

# Source FTSE RAFI US Equity Income Physical UCITS ETF

## Supplement to the Prospectus

This Supplement contains information in relation to Source FTSE RAFI US Equity Income Physical UCITS ETF (the "**Fund**"), a fund of Invesco Markets II plc (the "**Company**") an umbrella type open ended investment company with variable capital, governed by the laws of Ireland and authorised by the Central Bank of Ireland (the "**Central Bank**") of Block D, Iveagh Court, Harcourt Road, Dublin 2, Ireland.

**This Supplement forms part of, may not be distributed unless accompanied by (other than to prior recipients of the Prospectus of the Company dated 18 February 2020, as may be amended, supplemented or modified from time to time, (the "Prospectus")), and must be read in conjunction with, the Prospectus.**

**THIS DOCUMENT IS IMPORTANT. YOU SHOULD NOT PURCHASE SHARES IN THE FUND DESCRIBED IN THIS SUPPLEMENT UNLESS YOU HAVE ENSURED THAT YOU FULLY UNDERSTAND THE NATURE OF SUCH AN INVESTMENT AND THE RISKS INVOLVED AND ARE SATISFIED THAT THE INVESTMENT IS SUITED TO YOUR CIRCUMSTANCES AND OBJECTIVES, THE RISKS INVOLVED AND YOUR OWN PERSONAL CIRCUMSTANCES. IF YOU ARE IN ANY DOUBT ABOUT THE CONTENTS OF THIS SUPPLEMENT YOU SHOULD TAKE ADVICE FROM AN APPROPRIATELY QUALIFIED ADVISOR.**

Capitalised terms used in this Supplement will have the meanings given to them in the Definitions section below or in the Prospectus.

## Invesco Markets II plc

An umbrella fund with segregated liability between the sub-funds

Dated 18 February 2020

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## **IMPORTANT INFORMATION**

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### **Suitability of Investment**

You should inform yourself as to (a) the possible tax consequences, (b) the legal and regulatory requirements, (c) any foreign exchange restrictions or exchange control requirements and (d) any other requisite governmental or other consents or formalities which you might encounter under the laws of the country of your citizenship, residence or domicile and which might be relevant to your purchase, holding or disposal of the Shares.

The Shares are not principal protected. The value of the Shares may go up or down and you may not get back the amount you have invested. See the section headed "Risk Factors" of the Prospectus and the section headed "Other Information – Risk Factors" of this Supplement for a discussion of certain risks that should be considered by you.

In addition to investing in transferable securities, the Company may invest on behalf of the Fund in financial derivative instruments ("FDIs") for hedging purposes, where applicable.

The Fund's Shares purchased on the secondary market cannot usually be sold directly back to the Fund. Investors must buy and sell Shares on a secondary market with the assistance of an intermediary (e.g. a stockbroker) and may incur fees for doing so. In addition, investors may pay more than the current net asset value when buying units/shares and may receive less than the current net asset value when selling them.

**Certain risks attached to investments in FDIs are set out in the Prospectus under "Risk Factors".**

An investment in the Shares is only suitable for you if you (either alone or with the help of an appropriate financial or other advisor) are able to assess the merits and risks of such an investment and have sufficient resources to be able to bear any losses that may result from such an investment. The contents of this document are not intended to contain and should not be regarded as containing advice relating to legal, taxation, investment or any other matters.

### **Profile of a typical investor**

A typical investor would be one who is a private or professional investor and is seeking capital appreciation over the long term. Such an investor is also one that is able to assess the merits and risks of an investment in the Shares.

### **Responsibility**

The Directors (whose names appear under the heading "**Directors of the Company**" of the Prospectus) accept responsibility for the information contained in the Prospectus and this Supplement. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this Supplement when read together with the Prospectus (as complemented, modified or supplemented by this Supplement) is in accordance with the facts as at the date of this Supplement and does not omit anything likely to affect the importance of such information.

### **General**

This Supplement sets out information in relation to the Shares and the Fund. You must also refer to the Prospectus which is separate to this document and describes the Company and provides general information about offers of shares in the Company. You should not take any action in respect of the Shares unless you have received a copy of the Prospectus. Should there be any inconsistency between the contents of the Prospectus and this Supplement, the contents of this Supplement will, to the extent of any such inconsistency, prevail. This Supplement and the Prospectus should both be carefully read in their entirety before any investment decision with respect to Shares is made.

As of the date of this Supplement, the Company does not have any loan capital (including term loans) outstanding or created but unissued and no outstanding mortgages, charges or other borrowings or indebtedness in the nature of borrowings, including bank overdrafts and liabilities under acceptances or acceptance credits, hire purchase or finance lease commitments, guarantees or other contingent liabilities.

### **Distribution of this Supplement and Selling Restrictions**

Distribution of this Supplement is not authorised unless accompanied by a copy of the Prospectus and the latest annual report and audited accounts of the Company and the Fund (other than to prior recipients of the Prospectus) and if published after such report, a copy of the then latest semi-annual report and unaudited accounts. The distribution of this Supplement and the offering or purchase of the Shares may be restricted in certain jurisdictions. If you receive a copy of this Supplement and/or the Prospectus you may not treat such document(s) as constituting an offer, invitation or solicitation to you to subscribe for any Shares unless, in the relevant jurisdiction, such an offer, invitation or solicitation could lawfully be made to you without compliance with any registration or other legal requirement other than those with which the Company has already complied. If you wish to apply for the opportunity to purchase any Shares, it is your duty to inform yourself of, and to observe, all applicable laws and regulations of any relevant jurisdiction. In particular, you should inform yourself as to the legal requirements of so applying, and any applicable exchange control regulations and taxes in the countries of your respective citizenship, residence or domicile.

### **Definitions**

Words and expressions defined in the Prospectus will, unless otherwise defined in this Supplement, have the same meaning when used in this Supplement.

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## ***TERMS OF THE SHARES REPRESENTING INTERESTS IN THE FUND***

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### **Investment Objective of the Fund**

The investment objective of the Fund is to achieve the performance of the FTSE RAFI US Equity Income Index (the "**Reference Index**") by investing in the Master Fund (as defined below) less fees, expenses and transaction costs.

The Reference Index is designed to measure the performance of high yield stocks which have been screened to target sustainable income. The Reference Index constituents are selected and weighted using four fundamental factors, as opposed to market capitalisation. Further information on the components and selection criteria of the Reference Index is set out below under "**General Description of the Reference Index**".

### **Investment Policy of the Fund**

In order to achieve the investment objective, the Company will on behalf of the Fund permanently invest all or substantially all of the net proceeds of any issue of Shares, being at least 85% of its net assets, in units of L&G FTSE RAFI US Equity Income Fund (the "**Master Fund**"). Key information in relation to the Master Fund is set out below and in Annex I.

In addition, the Fund may hold up to 15% of net assets in one or more of the following:

- (i) ancillary liquid assets, in accordance with Regulation 68(2); and
- (ii) FDIs, which may only be used for hedging purposes, in accordance with Regulations 68(1)(g) and 69(2) to (4), which are further described below.

In addition, the Fund may also engage in transactions, solely for hedging purposes, in the following FDIs listed on a Market or traded OTC, as applicable: options and futures transactions, swaps, forward contracts, non-deliverable forwards, credit derivatives (such as single name credit default swaps and credit default swap

indices), spot foreign exchange transactions and contracts for difference. Further details on FDIs and how they may be used for hedging purposes are contained in the main part of the Prospectus under "**Appendix III - Use Of Financial Derivative Instruments And Efficient Portfolio Management**".

Full details in respect to the Master Fund including its investment objectives and policies are set out in Annex I.

The intention of the Investment Manager is for the performance of the Master Fund and the Fund to be identical save for fees and expenses.

The Manager deems the risk profile of the Fund to be medium risk as a result of the Fund's investment in the Master Fund and exposure to the underlying constituents of the Reference Index.

Further information relevant to the Fund's investment policy is contained in the main part of the Prospectus under "**Investment Objectives and Policies**" and under "**Investment Restrictions**".

### **Index Tracking Strategy**

The Manager aims to keep the "Tracking Error" of the Fund (being the standard deviation of the difference in returns between the Fund and the Reference Index) below or equal to 0.15% under normal market conditions. However, exceptional circumstances may arise which cause the Fund's Tracking Error to exceed 0.15%.

### **Investment Restrictions of the Fund**

Investors in particular must note that the general investment restrictions set out under "**Investment Restrictions**" in the Prospectus apply to the Fund.

### **Efficient Portfolio Management**

Further information on efficient portfolio management is contained in the main body of the Prospectus under the heading "**Use of Financial Derivative Instruments and Efficient Portfolio Management**".

### **Collateral Policy**

Further information on the collateral policy is contained in the main body of the Prospectus under the heading "**Collateral Policy**".

### **Borrowing and Leverage**

The Company on behalf of the Fund may borrow up to 10% of the Net Asset Value of the Fund on a temporary basis. Such borrowings may only be used for short term liquidity purposes to cover the redemption of Shares. Further information on Borrowing and Leverage is contained in the main body of the Prospectus under the heading "**Borrowing and Lending Powers**" and "**Leverage**" respectively.

The Company will use the commitment approach for the purposes of calculating global exposure for the Fund. The Fund's total exposure to the Reference Index through its investment in the Master Fund will be limited to 100% of Net Asset Value.

### **Dividend Policy**

Dividends will be declared on a quarterly basis for the Class A Shares in accordance with the general provisions set out in the Prospectus under the heading "**Dividend Policy**" and Shareholders will be notified in advance of the date on which dividends will be paid.

### **Trading**

Application will be made to the London Stock Exchange, the Irish Stock Exchange and / or such other exchanges as the Directors may determine from time to time (the "**Relevant Stock Exchanges**") for listing and / or admission to trading of the Shares issued and available to be issued on the main market of each of

the Relevant Stock Exchanges on or about the Launch Date. This Supplement and the Prospectus together comprise listing particulars for the purposes of trading on the main market of each of the Relevant Stock Exchanges.

### Exchange Traded Fund

The Fund is an Exchange Traded Fund (“ETF”). The Shares of this Fund are fully transferable among investors and will be listed and / or traded on the Relevant Stock Exchanges. It is envisaged that Shares will be bought and sold by private and professional investors in the secondary market in the same way as the ordinary shares of a listed trading company.

### General Information Relating to the Fund

<b>Type</b>	Open-ended.
<b>Base Currency</b>	USD.
<b>Business Day</b>	A day (other than a Saturday or a Sunday) on which the United States Federal Reserve System is open or such other day or days that the Directors may determine and notify to Shareholders in advance.
<b>Dealing Day</b>	<p>Any Business Day. However, some Business Days will not be Dealing Days where, for example, markets on which the Fund’s Assets are listed or traded or markets relevant to the Reference Index are closed provided there is at least one Dealing Day per fortnight, subject always to the Directors’ discretion to temporarily suspend the determination of the Net Asset Value and the sale, conversion and / or redemption of Shares in the Company or any Fund in accordance with the provisions of the Prospectus and the Articles.</p> <p>The Investment Manager produces dealing calendars which detail in advance the Dealing Days for each Fund. The dealing calendar may be amended from time to time by the Investment Manager where, for example, the relevant market operator, regulator or exchange (as applicable) declares a relevant market closed for trading and / or settlement (such closure may be made with little or no notice to the Investment Manager).</p> <p>The dealing calendar for the Fund is available from the Manager.</p>
<b>Dealing Deadline</b>	16:00 (Dublin time) on the relevant Dealing Day or such other time as the Investment Manager may, in consultation with the Directors, determine and is notified to Shareholders by the Company provided always that the Dealing Deadline will be before the Valuation Point. No subscription, exchange or redemption applications may be accepted after the Dealing Deadline.
<b>Subscriptions, Exchanges and Repurchases In-Kind</b>	All subscriptions, exchanges and repurchases in-kind can only take place through an Authorised Participant or other representative appointed by the Company in the relevant jurisdiction.
<b>Launch Date</b>	Means 29 February 2016.
<b>Minimum Fund Size</b>	USD 40,000,000
<b>Valuation Point</b>	22:30 (Dublin time) on the relevant Dealing Day by reference to which the Net Asset Value per Share of the Fund is determined. At all times the Valuation Point will be after the Dealing Deadline.
<b>Settlement Date</b>	3 Business Days after the relevant Dealing Day.
<b>Website</b>	<a href="http://www.sourcETF.com">www.sourcETF.com</a> . Information on portfolio composition and details on the indicative net asset value are set out on the Website.

## Description of the Shares

Share Class	"A"
ISIN	IE00BYRPN399
Share Class Currency	USD
Minimum Initial Subscription	USD 1,000,000 unless the Directors determine otherwise.
Minimum Subscription	USD 1,000,000 unless the Directors determine otherwise.
Minimum Redemption Amount	USD 1,000,000 unless the Directors determine otherwise.
Minimum Holding	N/A.

## Intra-Day Portfolio Value ("iNAV")

Further information on intra-day portfolio value is contained in the main body of the Prospectus under the heading "Intra-Day Portfolio Value".

## Fees and Expenses

The following fees will be incurred on each Share by Shareholders (which accordingly will not be incurred by the Company on behalf of the Fund and will not affect the Net Asset Value of the Fund):

Share Class	"A"
Subscription Charge	Up to 5%
Redemption Charge	Up to 3%

The Subscription Charge is deducted from the investment amount received from an investor for subscription for Shares. Such Subscription Charge is payable to the Manager.

The following fees and expenses will be incurred by the Company on behalf of the Fund and will affect the Net Asset Value of the relevant Share Class of the Fund.

Share Class	"A"
Management Fee	Up to 0.35% per annum or such lower amount as may be advised to Shareholders from time to time.

The Management Fee, a percentage of the Net Asset Value of the relevant Class of Shares (plus VAT, if any), is payable by the Company out of the Fund Assets to the Manager. The Management Fee will accrue on each day and will be calculated on each Dealing Day and paid monthly in arrears. The Manager will pay out of its fees (and not out of the assets of the Fund) the fees and expenses (where appropriate) of the Investment Manager, the Administrator, the Depositary, the Directors and the ordinary fees, expenses and costs incurred by the Fund that include Setting Up Costs and Other Administrative Expenses as described in the Prospectus. The Management Fee will also cover the relevant costs of the Master Fund which are apportioned to the units invested therein by the Fund.

Where, in connection with an investment in the Master Fund, a distribution fee, commission or other monetary benefit is received by the Fund, the Manager or any person acting on behalf of the Fund or the Manager of the Fund, the fee, commission or other monetary benefit shall be paid into the assets of the

Fund.

Dilution Levy: As set out in the Prospectus, the maximum amount of the dilution levy can vary over time but will not exceed 2% of the Net Asset Value of the Fund.

This section headed "**Fees and Expenses**" should be read in conjunction with the section headed "**Fees and Expenses**" in the Prospectus.

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#### **GENERAL DESCRIPTION OF THE REFERENCE INDEX**

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The Reference Index is FTSE RAFI US Equity Income Index (the "**Reference Index**"). The Reference Index is further described below but only represents an extract of information available from public sources and neither the Directors, the Manager, FTSE International Limited or such other successor sponsor to the Reference Index (the "**Index Provider**") nor the Investment Manager take any responsibility for the accuracy or completeness of such information.

The Reference Index is designed to measure the performance of high yield stocks which have been screened to target sustainable income. The Reference Index constituents are selected and weighted using four fundamental factors, as opposed to market capitalisation.

The Reference Index components are comprised of stocks or shares of companies which are included in the top 98% of the FTSE US All Cap index. The eligible constituents are then ranked on the following four fundamental measures of company size: book value, value cash flow, sales and dividends and the constituents' overall value is determined in accordance with the percentage weight allocated to each fundamental measure.

The constituents which are eligible for inclusion in the Reference Index are selected from the FTSE Global Equity Index Series (GEIS), further detail on which is set out at <http://www.ftse.com/products/indices/geis-series>.

The weighting of the constituents of the Reference Index are determined by the relevant company's fundamental value in respect of their publicly available shares. The minimum constituent weighting is 0.1% and the maximum constituent weighting is 5% of the Reference Index. A company will not be eligible as a constituent if fundamental data is unavailable.

The Reference Index is reviewed annually and changes arising from the annual review are announced at the close of business on the Wednesday following the first Friday in March and implemented seven trading days after such date.

The Reference Index is rebalanced on an annual basis. The rebalancing frequency of the Reference Index has no direct impact on the transaction costs associated with the Fund itself as any rebalancing within the Reference Index is not expected to require any higher frequency of position turnover in the Fund than would otherwise be the case were the Reference Index to be static.

The Manager monitors the investment restrictions applicable to the Fund. As soon as the Manager becomes aware that the weighting of any particular component stock in the Reference Index exceeds the permitted investment restrictions, the Manager will seek to either unwind that particular position or reduce the Fund's exposure to that component stock to ensure that the Fund at all times operates within the permitted investment restrictions and complies with the requirements of the UCITS Regulations.

#### **Index Provider and Website**

The Reference Index is sponsored by the Index Provider and more details on the Reference Index can be found at: <http://www.ftse.com/products/indices/rafi-equity-income>.

The Reference Index is administered and calculated by the Index Provider in conjunction with Research Affiliates, LLC.

## Publication

The level of the Reference Index will be published on the Index Provider page: <http://www.ftse.com/products/indices/rafi-equity-income>.

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## OTHER INFORMATION

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### Master/Feeder Structure

The Company on behalf of the Fund has entered into an information sharing agreement with the Master Fund (the "**Agreement**"). The Agreement provides:

- a) details of how and when the Master Fund provides the Fund with a copy of its constitutional document, prospectus and the key investor information document or any amendment thereto;
- b) details of how and when the Master Fund informs the Fund of any delegation of investment management and risk management functions to third parties;
- c) how and when the Master Fund provides the Fund with its internal operational documents, such as its risk management process and its compliance reports;
- d) details of breaches by the Master Fund of the law of its home jurisdiction, the constitutive document and the agreement of which the Master Fund shall notify the Fund and the manner and timing of this notification;
- e) that, as the Fund uses FDIs for hedging purposes, the Master Fund provides the Fund with information about its actual exposure to FDIs to enable the Fund to calculate its own global exposure; and
- f) that the Master Fund shall inform the Fund of any other information-sharing arrangements entered into with third parties and where applicable, how and when the Master Fund makes those other information-sharing arrangements available to the Fund.

The rules between the Master Fund and the Fund include appropriate measures to mitigate conflicts of interest that may arise between the Fund and the Master Fund, or between the Fund and other unitholders of the Master Fund, to the extent that these are not sufficiently addressed by the measures applied by the Manager as regards organisational requirements, conflicts of interest, conduct of business, risk management and content of the agreement between a depositary and a management company as required under the Regulations.

Further information in relation to the Master Fund and in relation to the Agreement can be obtained from <http://www.lgim.com/uk/en/funds/legal-documents/>

### Taxation

The tax treatment of the Company is set out in the Prospectus of the Company and the tax information provided therein is based on tax law and practice as at the date of the Prospectus. As the Company will on behalf of the Fund invest all or substantially all of the net proceeds of any issue of Shares in the Master Fund, the tax treatment of the Master Fund from an Irish perspective as the recipient jurisdiction of any income and / or gains, and by the jurisdictions where unitholders are subject to taxation may impact the taxation of any income and gains at both Fund and investor level.

As a consequence of the Legal & General Authorised Contractual Scheme (the "**Master Umbrella**") being constituted as an authorised co-ownership scheme, the Master Fund may be treated as tax transparent for the purposes of income and / or gains. However, such tax transparency cannot be guaranteed. To the extent that the Master Fund is not recognised as being tax transparent, depending on the particular



circumstances of the investor and / or the investments, this could have a diverse tax consequences for the Fund and/or its shareholders.

Shareholders and potential investors are advised to consult their professional advisers concerning possible taxation or other consequences of purchasing, holding, selling or otherwise disposing of the Shares under the laws of their country of incorporation, establishment, citizenship, residence or domicile.

## **Risk Factors**

Investors should refer to the Prospectus under the heading "**Master Feeder Strategy Risks**" for specific Master Feeder risk disclosures.

Certain risks relating to the Shares are set out under the heading "**Risk Factors**" in the Prospectus. In addition, Shareholders must also note that:

- (a) The value of investments and the income from them, and therefore the value of and income from the Shares relating to each Fund can go down as well as up and an investor may not get back the amount invested. The Fund's exposure is linked to the performance of the components of the Reference Index which is in turn, exposed to general market movements (negative as well as positive).
- (b) The sub-funds of the Company are segregated as a matter of Irish law and as such, in Ireland, the assets of one sub-fund will not be available to satisfy the liabilities of another sub-fund. However, it should be noted that the Company is a single legal entity which may operate or have assets held on its behalf or be subject to claims in other jurisdictions which may not necessarily recognise such segregation. There can be no guarantee that the courts of any jurisdiction outside Ireland will respect the limitations on liability as set out above.
- (c) There are Classes of Shares issued in respect of the Fund. Additional Classes of Shares may be created at any time without the consent of the then existing Shareholders in accordance with the Central Bank's requirements. Each Class of Shares issued in respect of the Fund will perform differently as a result of differences in currency and fees (as applicable). There is no legal segregation of assets and liabilities between Classes and there is no separate portfolio of assets held for each Class. Accordingly, if more than one Class of Shares has been issued and there is a shortfall attributable to one Class, this will adversely affect the other Classes of Shares issued in respect of the Fund.
- (d) Whilst the Company has the right to use and reference the Reference Index in connection with the Fund in accordance with the terms of the Reference Index licence, in the event that the licence is terminated the Fund will be terminated or if any other Index Disruption and Adjustment Event occurs, adjustments may be made to account for any such event including an adjustment to the Reference Index or the calculation of the Reference Index level which may have a significant impact on the Net Asset Value of the Fund.
- (e) There can be no assurance that the Reference Index will be successful at producing positive returns consistently or at all. The Index Provider makes no representation or warranty, express or implied, that the Reference Index will produce positive returns at any time. Furthermore, it should be noted that the results that may be obtained from investing directly in components of the Reference Index or otherwise participating in any transaction linked to the Reference Index may be different from the results that could theoretically be obtained from investing in a financial product linked to the Reference Index.
- (f) Information on the consequences of Disruption Events is contained in the main body of the Prospectus under the heading "**Disruption Events**".
- (g) Subject to certain pre-defined parameters, it is possible that the methodology used to calculate the Reference Index or the formulae underlying the Reference Index could change and such change may result in a decrease in the performance of the Reference Index. As such, aspects of the Reference Index could change in the future, including, without limitation, the methodology and third party data sources. Any changes may be made without regard to the interests of a holder of

any component of the Reference Index. Additionally, the Reference Index was created by the Index Provider, who has the right to permanently cancel the Reference Index at any time, such cancellation may have a material adverse effect on any linked investments or transactions.

**Investors should also refer to the Prospectus for additional disclosure of risks and conflicts of interest.**

#### **Disclaimers**

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**THE DIRECTORS OF THE COMPANY, THE MANAGER, THE INVESTMENT MANAGER AND THE INDEX PROVIDER TOGETHER THE "RESPONSIBLE PARTIES" DO NOT GUARANTEE THE ACCURACY AND/ OR THE COMPLETENESS OF ANY DESCRIPTION RELATING TO THE REFERENCE INDEX OR ANY DATA INCLUDED THEREIN AND THE RESPONSIBLE PARTIES SHALL HAVE NO LIABILITY FOR ANY ERRORS, OMISSIONS, OR INTERRUPTIONS THEREIN. THE RESPONSIBLE PARTIES MAKE NO WARRANTY, EXPRESS OR IMPLIED, AS TO THE FUND, TO ANY SHAREHOLDER IN THE FUND, OR TO ANY OTHER PERSON OR ENTITY IN RESPECT OF THE REFERENCE INDEX DESCRIBED HEREIN.**

**THE INDEX PROVIDER MAKES NO EXPRESS OR IMPLIED WARRANTIES, AND EXPRESSLY DISCLAIMS ALL WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE WITH RESPECT TO THE REFERENCE INDEX OR STRATEGY OR ANY DATA INCLUDED HEREIN. WITHOUT LIMITING ANY OF THE FOREGOING, IN NO EVENT SHALL THE INDEX PROVIDER HAVE ANY LIABILITY FOR ANY SPECIAL, PUNITIVE, INDIRECT, OR CONSEQUENTIAL DAMAGES OR FOR ANY LOST PROFITS, EVEN IF NOTIFIED OF THE POSSIBILITY OF SUCH DAMAGES.**

## Annex I The MASTERFUND

### 1 General Information relating to the Master Fund

The Master Fund is a sub-fund of Legal & General Authorised Contractual Scheme, which is an authorised umbrella contractual scheme in co-ownership form authorised by the Financial Conduct Authority (the "FCA") with effect from 8 May 2015 (the "**Master Umbrella**"). The Master Umbrella has an unlimited duration and may with the approval of the FCA establish additional sub-funds from time to time. As a consequence of being constituted as an authorised co-ownership scheme, the sub-funds of the Master Umbrella may be treated as tax transparent for the purposes of income and / or gains by relevant taxing jurisdictions where unitholders are subject to taxation and therefore, in most cases, also treated as tax transparent by the jurisdictions from which any underlying income or gains arising to the sub-fund are derived. Such tax transparency cannot, however, be guaranteed.

The Master Umbrella is a UCITS scheme. The assets of the Master Fund are beneficially owned by the unitholders of the Master Fund as tenants in common and must not be used to discharge any liabilities of, or meet any claims against, any person other than the unitholders in the Master Fund. Consequently, the assets of the Master Fund will be treated as separate from those of every other sub-fund and will be invested in accordance with the investment objective and investment policy of the Master fund. Investment of the assets of the Master Fund must comply with the FCA's requirements as set out in the collective investment schemes sourcebook (the "**COLLSource book**") and the investment objective and policy of the Master Fund.

The manager of the Master Umbrella is LGIM Corporate Director Limited (the "**Master Fund Manager**"), whose registered office is at One Coleman Street, London, EC2R 5AA. The Master Fund Manager is a subsidiary of Legal & General Group Plc.

The Master Fund Manager delegates certain functions to Legal & General Investment Management Limited (the "**Master Fund Investment Manager**"), whose registered office is at One Coleman Street, London, EC2R 5AA. The Master Fund Investment Manager is also a subsidiary of Legal & General Group Plc.

The administrator, depositary, registrar and transfer agent of the Master Umbrella are Northern Trust Global Services Limited, whose registered office is at 50 Bank Street, London, E14 5 NT.

The legal advisers to the Master Umbrella are Eversheds LLP, whose registered office is at One Wood Street, London EC2V 7WS.

The auditors to the Master Umbrella are PricewaterhouseCoopers LLP, whose registered office is at 7 More London Riverside London SE1 2RT.

The prospectus of the Master Umbrella and the supplement of the Master Fund are available from the Master Fund Manager.

### 2 Investment Objective and Policy of the Master Fund

#### Investment Objective of the Master Fund

The objective of the Master Fund is to track the overall performance of US equity market as represented by the Reference Index.

#### Investment Policy of the Master Fund

The Master Fund will invest predominantly in securities that make up the constituents of the Reference Index.

The Master Fund's investments will closely match those that make up the Reference Index. Securities in the Reference Index will be held with weightings generally proportionate to their company's weighting in the Reference Index.

The Master Fund may also invest in other transferable securities, permitted deposits, money market instruments, cash, near cash and units in collective investment schemes.

The Master Fund may invest in derivatives for the purposes of Efficient Portfolio Management only.

### **3 Base Currency of the Master Fund**

The Base Currency of the Master Fund is USD.

### **4 How to Purchase Units in the Master Fund**

Application forms may be obtained from the Master Fund Manager. Each initial request to purchase units in the Master Fund must be accompanied by the following:

- (a) an application form;
- (b) a certificate of eligibility;
- (c) such other documents and information as the Master Fund Manager may require regarding an investor and in particular in relation to such investor's tax status, and to enable appropriate tax treaty benefits to be available.

The Master Fund Manager will also require a transaction form on all subsequent requests for purchases of units and may, at its discretion, also require investors to provide the documents listed at (b) and (c) above on subsequent purchases of units.

Valid applications to purchase units received before the relevant dealing cut off point will be processed at the unit price calculated, based on the net asset value per unit, at the next valuation point following receipt of the application, except in the case where dealing in the Master Fund has been suspended (as set out in paragraph 3.9 of the Master Umbrella prospectus).

Payment in cleared funds in respect of orders for the purchase of units is due on the subscription settlement time specified for each sub-fund in Appendix I of the Master Umbrella prospectus. An application to purchase units will only be deemed to have been accepted by the Master Fund Manager once it is in receipt of a valid application form, certificate of eligibility, and such other documents as the Master Fund Manager may require regarding the investor and in particular its tax status and to enable appropriate tax treaty benefits to be available and, if required by the Master Fund Manager, cleared funds for the application.

The Master Fund Manager, at its discretion, has the right to cancel a purchase deal if settlement is overdue (being more than five business days of receipt of an application form or other instruction) and any loss arising on such cancellation shall be the liability of the applicant. The Master Fund Manager is not obliged to issue units unless it has received cleared funds from an investor.

The Master Fund Manager reserves the right to charge interest at 4% above the prevailing Bank of England base rate, on the value of any settlement received later than the relevant subscription settlement time. No interest will be paid on funds held prior to investment.

A purchase of units in writing or via any other communication media made available is a legally binding contract. Applications to purchase, once made, are, except in the case where cancellation rights are applied, irrevocable. However, subject to its obligations under the regulations, the Master Fund Manager has the right to reject, on reasonable grounds, any application for units in whole or in part, and in this event the Manager will return any money sent, or the balance of such monies, at the risk of the applicant.

Any subscription monies remaining after a whole number of units have been issued will not be returned to the applicant. Instead, fractions of units will be issued and these will be one hundredth of a whole unit.

## 5 How to Sell Units in the Master Umbrella

Every unitholder in the Master Umbrella has the right to require the redemption of their units on any dealing day, unless the value of units which a unitholder wishes to redeem will mean that the unitholder will hold units with a value less than the required minimum holding.

Valid instructions to redeem units received before a dealing cut off point by the Master Fund Manager will be processed at the unit price calculated, based on the net asset value per unit, at the next valuation point following receipt of the instruction, except in the case where dealing in the Master Fund has been suspended as set out in paragraph 3.9. of the Master Umbrella prospectus. Please refer to Appendix I of the Master Umbrella prospectus for the dealing cut off point applicable to the Master Fund.

A redemption instruction in respect of units in writing or via any other communication media made available is a legally binding contract. However, an instruction to the Master Fund Manager to redeem units, although irrevocable, may not be settled if the redemption represents units where the money due on the earlier purchase of those units has not yet been received or if insufficient documentation or anti-money laundering information has been received by the Master Umbrella Manager. In addition, on redemption a unitholder's income or tax reclaim which is accrued in the net asset value per unit but not yet received by the Master Fund, will be taken into account in the calculation of the net asset value per unit for the purposes of the redemption but payment of the equivalent amount may be withheld from amounts paid to that unitholder on a redemption, such amounts being paid out to the unitholder only when they are received by the Master Fund in order to ensure that the remaining unitholders are not disadvantaged.

The Master Fund Manager reserves the right to refuse a redemption request if the value of units of the Master Fund is less than the minimum stated in respect of the appropriate class of the Master Fund.

## 6 Fees and Expenses at the Master Umbrella Level

The fees charged in respect of the Master Fund are detailed in Appendix 1 of the Master Umbrella prospectus.

In payment for carrying out its duties and responsibilities the Master Fund Manager is entitled to make an annual management charge out of the Master Fund (the "**Management Charge**"). The Management Charge is calculated and accrued on a daily basis by reference to the net asset value of the Master Fund on the previous dealing day and the amount due for each month is payable the following month.

The Master Fund Manager is also entitled to all reasonable, properly documented, out of pocket expenses incurred in the performance of its duties. VAT may be payable on these charges.

Northern Trust Global Services Limited as depositary of the Master Umbrella, as remuneration for carrying out its duties and responsibilities, is entitled to receive a monthly fee which will be calculated and accrued at each valuation point and will be prorated for periods of less than a full month. The fee will be payable monthly in arrears. Full details of the fees paid to the depositary are set out in the Master Umbrella prospectus.

Northern Trust Global Services Limited, as depositary of the Master Umbrella, is entitled to a monthly fee for its administration and registrar services estimated at 0.02% per annum of the net asset value of the Master Umbrella.

**Stocklending Fees:** To the extent the Master Fund undertakes securities lending to reduce costs, the Master Fund will receive 85% of the associated revenue generated from securities lending activities and the remaining 15% will be received by the securities lending agent which will pay for any securities lending costs out of its portion of the revenue.

**Dilution Levy:** 0.040% on subscriptions and 0.030% on redemptions, however, this figure shall be reviewed periodically.

All the above fees duties and charges (other than those borne by the Master Fund Manager) will be charged by the Master Fund in respect of which they are incurred. Where an expense is not considered to be attributable to any one sub-fund, the expense will normally be allocated to all of the sub-funds on a pro

pro rata basis to the value of the net asset value of the sub-funds, although the Master Fund Manager has discretion to allocate these fees and expenses in a manner which it considers fair to unitholders generally.

The Fund by virtue of its investment in the Master Fund will be subject to a portion of the operating costs and fees and expenses of the Master Fund as further detailed below. Such fees will be discharged directly by the Manager of the Fund out of its Management Fee.

**6.1 Fees of the Master Fund Investment Manager**

The Master Fund Manager will pay fees, out of its management fee, to the Master Fund Investment Manager for providing investment management services and distribution fees to the distributor.

**6.2 Fees of the Master Fund:**

<b>Charges</b>	<b>Unit ClassS</b>
<b>Initial Charge</b>	0%
<b>Redemption Charge</b>	0%
<b>Switching Charge</b>	0%
<b>Annual Management Charge</b>	0%