with which the UCITS management company is linked by common management or control, or by a substantial direct or indirect holding, that management company or other company may not charge subscription, conversion or redemption fees on account of the UCITS investment in the units of such other CIS.
- 3.5 Where a commission (including a rebated commission) is received by the UCITS manager or investment manager by virtue of an investment in the units of another CIS, this commission must be paid into the property of the UCITS.

#### **4 Index Tracking UCITS**

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

#### **5 General Provisions**

- 5.1 An investment company, or management company acting in connection with all of the CIS it manages, may not acquire any shares carrying voting rights which would enable it to exercise significant influence over the management of an issuing body.
- 5.2 A UCITS may acquire no more than:
- (i) 10% of the non-voting shares of any single issuing body;
  - (ii) 10% of the debt securities of any single issuing body;
  - (iii) 25% of the units of any single CIS;
  - (iv) 10% of the Money Market Instruments of any single issuing body.

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

- 5.3 Paragraph 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) Units held by a UCITS in the capital of a company incorporated in a non-member State which invests its assets mainly in the securities of issuing bodies having their registered offices in that State, where under the legislation of that State such a holding represents the only way in which the UCITS can invest in the securities of issuing bodies of that State. This waiver is applicable only if in its investment policies the company from the non-Member State complies with the limits laid down in paragraphs 2.3 to 2.11, 3.1, 3.2, 5.1, 5.2, 5.4, 5.5 and 5.6, and provided that where these limits are exceeded, paragraphs 5.5 and 5.6 below are observed;
  - (v) Units held by an investment company or investment companies in the capital of subsidiary companies carrying on only the business of management, advice or marketing in the country where the subsidiary is located, in regard to the repurchase of units at unit-holders' request exclusively on their behalf.
- 5.4 UCITS need not comply with the investment restrictions herein when exercising subscription rights attaching to transferable securities or Money Market Instruments which form part of their assets.
- 5.5 The Central Bank may allow recently authorised UCITS to derogate from the provisions of paragraphs 2.3 to 2.12, 3.1, 3.2, 4.1 and 4.2 for six months following the date of their authorisation, provided they observe the principle of risk spreading.
- 5.6 If the limits laid down herein are exceeded for reasons beyond the control of a UCITS, or as a result of the exercise of subscription rights, the UCITS must adopt as a priority objective for its sales transactions the remedying of that situation, taking due account of the interests of its Unitholders.
- 5.7 Neither an investment company, nor a management company or a depositary acting on behalf of a Unit Trust or a management company of a common contractual fund, may carry out uncovered sales of:



- Transferable Securities;
- Money Market Instruments<sup>1</sup>;
- Units of CIS; or
- FDI.

5.8 A UCITS may hold ancillary liquid assets.

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

6.1 The UCITS global exposure (as prescribed in the UCITS Regulations) relating to FDI must not exceed its total net asset value.

6.2 Position exposure to the underlying assets of FDI, including embedded FDI in transferable securities or Money Market Instruments, when combined where relevant with positions resulting from direct investments, may not exceed the investment limits set out in the UCITS Regulations. (This provision does not apply in the case of index based FDI provided the underlying index is one which meets with the criteria set out in the Central Bank UCITS Regulations).

6.3 UCITS may invest in FDIs dealt in OTC provided that the counterparties to OTC transactions are institutions subject to prudential supervision and belonging to categories approved by the Central Bank.

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

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<sup>1</sup>. Any short selling of money market instruments by UCITS is prohibited

## Appendix II – Eligible Securities & Derivatives Markets

With the exception of permitted investments in unlisted securities, the Unit Trust will only invest in securities traded on a stock exchange or market which meets with the regulatory criteria (regulated, operated regularly, be recognised and open to the public) and which is listed below.

For the purpose of the Unit Trust, a market shall be:

In relation to any Investment which constitutes a transferable security or an exchange traded derivative:

(i) any stock exchange or market which is:

- located in any Member State of the EEA; or
- located in any of the following countries:

Australia  
Canada  
Japan  
New Zealand

Switzerland  
United States of America; or

(ii) any stock exchange or market included in the following list::

Argentina	Bolsa de Comercio de Buenos Aires
Argentina	Mercado Abierto Electronico S.A.
Bahrain	Bahrain Bourse
Bangladesh	Dhaka Stock Exchange Ltd
Bangladesh	Chittagong Stock Exchange
Brazil	Sociedade Operadora Do Mercado De Ativos S.A.
Brazil	BM & F Bovespa SA
Brazil	Central de Custodia e de Liquidacao Financiera de Titulos
Chile	La Bolsa Electronica De Chile
Chile	Bolsa de Comercio de Santiago
China	Shanghai Stock Exchange
China	Shenzhen Stock Exchange
Colombia	Bolsa De Valores De Colombia
Egypt	The Egyptian Exchange
Ghana	Ghana Stock Exchange
Hong Kong	Stock Exchange Of Hong Kong Ltd, The
Iceland	NASDAQ OMX ICELAND hf
India	Bombay/Mumbai Stock Exchange Ltd
India	National Stock Exchange of India
Indonesia	Indonesia Stock Exchange
Jordan	Amman Stock Exchange
Kenya	Nairobi Securities Exchange
Korea, Republic of	Korea Stock Exchange
Malaysia	Bursa Malaysia Berhad
Mauritius	Stock Exchange of Mauritius Ltd, The
Mexico	Bolsa Mexicana De Valores (Mexican Stock Exchange)
Morocco	Casablanca Stock Exchange
Nigeria	Nigerian Stock Exchange, The
Oman	Muscat Securities Market
Pakistan	Karachi Stock Exchange
Pakistan	Lahore Stock Exchange
Pakistan	Islamabad Stock Exchange
Peru	Bolsa De Valores De Lima
Philippines	Philippine Stock Exchange, Inc.
Russia	Moscow Exchange
Serbia	Belgrade Stock Exchange
Singapore	Singapore Exchange
South Africa	JSE Securities Exchange
Sri Lanka	Colombo Stock Exchange
Taiwan	Taiwan Stock Exchange Corporation
Thailand	Stock Exchange of Thailand
Turkey	Istanbul Stock Exchange

Uruguay	Bolsa De Valores De Montevideo
Venezuela	Bolsa De Valores De Caracas
Vietnam	Hanoi Securities Trading Centre
Vietnam	Ho Chi Minh Stock Exchange
Zambia	Lusaka Stock Exchange

(iii) any of the following:

- the market organised by the International Capital Market Association;
- the "listed money market institutions", as described in the Bank of England publication "The Regulation of the Wholesale Markets in Sterling, Foreign Exchange and Bullion" dated April 1988 (as amended from time to time);
- 
- the market in US government securities conducted by primary dealers which are regulated by the Federal Reserve Bank of New York;
- 
- a market comprising dealers which are regulated by the United States National Association of Securities Dealers and the United States Securities and Exchange Commission;
- 
- NASDAQ in the United States;
- 
- The over-the-counter market in Japan regulated by the Securities Dealers Association of Japan;
- 
- The over-the-counter market in the United States regulated by the National Association of Securities Dealers Inc. (also described as the over-the-counter market in the United States conducted by primary and secondary dealers regulated by the Securities and Exchanges Commission and by the National Association of Securities Dealers (and by banking institutions regulated by the US Comptroller of the Currency, the Federal Reserve System or Federal Deposit Insurance Corporation);
- 
- the French market for Titres de Créances Négotiables (over-the-counter market in negotiable debt instruments);
- 
- the over-the-counter market in Canadian Government Bonds, regulated by the Investment Dealers Association of Canada.

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

- in a Member State;
- in a Member State in the European Economic Area (European Union, Norway, Iceland and Liechtenstein);
- in the United States of America, on the
  - Chicago Board of Trade;
  - Chicago Board Options Exchange;
  - Chicago Mercantile Exchange;
  - Eurex US;
  - New York Futures Exchange;
  - New York Mercantile Exchange.
- in China, on the Shanghai Futures Exchange;
- in Hong Kong, on the Hong Kong Futures Exchange;
- in Japan, on the
  - Osaka Securities Exchange;
  - Tokyo Financial Exchange Inc.;
  - Tokyo Stock Exchange;
- in New Zealand, on the NZX Limited;
- in Singapore, on the Singapore Mercantile Exchange.

PROVIDED THAT the Depositary and the Manager shall be entitled without the sanction of an Extraordinary Resolution to modify this definition by adding to or deleting from the countries, markets and exchanges described above.

The markets and exchanges described above are set out herein in accordance with the requirements of the Central Bank which does not issue a list of approved markets.

## Appendix III – Efficient Portfolio Management

This section of the Prospectus clarifies the instruments and/or strategies which the Investment Manager may use for efficient portfolio management purposes or investment purposes. The Investment Manager will, on request provide supplementary information to Unitholders relating to the risk management methods employed including the quantitative limits that are applied and any recent developments in the risk and yield characteristics of the main categories of investments.

Each of the Funds may use the techniques and instruments for efficient portfolio management which are set out in the relevant Supplement. The efficient portfolio management purposes for which the Investment Manager intends to employ derivatives and investment techniques described below are reduction of risk, reduction of cost and the generation of additional capital or income for the relevant Fund with an appropriate level of risk, taking into account the risk profile of the Fund and the general provisions of the UCITS Regulations. The Investment Manager may use various types of derivatives for these purposes, including, without limitation, warrants, exchange traded futures and options, currency forward contracts, swap agreements, contracts for differences, index-linked notes and share and commodity index futures contracts.

Any direct operational costs and/or fees which arise as a result of the use of efficient portfolio management techniques which may be deducted from the revenue delivered to a Fund shall be at normal commercial rates and shall not include any hidden revenue. Such direct costs and fees will be paid to the relevant counterparty of the transaction. All of the revenues arising from the use of efficient portfolio management techniques, net of direct and indirect operational costs, will be returned to the relevant Fund. The entities to which any direct and indirect costs and fees are paid will be disclosed in the periodic reports of the Company and will indicate if these are parties related to the Manager or the Depositary.

Investors should note that the Unit Trust shall comply with the conditions and limits laid down from time to time by the Central Bank under the UCITS Regulations and set out below.

The Manager shall obtain clearance from the Central Bank for an appropriate risk management process in advance of any use by a Fund of derivatives for efficient portfolio management purposes.

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

Investors should consult the “Risk Considerations” section in this Prospectus for information on counterparty risk, credit risk and risks associated with securities financing transactions.

### Counterparty Procedures

The Investment Manager has an established governance committee that approves and monitors dealing and derivative counterparties in accordance with the provisions and requirements set forth within the firm’s Global Counterparty Risk Management Policy.

Where a counterparty is downgraded to A2 or below (or comparable rating) by S&P, Fitch or Moody’s, this shall result in a new credit assessment being conducted.

In respect of OTC derivatives all counterparties will be investment grade which are counterparties rated BBB- or better by Standard & Poors or another internationally recognised rating agency or which are, in the opinion of the Investment Manager, of similar credit status. The counterparties to such swap contracts will not have any discretion over the portfolio of a Fund or over the underlying exposures and counterparty approval will not be required for any portfolio transaction of a Fund.

The key criteria reviewed by the governance committee are the structure, management, financial strength, internal controls and general reputation of the counterparty in question, as well as the legal, regulatory and political environment in the relevant markets. These counterparties are then constantly monitored using information from share price movements and other market information. Counterparty exposure is recorded daily and monitored and reported to the governance committee.

A counterparty selected will be either an investment firm, authorised in accordance with the EU MiFID Directive (2004/39/EC) or 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 or an “Approved Credit Institution”. An Approved Credit Institution is:

- (i) a credit institution authorised in the EEA; or

- (ii) a credit institution authorised within a signatory state, other than a Member State of the EEA, to the Basle Capital Convergence Agreement of July 1988 (Switzerland, Canada, Japan, United States); or
- (iii) a credit institution authorised in Jersey, Guernsey, the Isle of Man, Australia or New Zealand.

Each counterparty will also be subject to the following:

- (i) Best Execution – the counterparty is monitored and ranked by an established third party analytical system to optimise trading strategies
- (ii) Operational efficiency – the Investment Manager's dealers rank counterparties according to quality of their service.

For each trade, best execution overrides any other consideration and the Investment Manager is not permitted to direct trades.

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

The Investment Manager will employ a risk management process in respect of each Fund which enables it to accurately measure, monitor and manage the various risk associated with derivatives.

### **Collateral Management**

In accordance with the requirements of the Central Bank the Investment Manager will employ a collateral management policy for and on behalf of the Unit Trust and each Fund in respect of collateral received in respect of OTC financial derivative transactions whether used for investment or for efficient portfolio management purposes and for repurchase agreements, reverse repurchase agreements and/or stock lending agreements.

The collateral management policy employed by the Investment Manager in respect of the Funds provides that cash and highly liquid assets which meet with the regulatory criteria (as disclosed in the risk management process) in respect of valuation, issue credit quality, correlation and collateral diversification will be permitted collateral for each proposed financial derivative transaction. The collateral received other than cash, will be highly liquid and trade 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 will be valued daily at mark-to-market prices and daily variation margin will be used if the value of the collateral falls below coverage requirements. Collateral received will be issued by an entity that is independent from the counterparty and is not expected to display a high correlation with the performance of the counterparty. Collateral will be sufficiently diversified in terms of country, markets and issuers with a maximum exposure to a given issuer of 20% of the relevant Fund's Net Asset Value. If the Fund's exposed to different counterparties, the different baskets of collateral will be aggregated to calculate the 20% limit of exposure to a single issuer. Furthermore, the relevant 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 State belongs, as set out in Appendix I of the Prospectus, provided the Fund will receive securities from at least six different issues with securities from any single issue not accounting for more than 30% of the Fund's Net Asset Value.

The collateral policy operated by the Investment Manager will set appropriate levels of collateral required by the Investment Manager in respect of derivative transactions. The Investment Manager will also employ a clear haircut policy (i.e. a policy in which a pre-determined percentage will be subtracted from the market value of an asset that is being used as collateral) for each class of assets received as collateral taking account of the characteristics of the assets received as collateral such as the credit standing or the price volatility and the outcome of any liquidity stress testing policy.

The Investment Manager on behalf of the relevant Fund shall not sell, pledge or re-invest any non-cash collateral received by the relevant Fund

Non cash collateral cannot be sold, pledged or re-invested and any cash collateral received for and on behalf of a Fund may be invested in any of the following:

- (i) deposits with relevant institutions (as defined in the Central Bank UCITS Regulations);
- (ii) high quality government bonds;
- (iii) reverse repurchase agreements provided that the transactions are with credit institutions (as defined in the Central Bank UCITS Regulations) and the UCITS is able to recall at any time the full amount of cash on an accrued basis;

- (iv) short term money market funds as defined in the ESMA Guidelines on a Common Definition of European Money Market Funds.

Invested cash collateral will be diversified in accordance with the diversification requirements applicable to non-cash collateral and may not be placed on deposit with the counterparty or a related entity.

In circumstances where a Fund receives collateral for at least 30% of its assets, the Investment Manager will employ an appropriate stress testing policy to ensure regular stress tests are carried out under normal and exceptional liquidity conditions to enable the Investment Manager to assess the liquidity risk attached to the collateral. The liquidity stress testing policy shall be disclosed in the risk management process employed by the Investment Manager.

#### Valuation of collateral

Collateral that is received by a Fund will be valued on at least a daily basis and assets that exhibit high price volatility will not be accepted as collateral unless suitably conservative haircuts are in place. The non-cash collateral received by a Fund will be at mark to market given the required liquid nature of the collateral.

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

Collateral received by a Fund on a title transfer basis shall be held by the Depositary or a duly appointed sub-depositary of the Depositary. For other types of collateral arrangements, the collateral can be held by the Depositary, a duly appointed sub-depositary of the Depositary or by a third party custodian which is subject to prudential supervision and which is unrelated to the provider of the collateral.

#### Posting of collateral by a Fund

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

## Barings ASEAN Frontiers Fund

	A	I
<b>Management Fee</b>	1.25%	0.75%
<b>Administration, depositary and operating expenses fee</b>	0.45% (Hedged Classes 0.4625%)	0.25% (Hedged Classes 0.2625%)
<b>Base Currency</b>	USD	USD
<b>Hedged Class Available</b>	Class A AUD Hedged Acc Class A CHF Hedged Acc Class A EUR Hedged Acc Class A RMB Hedged Acc	Class I CHF Hedged Acc Class I EUR Hedged Acc
<b>Unhedged Class Available</b>	Class A EUR Acc Class A EUR Inc Class A GBP Acc Class A GBP Inc Class A USD Acc Class A USD Inc	Class I EUR Acc Class I GBP Acc Class I GBP Inc Class I USD Acc
<b>Distribution Units (Inc) dividend payment dates</b>	Paid annually no later than 31 July in each year	
<b>Minimum Subscription and Holding Level <sup>1</sup></b>	AUD 6,000	-
	USD 5,000 <sup>2</sup>	USD 10,000,000 <sup>2</sup>
	EUR 3,500	EUR 10,000,000
	GBP 2,500	GBP 10,000,000
<b>Subsequent Minimum Investment <sup>1</sup></b>	AUD 500	-
	USD 500 <sup>2</sup>	USD 500 <sup>2</sup>
	EUR 500	EUR 500
	GBP 500	GBP 500

<sup>1</sup> Or such lower amount as the Manager may determine at their discretion

<sup>2</sup> CHF or RMB equivalent of the USD amount specified

### Investment Objective and Policies

The investment objective of the Fund is to achieve long-term capital growth in the value of assets by investing in companies in Asia which the Manager believes will benefit from the economic growth and development of the region.

The Fund will seek to achieve its investment objective by investing at least 70% of its total assets at any one time in equities and equity-related securities of companies incorporated in, or exercising the predominant part of their economic activity in, countries which are members of the Association of South-East Asian Nations (ASEAN) or quoted or traded on the stock exchanges in those countries. The members of ASEAN include (but not to be limited to) Singapore, Thailand, the Philippines, Malaysia, Indonesia and Vietnam. A description of equity-related securities is described under the section headed "Investment Policy: General". For this purpose, total assets exclude cash and ancillary liquidities.

The Fund may also invest up to 30% of its total assets, either directly or through depositary receipts, in equities and equity-related securities of companies that are (i) incorporated, or (ii) exercising the predominant part of their economic activity, or (iii) quoted or traded on the stock exchanges, in (a) other markets in the Asia Pacific region including, but not limited to, Korea, Hong Kong, China, Taiwan, India, Australia, New Zealand, Pakistan, Sri Lanka and Bangladesh but excluding Japan, or (b) other markets which the Manager believes would have the potential to benefit from the economic growth and development from the Asia Pacific region excluding Japan, when and if they consider it appropriate.

The Fund may also invest in collective investment schemes in accordance with the requirements of the Central Bank up to a maximum of 10% of the Net Asset Value of the Fund.

With regard to investment in China, no more than 10% of the Net Asset Value of the Fund at any one time may be invested directly or indirectly in China A Shares and B Shares. It is anticipated that this exposure will be obtained either directly through investment in China A Shares listed on the Shanghai Stock Exchange and Shenzhen Stock Exchange



via the Connect Schemes (as further described in the section of the Prospectus entitled 'Investment Policy; General') or indirectly through investment in other eligible collective investment schemes or participation notes.

The Fund may invest in various FDIs as detailed under the section headed "Investment Policy: General" for investment purposes or for efficient portfolio management in accordance with the requirements of the Central Bank but they will not be used extensively for investment purposes. When derivatives are used the Fund will be leveraged through the leverage inherent in the use of derivatives.

### *Strategy*

The Investment Manager believes that equity markets contain unrecognised growth potential and seeks to identify this through the analysis of a company's business model whilst incorporating wider economic and social governance trends, often referred to as fundamental analysis. Equity investment teams at the Investment Manager share a common investment approach, best described as Growth at a Reasonable Price (GARP).

GARP seeks to identify reasonably priced growth companies whose qualities are unrecognised by market participants by performing structured fundamental analysis with a disciplined investment process. Based on the region, country or sector bias of a Fund, analysis of potential growth companies' includes their future financial performance as well as their business model and management style, while focusing on long-term earnings growth of three to five years.

The Investment Manager's strategy favours companies with well-established or improving business franchises, profitability focused management and strong balance sheets that enable the company to execute its business strategy. The Investment Manager regards these companies as higher quality as they provide transparency and allow investment professionals to forecast earnings with greater confidence. This allows the investment manager to offer funds which should exhibit lower volatility over time.

### **Profile of a Typical Investor**

The Fund may be suitable for investors seeking capital growth over a medium to long term investment horizon and who understand and are prepared to accept that the value of the Fund may rise and fall more frequently and to a greater extent than other types of investment. This typically means a minimum time horizon of 5 years but can be less depending on individual risk profiles.

## Barings Asia Growth Fund

	A	I
<b>Management Fee</b>	1.25%	0.75%
<b>Administration, depositary and operating expenses fee</b>	0.45% (Hedged Classes 0.4625%)	0.35% (Hedged Classes 0.3625%)
<b>Base Currency</b>	USD	USD
<b>Hedged Class Available</b>	Class A AUD Hedged Acc Class A CHF Hedged Acc Class A EUR Hedged Acc Class A RMB Hedged Acc	Class I CHF Hedged Acc Class I EUR Hedged Acc
<b>Unhedged Class Available</b>	Class A EUR Acc Class A EUR Inc Class A GBP Acc Class A GBP Inc Class A USD Acc Class A USD Inc	Class I EUR Acc Class I GBP Acc Class I GBP Inc Class I USD Acc
<b>Distribution Units (Inc) dividend payment dates</b>	Paid annually no later than 31 July in each year	
<b>Minimum Subscription and Holding Level <sup>1</sup></b>	AUD 6,000	-
	USD 5,000 <sup>2</sup>	USD 10,000,000 <sup>2</sup>
	EUR 3,500	EUR 10,000,000
	GBP 2,500	GBP 10,000,000
<b>Subsequent Minimum Investment <sup>1</sup></b>	AUD 500	-
	USD 500 <sup>2</sup>	USD 500 <sup>2</sup>
	EUR 500	EUR 500
	GBP 500	GBP 500

<sup>1</sup> Or such lower amount as the Manager may determine at their discretion

<sup>2</sup> CHF or RMB equivalent of the USD amount specified

### Investment Objective and Policies

The investment objective of the Fund is to achieve long-term capital growth in the value of assets by investing in Asia and the Pacific region excluding Japan.

The Fund will seek to achieve its investment objective by investing at least 70% of its total assets in equities and equity-related securities of companies incorporated in, or exercising the predominant part of their economic activity in the Asia Pacific region excluding Japan, or quoted or traded on the stock exchanges in those countries, including developed and emerging markets. For this purpose, total assets exclude cash and ancillary liquidities.

For the remainder of its total assets, the Fund may invest outside the Asia Pacific region (excluding Japan) as well as in fixed income and cash.

While the Fund will aim to diversify its investments, allocation to certain countries, industries or sectors may be more than 30% of its total assets depending on the Investment Manager's assessment at different times.

In order to implement the investment policy the Fund may gain exposure through American depositary receipts, global depositary receipts and other equity related securities including participation notes, structured notes, equity-linked notes and debt securities convertible into equities which will satisfy the criteria for transferable securities as set out in the Central Bank's UCITS Regulations. The Fund may also invest in collective investment schemes in accordance with the requirements of the Central Bank up to a maximum of 10% of the Net Asset Value of the Fund. The Fund may invest in FDIs including futures, options, warrants and forward contracts for efficient portfolio management and for investment purposes.

With regard to investment in China, no more than 10% of the Net Asset Value of the Fund at any one time may be invested directly or indirectly in China A Shares and B Shares. It is anticipated that this exposure will be obtained either directly through investment in China A Shares listed on the Shanghai Stock Exchange and Shenzhen Stock Exchange via the Connect schemes (as further described in the section of the Prospectus entitled 'Investment Policy; General') or indirectly through investment in other eligible collective investment schemes or participation notes. Participation notes may be used to gain access to the equity markets in China and Vietnam.

When derivatives are used the Fund will be leveraged through the leverage inherent in the use of derivatives. Although the Fund can use derivatives they will not be used extensively for investment purposes.

### *Strategy*

The Investment Manager believes that equity markets contain unrecognised growth potential and seeks to identify this through the analysis of a company's business model whilst incorporating wider economic and social governance trends, often referred to as fundamental analysis. Equity investment teams at the Investment Manager share a common investment approach, best described as Growth at a Reasonable Price (GARP).

GARP seeks to identify reasonably priced growth companies whose qualities are unrecognised by market participants by performing structured fundamental analysis with a disciplined investment process. Based on the region, country or sector bias of a Fund, analysis of potential growth companies' includes their future financial performance as well as their business model and management style, while focusing on long-term earnings growth of three to five years.

The Investment Manager's strategy favours companies with well-established or improving business franchises, profitability focused management and strong balance sheets that enable the company to execute its business strategy. The Investment Manager regards these companies as higher quality as they provide transparency and allow investment professionals to forecast earnings with greater confidence. This allows the investment manager to offer funds which should exhibit lower volatility over time.

### **Profile of a Typical Investor**

The Fund may be suitable for investors seeking capital growth over a medium to long term investment horizon and who understand and are prepared to accept that the value of the Fund may rise and fall more frequently and to a greater extent than other types of investment. This typically means a minimum time horizon of 5 years but can be less depending on individual risk profiles.

## Barings Australia Fund

	<b>A</b>	<b>I</b>
<b>Management Fee</b>	1.25%	0.75%
<b>Administration, depositary and operating expenses fee</b>	0.45% (Hedged Classes 0.4625%)	0.25%
<b>Base Currency</b>	USD	USD
<b>Hedged Class Available</b>	Class A RMB Hedged Acc	-
<b>Unhedged Class Available</b>	Class A AUD Inc Class A EUR Acc Class A EUR Inc Class A GBP Inc Class A USD Inc	Class I AUD Acc Class I EUR Acc Class I GBP Acc Class I GBP Inc Class I USD Acc
<b>Distribution Units (Inc) dividend payment dates</b>	Paid annually no later than 31 July in each year	
<b>Minimum Subscription and Holding Level <sup>1</sup></b>	AUD 6,000	AUD 10,000,000
	USD 5,000 <sup>2</sup>	USD 10,000,000
	EUR 3,500	EUR 10,000,000
	GBP 2,500	GBP 10,000,000
<b>Subsequent Minimum Investment <sup>1</sup></b>	AUD 500	AUD 500
	USD 500 <sup>2</sup>	USD 500
	EUR 500	EUR 500
	GBP 500	GBP 500

<sup>1</sup> Or such lower amount as the Manager may determine at their discretion

<sup>2</sup> RMB equivalent of the USD amount specified

### Investment Objective and Policies

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

The Fund will seek to achieve its investment objective by investing at least 70% of its total assets at any one time in equities and equity-related securities of companies incorporated in, or exercising the predominant part of their economic activity in Australia, or quoted or traded on the stock exchanges in Australia. A description of equity-related securities is described under the section headed "Investment Policy: General". For this purpose, total assets exclude cash and ancillary liquidities.

The Fund may also invest up to 30% of its total assets, either directly or through depositary receipts, in equities and equity-related securities of companies that are (i) incorporated, or (ii) exercising the predominant part of their economic activity, or (iii) quoted or traded on the stock exchanges, in (a) markets other than Australia in the Asia Pacific region, or (b) other markets which the Manager believes would have the potential to benefit from the economic growth and development from the Asia Pacific region, when and if they consider it appropriate.

The Fund may also invest in collective investment schemes in accordance with the requirements of the Central Bank up to a maximum of 10% of the Net Asset Value of the Fund.

The Fund may invest in various FDIs as detailed under the section headed "Investment Policy: General" for investment purposes or for efficient portfolio management in accordance with the requirements of the Central Bank but they will not be used extensively for investment purposes. When derivatives are used the Fund will be leveraged through the leverage inherent in the use of derivatives.

### Strategy

The Investment Manager believes that equity markets contain unrecognised growth potential and seeks to identify this through the analysis of a company's business model whilst incorporating wider economic and social governance trends, often referred to as fundamental analysis. Equity investment teams at the Investment Manager share a common investment approach, best described as Growth at a Reasonable Price (GARP).

GARP seeks to identify reasonably priced growth companies whose qualities are unrecognised by market participants by performing structured fundamental analysis with a disciplined investment process. Based on the region, country or sector bias of a Fund, analysis of potential growth companies' includes their future financial performance as well as their business model and management style, while focusing on long-term earnings growth of three to five years.

The Investment Manager's strategy favours companies with well-established or improving business franchises, profitability focused management and strong balance sheets that enable the company to execute its business strategy. The Investment Manager regards these companies as higher quality as they provide transparency and allow investment professionals to forecast earnings with greater confidence. This allows the investment manager to offer funds which should exhibit lower volatility over time.

### **Profile of a Typical Investor**

The Fund may be suitable for investors seeking capital growth over a medium to long term investment horizon and who understand and are prepared to accept that the value of the Fund may rise and fall more frequently and to a greater extent than other types of investment. This typically means a minimum time horizon of 5 years but can be less depending on individual risk profiles.

## Barings Europa Fund

	<b>A</b>	<b>C</b>	<b>I</b>
<b>Management Fee</b>	1.25%	1.25%	0.75%
<b>Administration, depositary and operating expenses fee</b>	0.45% (Hedged Classes 0.4625%)	0.45%	0.25%
<b>Base Currency</b>	USD	USD	USD
<b>Hedged Class Available</b>	Class A RMB Hedged Acc	N/A	N/A
<b>Unhedged Class Available</b>	Class A EUR Acc Class A EUR Inc Class A USD Inc	Class C EUR Inc <sup>3</sup> Class C USD Inc <sup>3</sup>	Class I EUR Acc Class I GBP Inc Class I USD Acc
<b>Distribution Units (Inc) dividend payment dates</b>	Paid annually no later than 31 July in each year		
<b>Minimum Subscription and Holding Level <sup>1</sup></b>	USD 5,000 <sup>2</sup>	USD 5,000	USD 10,000,000
	EUR 3,500	EUR 3,500	EUR 10,000,000
			GBP 10,000,000
<b>Subsequent Minimum Investment <sup>1</sup></b>	USD 500 <sup>2</sup>	USD 500	USD 500
	EUR 500	EUR 500	EUR 500
			GBP 500

<sup>1</sup> Or such lower amount as the Manager may determine at their discretion

<sup>2</sup> RMB equivalent of the USD amount specified

<sup>3</sup> Class C will be available to certain distributors who have in place a placing agency or distribution arrangement with the Manager or their delegates. Class C Units shall also pay a distributor fee of 1% per annum of the Net Asset Value of the Fund attributable to the Classes. Such fee when applied will be payable to the distributor who has been appointed as a distributor pursuant to a placing agency agreement between the Manager or their delegate and the relevant distributor. The distributor fee shall be accrued daily and is payable quarterly in arrears.

### Investment Objective and Policies

The investment objective of the Fund is to achieve long-term capital growth in the value of assets by investing in companies in Europe (including the United Kingdom).

The Fund will seek to achieve its investment objective by investing at least 70% of its total assets at any one time in equities and equity-related securities of companies incorporated in, or exercising the predominant part of their economic activity in, any European country (including the United Kingdom), or quoted or traded on the stock exchanges in those countries. Within Europe the portfolio will be balanced according to the Manager's assessment of investment prospects for individual countries. There is no limit to the proportion of the Fund which may be invested in any one country. A description of equity-related securities is described under the section headed "Investment Policy: General". For this purpose, total assets exclude cash and ancillary liquidities.

The Fund will invest on a continual basis at least 75% of its assets into qualifying securities (which include equity securities issued by companies where the head office is in the EU or an EEA Country (other than Liechtenstein) and subject to corporate income tax under normal conditions) in order for French investors to take advantage of the French PEA Savings Plan "PEA" (Plan d'Epargne en Actions equity savings plans).

The Fund may also invest in collective investment schemes in accordance with the requirements of the Central Bank up to a maximum of 10% of the Net Asset Value of the Fund.

The Fund may invest in various FDIs as detailed under the section headed "Investment Policy: General for investment purposes or for efficient portfolio management in accordance with the requirements of the Central Bank but they will not be used extensively for investment purposes. When derivatives are used the Fund will be leveraged through the leverage inherent in the use of derivatives.

## *Strategy*

The Investment Manager believes that equity markets contain unrecognised growth potential and seeks to identify this through the analysis of a company's business model whilst incorporating wider economic and social governance trends, often referred to as fundamental analysis. Equity investment teams at the Investment Manager share a common investment approach, best described as Growth at a Reasonable Price (GARP).

GARP seeks to identify reasonably priced growth companies whose qualities are unrecognised by market participants by performing structured fundamental analysis with a disciplined investment process. Based on the region, country or sector bias of a Fund, analysis of potential growth companies' includes their future financial performance as well as their business model and management style, while focusing on long-term earnings growth of three to five years.

The Investment Manager's strategy favours companies with well-established or improving business franchises, profitability focused management and strong balance sheets that enable the company to execute its business strategy. The Investment Manager regards these companies as higher quality as they provide transparency and allow investment professionals to forecast earnings with greater confidence. This allows the investment manager to offer funds which should exhibit lower volatility over time.

## **Profile of a Typical Investor**

The Fund may be suitable for investors seeking capital growth over a medium to long term investment horizon and who understand and are prepared to accept that the value of the Fund may rise and fall more frequently and to a greater extent than other types of investment. This typically means a minimum time horizon of 5 years but can be less depending on individual risk profiles.

## Barings Hong Kong China Fund

	<b>A</b>	<b>C</b>	<b>I</b>
<b>Management Fee</b>	1.25%	1.25%	0.75%
<b>Administration, depositary and operating expenses fee</b>	0.45% (Hedged Classes 0.4625%)	0.45%	0.25%
<b>Base Currency</b>	USD	USD	USD
<b>Hedged Class Available</b>	Class A RMB Hedged Acc	-	-
<b>Unhedged Class Available</b>	Class A EUR Acc Class A EUR Inc Class A GBP Inc Class A USD Acc Class A USD Inc Class A HKD Inc	Class C EUR Inc <sup>3</sup> Class C USD Inc <sup>3</sup>	Class I EUR Acc Class I GBP Acc Class I GBP Inc Class I USD Acc
<b>Distribution Units (Inc) dividend payment dates</b>	Paid annually no later than 31 July in each year		
<b>Minimum Subscription and Holding Level <sup>1</sup></b>	USD 5,000 <sup>2</sup>	USD 5,000	USD 10,000,000
	EUR 3,500	EUR 3,500	GBP 10,000,000
	GBP 2,500		EUR 10,000,000
<b>Subsequent Minimum Investment <sup>1</sup></b>	USD 500 <sup>2</sup>	USD 500	USD 500
	EUR 500	EUR 500	GBP 500
	GBP 500		EUR 500

<sup>1</sup> Or such lower amount as the Manager may determine at their discretion

<sup>2</sup> RMB or HKD equivalent of the USD amount specified

<sup>3</sup> Class C will be available to certain distributors who have in place a placing agency or distribution arrangement with the Manager or their delegates. Class C Units shall also pay a distributor fee of 1% per annum of the Net Asset Value of the Fund attributable to the Classes. Such fee when applied will be payable to the distributor who has been appointed as a distributor pursuant to a placing agency agreement between the Manager or their delegate and the relevant distributor. The distributor fee shall be accrued daily and is payable quarterly in arrears.

### Investment Objective and Policies

The investment objective of the Fund is to achieve long-term capital growth in the value of assets by investing in Hong Kong, China and Taiwan.

The Fund will seek to achieve its investment objective by investing at least 70% of its total assets at any one time, either directly in equities or through equity-related securities (including depositary receipts) of companies (i) incorporated, or (ii) exercising the predominant part of their economic activity, or (iii) quoted or traded on the stock exchanges in markets in Hong Kong or China. A description of equity-related securities is described under the section headed "Investment Policy: General". For this purpose, total assets exclude cash and ancillary liquidities.

The Investment Manager may also invest up to 30% of its total assets outside the fund's principal geographies (including but not limited to Taiwan), market sectors, currency or asset classes. With regard to investment in debt securities, the Fund does not have any specific restrictions or limits on the credit rating of the underlying debt securities.

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

The Fund may also invest in collective investment schemes in accordance with the requirements of the Central Bank up to a maximum of 10% of the Net Asset Value of the Fund.

With regard to investment in China, no more than 10% of the Net Asset Value of the Fund at any one time may be invested directly or indirectly in China A Shares and B Shares. It is anticipated that this exposure will be obtained either



directly through investment in China A Shares listed on the Shanghai Stock Exchange and Shenzhen Stock Exchange via the Connect Schemes (as further described in the section of the Prospectus entitled 'Investment Policies; General') or indirectly through investment in other eligible collective investment schemes or participation notes.

The Fund may invest in various FDIs as detailed under the section headed "Investment Policy: General" for investment purposes or for efficient portfolio management in accordance with the requirements of the Central Bank but they will not be used extensively for investment purposes. When derivatives are used the Fund will be leveraged through the leverage inherent in the use of derivatives.

### *Strategy*

The Investment Manager believes that equity markets contain unrecognised growth potential and seeks to identify this through the analysis of a company's business model whilst incorporating wider economic and social governance trends, often referred to as fundamental analysis. Equity investment teams at the Investment Manager share a common investment approach, best described as Growth at a Reasonable Price (GARP).

GARP seeks to identify reasonably priced growth companies whose qualities are unrecognised by market participants by performing structured fundamental analysis with a disciplined investment process. Based on the region, country or sector bias of a Fund, analysis of potential growth companies' includes their future financial performance as well as their business model and management style, while focusing on long-term earnings growth of three to five years.

The Investment Manager's strategy favours companies with well-established or improving business franchises, profitability focused management and strong balance sheets that enable the company to execute its business strategy. The Investment Manager regards these companies as higher quality as they provide transparency and allow investment professionals to forecast earnings with greater confidence. This allows the investment manager to offer funds which should exhibit lower volatility over time.

### **Profile of a Typical Investor**

The Fund may be suitable for investors seeking capital growth over a medium to long term investment horizon and who understand and are prepared to accept that the value of the Fund may rise and fall more frequently and to a greater extent than other types of investment. This typically means a minimum time horizon of 5 years but can be less depending on individual risk profiles.

## Barings International Bond Fund

	A	I
<b>Management Fee</b>	0.75%	0.50%
<b>Administration, depositary and operating expenses fee</b>	0.45% (Hedged Classes 0.4625%)	0.25%
<b>Base Currency</b>	USD	USD
<b>Hedged Class Available</b>	Class A RMB Hedged Inc Monthly <sup>3</sup>	N/A
<b>Unhedged Class Available</b>	Class A EUR Inc Class A GBP Inc Class A USD Inc	Class I EUR Acc Class I GBP Acc Class I GBP Inc Class I USD Acc
<b>Accumulation Units (Acc) Available</b>	No	Yes
<b>Distribution Units (Inc) dividend payment dates</b>	Paid twice yearly no later than 31 January and 31 July in each year <sup>3</sup>	Paid annually no later than 31 July in each year
<b>Minimum Subscription and Holding Level<sup>1</sup></b>	USD 5,000 <sup>2</sup>	USD 10,000,000
	EUR 3,500	EUR 10,000,000
	GBP 2,500	GBP 10,000,000
<b>Subsequent Minimum Investment<sup>1</sup></b>	USD 500 <sup>2</sup>	USD 500
	EUR 500	EUR 500
	GBP 500	GBP 500

<sup>1</sup> Or such lower amount as the Manager may determine at their discretion

<sup>2</sup> RMB equivalent of the USD amount specified

<sup>3</sup> Distributions in respect of the Class A RMB Hedged Inc Monthly class are paid monthly no later than the last business day in each month.

### Investment Objective and Policies

The investment objective of the Fund is to achieve an attractive level of income together with long-term growth in the value of assets by investing in a diversified portfolio of fixed interest securities.

The Fund will seek to achieve its investment objective by investing at least 70% of its total assets at any one time in an internationally diversified portfolio of both corporate and government fixed interest securities. The portfolio may also, from time to time, include securities with floating interest rates. For this purpose, total assets exclude cash and ancillary liquidities.

Fixed interest securities will predominately be rated A- or better by Standard & Poor's ("S&P") or another internationally recognised rating agency or which are, in the opinion of the Manager, of similar credit status, and floating rate securities should be rated AA- or better by S&P or another internationally recognised credit rating agency or which are, in opinion of the Manager, of similar credit status. Where a security is unrated by S&P, the rating will be that determined by the Investment Manager to be of comparable quality. No restriction on credit quality will apply to sovereign borrowers issuing in their own currency. However, the Fund is not expected to invest more than 10% of its net assets in securities issued and/or guaranteed by a single sovereign (including its government, a public or local government of that country) which is rated below investment grade by an internationally recognised rating agency. In the event of split rating, the highest credit rating accredited to the relevant sovereign issuer will be deemed the reference credit rating.

Subject to the percentage of the Fund's assets which may be invested in unlisted securities (see "Appendix I"), the Manager will only invest in securities that are traded on exchanges and markets which are regulated, operate regularly, are recognised and which are open to the public.

The Fund may also invest in collective investment schemes in accordance with the requirements of the Central Bank up to a maximum of 10% of the Net Asset Value of the Fund.

Although the Net Asset Value of the Fund is expressed in US dollars, the relative attraction of investments denominated in other currencies is a major consideration of the Manager.

The Fund may invest in various FDIs as detailed under the section headed “Investment Policy: General” for investment purposes or for efficient portfolio management in accordance with the requirements of the Central Bank but they will not be used extensively for investment purposes. When derivatives are used the Fund will be leveraged through the leverage inherent in the use of derivatives.

### *Strategy*

The Fund seeks investment return by investing in bond markets where the Investment Manager believes yields are likely to fall and avoiding those that are thought to be expensive. The overall duration, or interest rate sensitivity, of the Fund will fluctuate as the Investment Manager's expectations for economic developments change, relative to the market. The Fund will also look to add value through foreign exchange management by taking active currency positions relative to the benchmark, identifying those markets where currencies are attractive, for example due to sound economic fundamentals or rising interest rates.

### *Leverage and Value at Risk*

When derivatives are used the Fund will be leveraged through the leverage inherent in the use of derivatives. Although the Fund can use derivatives they will not be used extensively for investment purposes.

- When leverage is calculated as the sum of the notionals of all of the derivatives used, as prescribed by the Central Bank UCITS Regulations, the level of the Fund's leverage is expected to vary between 0% and 70% of its Net Asset Value.
- Leverage may vary over time and higher leverage levels are possible, in particular during periods of significant net subscriptions or redemptions into the Fund where futures would be used for exposure management. In such circumstances, leverage, when calculated as the sum of the notionals of all of the derivatives used, is not expected to exceed 100% of the Fund's Net Asset Value at any time.

In order to measure market risk volatility the Fund will use a relative “Value at Risk” methodology (“VaR”) which is an advanced risk measurement methodology. The VaR approach is a measure of the maximum potential loss due to market risk rather than leverage. More particularly, the VaR approach measures the maximum potential loss at a given confidence level (probability) over a specific time period under normal market conditions. The VaR of the Fund will not be greater than twice the VaR of the Fund's reference portfolio. The reference portfolio for the purpose of the Fund's relative VaR calculation is the Citigroup World Government Bond Index. The VaR for the Fund will be calculated daily using the Monte Carlo approach, one-tailed 99% confidence level, a 10 day holding period and a one year historical observation period with an 11 day half-life. The Fund shall, at all times, comply with the limits on levels of market risk measured through the use of the Value at Risk methodology as set out above.

### **Profile of a Typical Investor**

The Fund may be suitable for investors seeking an attractive level of income together with capital growth over a medium to long term investment horizon and who understand and are prepared to accept that the value of the Fund may rise and fall more frequently and to a greater extent than other types of investment. This typically means a minimum time horizon of 5 years but can be less depending on individual risk profiles.

**Address:**

Baring Asset Management Limited  
155 Bishopsgate  
London  
EC2M 3XY

[www.barings.com](http://www.barings.com)

**Important information:**

This document is approved and issued by Baring Asset Management Limited.

**Disclosure:**

Baring Asset Management Limited  
Authorised and Regulated by the Financial Conduct Authority  
155 Bishopsgate, London, EC2M 3XY

