



## **INVESCO GOLDMAN SACHS EQUITY FACTOR INDEX WORLD UCITS ETF (GS EFI WORLD ETF)**

### **Supplement to the Prospectus**

This Supplement contains information in relation to the Invesco Goldman Sachs Equity Factor Index World UCITS ETF (GS EFI World ETF) (the "**Fund**"), a Fund of Invesco Markets 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 PO Box 559, New Wapping Street, North Wall Quay Dublin 1, 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 3 June 2019, 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 plc**

An umbrella fund with segregated liability between the sub-funds

**Dated 3 June 2019**

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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, it is the intention of the Company to invest on behalf of the Fund principally in financial derivative instruments ("FDIs") for investment and efficient portfolio management purposes (as detailed below under "Use of Derivative Contracts") 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". The Directors of the Company expect that the Net Asset Value of the Fund will have medium volatility through investments in the FDIs.**

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**

The investment objective of the Fund is to achieve the total performance of the Goldman Sachs Equity Factor Index World Net Total Return USD (the "**Reference Index**") less fees, expenses and transaction costs.

The Reference Index is a long-only index designed to represent the performance of a portfolio of global equities, selected from a portfolio of stocks with the aim of reflecting five investment factors which are set out under "**General Description of the Reference Index**". Further information on the components of the Reference Index is set out below under "**General Description of the Reference Index**".

### **Investment Policy**

In order to achieve the investment objective, the Company will on behalf of the Fund invest all or substantially all of the net proceeds of any issue of Shares in:

- (i) a basket of global equity securities and equity related securities (the "**Basket**") whereby the Fund, in exchange for the performance/return of the Basket with an Approved

Counterparty, will receive the return of the Reference Index through unfunded Swaps being an agreement between the Fund and the Approved Counterparty to exchange one stream of cash flows against another stream pursuant to a master agreement in accordance with the requirements of the International Swaps and Derivatives Association; or<sup>1</sup>

- (ii) global equities and equity related securities (which may include common stock and preferred stock) where such instruments will provide the performance of the Reference Index. The Fund will invest directly in these global equities and equity related securities as opposed to entering into a Swap as detailed at (i) above. The global equities and equity related securities may include both constituents of the Reference Index and constituents not included in the Reference Index and shall be listed and/or traded on the exchanges and markets set out in Appendix 1 of the Prospectus. Consequently, the prime criterion for selecting the individual equity and equity related securities is not their perceived attractiveness or potential growth or value but rather their suitability in terms of attaining the investment objective of delivering the performance of the Reference Index.

The current intention of the Fund is to gain exposure to the Reference Index via an unfunded Swap as detailed at (i). However, the Fund may, having due regard to the best interests of Shareholders, decide from time to time to switch partially or totally between the above described policies at (i) and (ii), and shall inform the Shareholders in advance of any such switch and the Supplement shall be updated accordingly.

Each Approved Counterparty to the Swaps and the Company on behalf of the Fund have entered into a master agreement (including any supporting agreements) and will enter into confirmations for each Swap transaction. Such confirmations may be entered into before or after the relevant transaction and may be in electronic form.

The Swaps, the Basket, global equities and equity related securities and ancillary cash held by the Fund shall constitute the "**Fund Assets**" for the purposes of the Prospectus.

The Fund will not be leveraged for investment or efficient portfolio management purposes and will therefore not be subject to any shortfall risk. Any financial obligation arising in respect of the use of the financial derivative instruments shall never exceed the available capital in the Fund.

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 0.10% under normal market conditions. However, exceptional circumstances may arise which cause the Fund's Tracking Error to exceed 0.10%.

### **Use of Derivative Contracts**

#### *Swaps*

As per the investment policy, the Fund may enter into Swaps to receive the total performance of the Reference Index. For the avoidance of doubt, the Approved Counterparty may, where necessary, provide appropriate Collateral to the Company, on behalf of the relevant Fund, in accordance with the Investment Restrictions so that the Company's risk exposure to the Approved Counterparty is reduced to the extent required by the Central Bank.

The Swaps may be terminated by either party at any time at their fair value or on the occurrence of certain events with respect to either the Fund or the Approved Counterparty including, but not

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<sup>1</sup> Note to Central Bank: Text included to reflect addendum noted on 25 August 2017.

limited to, an event of default (such as a failure to pay, breach of agreement or bankruptcy) or a termination event (which is not due to the fault of either party, for example, illegality or a tax event).

If the Swaps are terminated, due to an event of default or termination event, a close-out amount will be determined with respect to the Swaps. An amount equal to the relevant close-out amount (calculated in accordance with the terms of the Swaps) or such other amount as agreed between the parties will be settled between the Approved Counterparty and the Fund. The Swaps will at all times be valued in accordance with the provisions of the Prospectus. The Fund may then enter into new Swaps unless the Directors resolve that it is inadvisable to enter into new Derivative Contracts, or to invest directly in the underlying securities of the Reference Index or, if the Directors determine that there is no reasonable way to achieve the total performance of the Reference Index, the Fund may be terminated in accordance with the provisions of the Prospectus.

The Swaps are unfunded payments and are linked to the return on the Basket. The Swap provides the difference between the payments received for the Basket and the performance of the Reference Index.

**The Company on behalf of the Fund has filed with the Central Bank its risk management policy which enables it to accurately measure, monitor and manage the various risks associated with the use of Financial Derivative Instruments. The Company will, on request, provide supplementary information to Shareholders relating to the risk management methods employed, including the quantitative limits that are applied and any recent developments in the risk and yield characteristics of the main categories of investments.**

**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 will be limited to 100% of Net Asset Value.**

#### **Investment Restrictions**

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

The Fund shall not invest more than 10% of its net assets in other UCITS or other open or closed ended CIS.

#### **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**".

The Fund may post or receive collateral in accordance with the Company's collateral policy.<sup>2</sup>

#### **Consequences of Disruption Events**

Upon the occurrence of a Disruption Event (and without limitation to the Directors personal powers as further described in the Prospectus) an Approved Counterparty may make adjustments to determine the value of the relevant Swaps and the Net Asset Value may be affected by such adjustment; and/or the Directors may (i) temporarily suspend the calculation of the Net Asset Value and any subscription, repurchase and exchange of Shares in accordance with the

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<sup>2</sup> Note to Central Bank: Text included to reflect addendum noted on 25 August 2017.

provisions of the Prospectus under the section "**Suspension of Calculation of Net Asset Value**"; and/or (ii) the Directors may, in certain circumstances as set out in the Prospectus, terminate the Fund.

**Limited Recourse**

A Shareholder will solely be entitled to look to the assets of the Fund in respect of all payments in respect of its Shares. If the realised net assets of the Fund are insufficient to pay any amounts payable in respect of the Shares, the Shareholder will have no further right of payment in respect of such Shares nor any claim against or recourse to any of the assets of any other Fund or any other asset of the Company.

**Leverage**

The Fund does not use leverage in its investments methods or contain any leveraged instrument.

**Borrowings**

In accordance with the general provisions set out in the Prospectus under the heading "**Borrowing and Lending Powers**", 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.

**Dividend Policy**

There are no dividend entitlements for the Shares.

**Trading**

Application has been made to the London 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>	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

	<p>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>	17:00 (Dublin time) one Business Day before the relevant Dealing Day. No subscription, exchange or redemption applications may be accepted after the Valuation Point.
<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 9 January 2014.
<b>Minimum Fund Size</b>	USD 30,000,000.
<b>Valuation Point</b>	Close of business in New York 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>	2 Business Days after the relevant Dealing Day.
<b>Website</b>	<a href="http://etf.invesco.com">etf.invesco.com</a> – Information on portfolio composition and details of the indicative net asset value are set out on the Website.

#### Description of the Shares

Share Class	"Acc"
<b>ISIN</b>	IE00BFG1RG61
<b>Minimum Initial Subscription</b>	USD 1,000,000 unless the Directors determine otherwise.
<b>Minimum Subscription</b>	USD 1,000,000 unless the Directors determine otherwise.
<b>Minimum Redemption Amount</b>	USD 1,000,000 unless the Directors determine otherwise.

#### 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 the Fund and will not affect the Net Asset Value of the Fund):

Share Class	"Acc"
<b>Subscription Charge</b>	Up to 5%
<b>Redemption Charge</b>	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	"Acc"
Management Fee	Up to 0.55% 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.

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 the Goldman Sachs Equity Factor Index World Net Total Return USD (the "**Reference Index**"). The Reference Index is further described below but such description only represents a summary of the information available from public sources and neither the Directors, the Manager, Goldman Sachs International or any of its affiliates ("**Goldman Sachs**") 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 components of the Reference Index are selected in accordance with the Reference Index calculation methodology and are designed to represent the performance of a portfolio of global equities reflective of the five investment factors detailed below. The portfolio of global equities is drawn from a universe of stocks of approximately 11,500 securities in 85 markets around the world. There is no geographical or market focus within the Reference Index. On each monthly rebalancing day the Reference Index will draw its component stocks in accordance with the rules based methodology by reference to the following five investment factors:

- (a) Quality Factor: aims to capture the potential outperformance of stocks that have a strong balance sheet compared to stocks that have a weaker balance sheet.
- (b) Value Factor: attempts to capture the potential outperformance of "**inexpensive**" companies compared to "**expensive**" companies, where such value measure is derived from various accounting ratios.
- (c) Low Beta Factor: attempts to capture the potential risk-adjusted outperformance of stocks with low beta to the market compared to those with high beta, where beta is a measure of the sensitivity of a stock's returns to the market returns.
- (d) Momentum Factor: attempts to capture the potential future outperformance of stocks with high historical returns compared to stocks with low historical returns.
- (e) Size Factor: attempts to capture the potential risk-adjusted outperformance of smaller companies which are eligible for inclusion in the Reference Index compared to larger companies which are eligible for inclusion in the Reference Index, as measured by market capitalisation.



The component stocks are selected and weighted in accordance with the investment factors outlined above. The component stocks are then subject to a number of additional constraints including:

- (a) The weight of each component cannot be less than zero.
- (b) The difference between the aggregate of the weights of each component associated with a particular country must not be greater than 1% as compared to the aggregate weight of all component stocks associated with such country in the "**Benchmark Portfolio**", as defined under the Reference Index rules, (being all the stocks which have been selected in accordance with the Reference Index rules as eligible for inclusion as a component of the Reference Index).
- (c) The difference between the aggregate of the weights of each component associated with a particular regional industry group must not be greater than 1% as compared to the weight of all components associated with such industry group in the Benchmark Portfolio.
- (d) The weight of each component must not exceed 0.5%.
- (e) The weight of each component must not exceed 20% of such component's 20 day average daily exchange traded volume on its primary exchange, calculated using an assumed notional.
- (f) The change in weight in each component resulting from a rebalancing must not exceed 10% of such component's 20 day average daily exchange traded volume on its primary exchange, calculated using an assumed notional.
- (g) The sensitivity of the returns of the portfolio of weighted component stocks to the Benchmark Portfolio returns must be within a range of 0.999 to 1.001 inclusive.
- (h) The sum of the absolute change in weights of all components resulting from a rebalancing must not exceed 20% of the value of the Reference Index.
- (i) The expected tracking error of the components of the Reference Index against the Benchmark Portfolio must not exceed 2%.
- (j) The portfolio of weighted components stocks must comply the UCITS diversification rules.
- (k) Components for which there is not information data available for the purposes of applying the rules based methodology are assigned a weight of zero and removed.

The Index Provider has contracted with Axioma, Inc. (the "**Index Weight Provider**") to determine on its behalf the component stocks of the Reference Index and their corresponding weights, based on a methodology developed by the Index Provider. The level of the Reference Index is calculated by S&P Dow Jones Indices (the "**Index Calculation Provider**"). There is no leverage within the Reference Index.

The Reference Index is rebalanced on an approximate twice monthly rebalancing cycle occurring on the fourth business day following each eight business day period from 1 February 2016 and is calculated so as to include deductions that are intended to synthetically reflect the transaction costs that a hypothetical investor would incur if such hypothetical investor were to enter into and maintain a series of direct investment positions to provide the same exposure to the component stocks of the Reference Index.

Notwithstanding the existence of a rebalancing fee (as detailed in the Reference Index rules), 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**

Goldman Sachs is responsible for the maintenance of the Reference Index, and more details on the Reference Index, including the Reference Index rules, calculation methodology, components and component weights can be found on the website <https://etf.invesco.com/en/product/source-goldman-sachs-equity-factor-index-world-ucits-etf/index-components> or by contacting:

Goldman Sachs European Structuring Group  
[gs-isol-struct-ldn@gs.com](mailto:gs-isol-struct-ldn@gs.com)  
+44 207 774 1000

Before making any investment decision investors should ensure that they have read and understood the full description of the Reference Index which is available on the Website set out above.

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## OTHER INFORMATION

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### Risk Factors

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 Reference Index which, in turn, is exposed to general market movements (negative as well as positive).
- (b) The return payable under the Swaps with an Approved Counterparty is subject to the credit risk of the Approved Counterparty. In addition, the Approved Counterparty will act as the calculation agent under the Swaps (the "**Calculation Agent**"). Shareholders should note that not only will they be exposed to the credit risk of the Approved Counterparty but also potential conflicts of interest in the performance of the function of Calculation Agent by the Approved Counterparty. The Approved Counterparty has undertaken to use its reasonable endeavours to resolve any such conflicts of interest fairly (having regard to its respective obligations and duties) and to ensure that the interests of the Company and the Shareholders are not unfairly prejudiced. The Directors believe that the Approved Counterparty is suitable and competent to perform such functions. In addition the valuations provided by the Approved Counterparty in its role as Calculation Agent will be verified at least weekly by a party independent of the Approved Counterparty who shall either be the Administrator or sourced by the Administrator as appropriate and who has been approved for such purpose by the Depositary.
- (c) 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.
- (d) If a Disruption Event or an Index Disruption and Adjustment Event occurs, the Calculation Agent and the Investment Manager may make such determinations and/or adjustments to determine the total performance of the Reference Index (in the case of the Investment Manager) and/or the Swap (in the case of the Calculation Agent). The Net Asset Value may be affected by such adjustment.

- (e) 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 the terms of the Swaps after negotiation with each Approved Counterparty to account for any such event including 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.
- (f) No assurance - 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 in any financial product linked to the Reference Index or otherwise participating in any transaction linked to the Reference Index may be significantly different from the results that could theoretically be obtained from a direct investment in the component stocks in respect of the Reference Index.
- (g) No active management - The selection of component stocks and the weights allocated to each such component stock is determined by applying the calculation methodology. There will be no active management of the Reference Index so as to enhance returns beyond those embedded in the rules of the Reference Index. Market participants are often able to adjust their investments promptly in view of market, political, financial or other factors, and an actively managed product could potentially respond more directly and appropriately to immediate market, political, financial or other factors than a non-actively managed index. In contrast, pursuant to the Reference Index calculation methodology, the Reference Index will rebalance the weights of the component stocks on each rebalancing day.
- (h) Synthetic exposure - A notional investment in the Reference Index does not constitute a direct or indirect purchase or other acquisition or assignment of any interest in any component stock. The notional investment exposure provided by the Reference Index is purely synthetic. As such, (i) the risks and returns of an investment linked to the Reference Index may differ significantly from a cash investment in the relevant component stocks, and (ii) an investment linked to the Reference Index will not make an investor a holder of, or give an investor a direct investment position in, or any right with respect to, any component stocks or any other stock.
- (i) Optimisation - The Reference Index uses a specific software package and the data contained therein in order to calculate the weights of the component stocks. This software (the "**optimiser**") uses a pre-defined set of optimisation routines. If the Reference Index employed a different optimiser, the final set of weights selected might be different and possibly materially so. As such, the performance of the Reference Index could be materially different if the optimiser and/or the risk model employed by the Reference Index was replaced by the Index Provider or Index Weight Provider. There is no guarantee that the optimiser will determine the optimal set of weights and it is possible that there exist alternative sets of weights that satisfy the relevant constraints.
- (j) No assurance that rebalancing of the Reference Index will optimise performance - The Reference Index calculation methodology used to determine the composition of the portfolio of underlying global equities of the Reference Index operates to vary the exposure of such portfolio to component stocks according to certain investment, trading, execution and other constraints described in the Reference Index rules. There can be no assurance that any rebalancing within the Reference Index will have the effect of positioning the portfolio optimally with respect to the performance of each component stock over any period. In particular, the rebalancing may result in the holding a long position in a component stock during periods in which the value of that component stock is declining. In such circumstances, there could be a material negative impact on the performance of the Reference Index. Furthermore, the universe of potential stocks that could comprise the portfolio is obtained from the universe of eligible components detailed

in the Reference Index rules. Were the Reference Index to select stocks from an alternative list or benchmark index in the event that the standard Reference Index components are unavailable, the profile of the stocks in the portfolio over time may not be the same, and could generate greater returns overall.

- (k) Delayed weight publication - As detailed in the Reference Index rules, the weights assigned to the component stocks will be published on a delayed basis following each rebalancing day. The Index Provider may enter into non-exclusive licensing agreements with certain of its third party data suppliers in order to source the necessary data to calculate the Reference Index, investors shall not be entitled to any further information on the weighting of the component stocks save for the information publicly available.
- (l) Modification or cancellation of Reference Index - 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 product linked to 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.
- (m) Transaction costs are deducted from the Reference Index - The Reference Index is calculated so as to include deductions that are intended to synthetically replicate the transaction costs that an investor would incur if it were to enter into and maintain a series of direct investment positions to provide the same exposure to the component stocks as the Reference Index. The amount of such deductions calculated in respect of any relevant day is linked to the absolute change in weights assigned to the component stocks on each rebalancing day. Investors should also note that the transaction costs in respect of a component stock or the relevant exchange will be increased if the Index Provider determines that the costs that a hypothetical investor would incur in respect of any amount charged by an independent broker in the relevant markets with respect to investing in, rebalancing, maintaining positions in, or synthetically replicating the performance of, any component stock have increased by more than 10% of such costs. Deductions representing transaction costs may therefore be significant if there is a high turnover of stocks in the Basket and the change in weights on a rebalancing day is large. The negative impact on the performance of the Reference Index of deductions representing transaction costs could be material.
- (n) No short positions - The Reference Index provides exposure to the component stocks only through long positions. Therefore, while the Reference Index allows the weight of a component stock to be zero, such weight may not be negative (thus preventing short positions).
- (o) Dividends are subject to assumed tax rates - Any announced dividend in respect of a component stock comprising the Basket will be reduced by an assumed tax rate (which may be zero), which is intended to reflect the withholding tax rate levied, or the potential tax rate that may be levied, by the country of incorporation or residence of the issuer of such component stock. The assumed tax rate will be determined by the Index Calculation Provider based on its view of applicable law and/or regulations, observable sources and/or market practice. The assumed tax rates may be amended from time to time by the Index Calculation Provider. If the assumed tax rate in respect of one or more component stocks is increased then the performance of the Reference Index may be affected.
- (p) Currency exchange risk - Some of the component stocks may be denominated in currencies other than the Reference Index currency. The Reference Index will notionally convert the value of such component stocks into the Reference Index currency at prevailing exchange rates for purposes of determining the value of the Reference Index. The exposure of these component stocks to movements in currency exchange rates will

depend on the extent to which such currencies strengthen or weaken against the Reference Index currency and the relative weighting of such component stocks. The Reference Index does not seek to hedge any foreign currency exposure embedded in the component stocks and will not provide any hedge against any such currency exchange risk.

- (q) **Reliance on Third Parties** – The Index Provider uses the services of the Index Weight Provider and the Index Calculation Provider to determine the weights attributed to the component stocks at the time of a rebalancing and to calculate the level of the Reference Index. To the extent that such parties fail to carry out their obligations for any reason and/or their appointment is terminated the calculation and publication of the Reference Index may be disrupted.
- (r) **Discretion of Index Parties** – As detailed in the Reference Index calculation methodology and the Index Calculation Provider methodology which may be found on the Website, the Index Provider and the Index Calculation Provider have a certain amount of discretion in the event of Disruption Events and Extraordinary Events (being an event that results in the Reference Index Sponsor being unable to use or gain access to a particular components or where a systems failure, natural or man-made disaster occurs which has a material impact on the Reference Index) (each being more particularly defined in the Reference Index rules) in respect of the Reference Index or a component stock. Determinations made by the Index Provider and Index Calculation Provider could adversely affect the value of the Reference Index or any product linked to the Reference Index and the exercise by the Index Provider and the Index Calculation Provider of their discretion could present them with a conflict of interest (further information on which is set out below in relation to the Index Provider). In making those determinations, the Index Provider and Index Calculation Provider will not be required to, and will not, take the interests of any investor of any such product into account or consider the effect their determinations will have on the value of such a product. All determinations made by the Index Provider and Index Calculation Provider, in accordance with the Reference Index calculation methodology and the Index Calculation Provider methodology respectively, shall be conclusive. The Index Provider and the Index Calculation Provider shall not have any liability for such determinations. Specifically and as stated in the Reference Index rules, to the extent that a Disruption Event and/or Extraordinary Event (each as defined in the Reference Index rules) has occurred in respect of a component stock, the Index Provider (in respect of a Disruption Event) or the Index Calculation Provider (in respect of an Extraordinary Event) may determine the price of the relevant component stock and/or make other adjustments to the weight of the relevant component stock in its commercially reasonable judgment, and in making such determination, the Index Provider or the Index Calculation Provider (as the case may be) may, but shall not be obliged to, have reference to the most recently available price of the relevant component stock. If the Index Provider or the Index Calculation Provider (as the case may be) makes such a determination in respect of the price or weight of an affected component stock, it is likely that such price and/or weight would be different from what it would have been if the Disruption Event or Extraordinary Event had not occurred and this may have an adverse effect on the performance of the Reference Index.

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

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