**NICHEJUNGLE ICAV**

*(an open-ended umbrella Irish collective asset-management vehicle with segregated liability between its sub-funds formed in Ireland under the Irish Collective Asset-management Vehicles Act 2015, as amended, and authorised by the Central Bank as a UCITS pursuant to the Regulations)*

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# SUPPLEMENT

## NicheJungle Japanese Orphan Companies SDG Fund

*(a sub-fund of NicheJungle ICAV)*

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**This Supplement contains information specifically relating to NicheJungle Japanese Orphan Companies SDG Fund (the "Fund"), which is a separate sub-fund of NicheJungle ICAV (the "ICAV"). This Supplement forms part of the current prospectus of the ICAV (the "Prospectus") dated 31 May 2022 and should be read in the context of and together with the Prospectus**.

The general details set out in the Prospectus apply to the Fund save where otherwise stated in this Supplement. To the extent that there is any inconsistency between this Supplement and the Prospectus, this Supplement shall prevail. With the exception of terms defined in this Supplement and unless the context requires otherwise, capitalised terms used in this Supplement shall have the meaning attributed to them in the Prospectus.

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**The Fund may invest in derivative instruments only for currency hedging purposes. (See "Risk Management" below for details of the leverage effect of investment in FDI.) Certain risks attached to investments in derivative instruments are set out in the Prospectus under "Risk Factors".**

**The Fund may invest a substantial amount of its Net Asset Value in deposits or money market instruments which may be considered by investors as an alternative to investing in a regular deposit account. Investors should note that a holding in the Fund is subject to the risks associated with investing in a collective investment undertaking, in particular the fact that the principal sum invested is capable of fluctuation as the Net Asset Value of the Fund fluctuates.**

**Application is in the course of being made for the class Q Shares issued and available for issue to be admitted and traded on the market for open-ended funds of the Borsa Italiana. It is expected that such class Q Shares will be admitted and traded on the market for open-ended funds of the Borsa Italiana on or about the end of the Initial Offer Period, in accordance with the market notice that will be published by the Borsa Italiana.**

**An investment in the Fund should be viewed as medium to long term.**

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The date of this Supplement is 31 May 2022

## 1. DEFINITIONS

Unless otherwise defined herein or unless the context otherwise requires all defined terms used in this Supplement shall bear the same meaning as in the Prospectus.

**"AIF"** an alternative investment fund as defined in regulation 5(1) of the European Union (Alternative Investment Fund Managers) Regulations 2013 (S.I. No. 257 of 2013) and/or any other collective investment undertaking meeting the criteria outlined in regulation 68(1)(e) of the Regulations.

**"Business Day"** means any day (except Saturday and Sunday) where the banks in Dublin, Ireland are open for business.

**"Dealing Day"** means each Business Day, and/or such other days as the Directors may from time to time determine, and notify to Shareholders in advance.

**"Orphan Companies"** means companies that, at the time of purchase of securities issued by them, fulfil each of the following criteria:

- The company must have been listed on a Regulated Market for at least ten years;
- A non-financial company must be free of financial debt, net of cash, financial investments and the difference between trade receivables and payables;
- The company must have a ratio price to tangible book value below 1.2 times;
- The company must have a minimum free float of at least 2 billion Yen; and
- The company must be covered by no more than 2 sell-side fundamental analysts.

**"Responsible Investment Policy"** means the Investment Manager's responsible investment policy which provides a framework for the integration of an ESG analysis throughout the investment process and outlines the guiding principles for responsible investing.

## 2. IMPORTANT INFORMATION

This Supplement comprises information relating to the Shares of NicheJungle Japanese Orphan Companies SDG Fund to be issued in accordance with the Prospectus and this Supplement.

### 2.1 Dividend Policy

Each of the Share classes in the Fund are accumulating Share classes, therefore no dividends will be declared. The income and profits will be accumulated and reinvested in the Fund on behalf of the Shareholders.

### 2.2 Share Classes

The Fund currently has 11 classes of Shares, designated as:

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| Class A Shares |
| Class AB Shares |
| Class AC Shares |
| Class ACP (GBP) Shares |
| Class AF Shares |
| Class AFP (GBP) Shares |
| Class AD Shares |
| Class ADP (GBP) Shares |
| Class Q Shares* |
| Class I Shares |
| Class IP (GBP) Shares |

The Base Currency of the Fund is Euro.

* Application is in the course of being made for the class Q Shares of the Fund to be admitted and traded on the market for open-ended funds of the Italian Stock Exchange, Borsa Italiana S.p.A. The class Q Shares will be traded in the ATFund Market, a multilateral trading facility organised and operated by Borsa Italiana S.p.A.

The class Q Shares can only be invested through intermediaries that adhere either directly or indirectly to the ATFund Market. Investors can buy or sell the class Q Shares on the secondary market daily, through an appointed intermediary, at a price equal to the Net Asset Value of the class Q Shares on the relevant trading day, which is then calculated and disclosed on the following Business Day. Equita SIM S.p.A., a corporate entity based in Italy and regulated by the Commissione Nazionale per le Società e la Borsa, is the appointed intermediary supporting liquidity and facilitating investment in the class Q shares, while settlement takes place through Monte Titoli at T+3 from the relevant trading day.

The class Q Shares can be traded only in quantity. The issue of fractional shares of class Q Shares is not permitted. The Minimum Initial Subscription and Minimum Subsequent Subscription for the class Q Shares is one share, as detailed in section 3.9 of the Supplement.

The admission and trading of the class Q Shares on the market for open-ended funds of the Borsa Italiana S.p.A. shall not constitute a warranty or representation by the Borsa Italiana S.p.A. as to the competence of the service providers to or any other party connected with the Fund, the adequacy of information contained in this Supplement or the suitability of the Fund for investment purposes.

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

The Fund is suitable for retail and institutional investors seeking a medium to long term investment with a high tolerance for volatility.

## 3. INFORMATION ON THE FUND

### 3.1 Investment Objective, Investment Policies and Investment Strategies

#### 3.1.1 Investment Objective

The investment objective of the Fund is to seek to achieve capital growth over the medium to long term.

**There can be no assurance that the Fund will achieve its investment objective over any time period.**

#### 3.1.2 Investment Policies

The Fund seeks to achieve this investment objective by investing in Equity Securities of companies domiciled in Japan ("**Japanese Issuers**"), and listed or traded on a Regulated Market as set out in Appendix I of the Prospectus. The Fund will invest from 65% to 100% of its net assets in Equity Securities of Japanese Issuers. The Fund will invest from 58.5% to 100% of its net assets in Japanese Orphan Companies. The Fund may invest up to 10% of its net assets in Equity Securities of Japanese Issuers that are not Orphan Companies. The term Orphan Companies is one that has been adopted by the Investment Manager comprising companies that have the characteristics described in the definition of "Orphan Company", on page 2 of this Supplement, and is not a specific asset class. The use of the term Orphan Companies denotes stocks that have been neglected or ignored by investors and analysts. The rationale for investment by the Fund in the transferable securities of such Orphan Companies is that value investors often exclusively seek out such securities, as their prices have not been inflated by investor demand and, accordingly, it is often the case that such stocks are trading at prices that the Investment Manager believes are below average in relation to measures such as earnings and book value.

The Fund will be actively managed with no Equity Security representing more than 4% of the Net Asset Value of the Fund at the time of purchase.

The Fund's investments will be listed or traded on Regulated Markets, as set out in Appendix I of the Prospectus, subject to permitted investments in Underlying Funds (as defined below).

The Fund may invest up to 35% of its net assets in Fixed Income Securities. At any given time in the market, there may be opportunities to enhance the risk/reward profile of the Fund by allocating part of the capital to cash and/or Fixed Income securities, rather than in transferable securities of Orphan Companies. This provides the Investment Manager with some flexibility to the benefit of Shareholders. In the long run, this flexibility can significantly enhance the returns of the Fund. Such Fixed Income Securities will usually be of investment grade but the Fund may invest up to 5% of its net assets in unrated Fixed Income Securities. The Fund may invest no more than 2.5% of its net assets in the Fixed Income Securities of any one corporate issuer and its total exposure to Fixed Income Securities issued by governments, supranational entities or international agencies may not exceed 5% of its net assets. Up to 10% of the Fund's net assets may be invested in high-yield Fixed Income Securities, including high yield corporate bonds rated at BB− or above by established credit rating agencies at the time of purchase. The Fund will invest no more than 1.5% of its net assets in high yield Fixed Income Securities issued by any one corporate issuer and no more than 1.5% of its net assets in high yield unrated Fixed Income Securities.

The Fund may invest up to 10% of its net assets in Fixed Income Securities issued by governments and/or corporate entities in emerging markets. No more than 3% of the Fund's net assets will be invested in Fixed Income Securities issued in any one emerging market.

The Investment Manager may invest up to 10% of the Fund's net assets in UCITS and/or open-ended AIFs (including exchange traded funds) (together, "**Underlying Funds**") domiciled and regulated in Member States, the United Kingdom, the Channel Islands and the Isle of Man, in order to gain indirect exposure to Fixed Income Securities. The Fund will only invest in open-ended AIFs which are eligible for investment in accordance with the Central Bank Guidance on UCITS Acceptable Investments in Other Investment Funds.

For cash management purposes, the Investment Manager may also, on a short term basis, in advance of an imminent winding up of the Fund, hold up to 100% of the Fund's net assets in cash and cash equivalents (including money market instruments such as certificates of deposit, commercial paper, floating rate notes and fixed or variable rate commercial paper listed or traded on Regulated Markets and in cash deposits denominated in such currency or currencies as the Investment Manager may determine for cash management purposes).

### 3.1.3 **Investment Strategies**

In determining the allocation of the Fund's assets, outlined in Section 3.1.2, the Investment Manager uses the investment strategies outlined below.

Equity Securities

The Equity Securities to be selected by the Investment Manager, for investment by the Fund in line with Section 3.1.2, requires the Investment Manager to apply the following investment strategies:

*Fundamental and Value Investment Strategy*

The Fund seeks to invest in undervalued stocks. Undervalued stocks are generally those that are out of favour with investors and are trading at prices that the Investment Manager believes are below average in relation to measures such as earnings and book value.

In order to select value stocks, the Investment Manager uses fundamental analysis; namely analysis based on the fundamentals of the investee company, such as the quality of its product and management, business strategy, competition, assets and liabilities, profitability, and litigation risks.

*Fundamental Research*

In order to undertake the fundamental and value investment strategy, the Investment Manager performs fundamental research, which generally includes company-specific research, company visits, interviews with management, suppliers, customers, competitors, industry analysts and experts, collection and analysis of information available (including industry data and sell-side research), and internal discussions amongst the investment team.

*Identification and Selection of Orphan Companies*

In relation to the identification and selection of Orphan Companies, the Investment Manager has confirmed that the investment process will be as follows:

a) The definition of "Orphan Companies" will be used to screen Japanese listed stocks in order to identify and select Orphan Companies for investment;

b) The above selection of Orphan Companies will be further screened to eliminate those companies whose business does not align with the Fund's SDG strategy;

c) The Investment Manager will proceed with its integrated fundamental and sustainability analysis (ESG and SDG) on those companies remaining, in order to select the companies with the best risk/reward profile. This includes analysis of financial statements, products, peer analysis, competition dynamics, and sustainability records. In order to implement this, the Investment Manager uses different tools such as public documents, interviews with competitors, information from sector analysts and industry leaders, and direct engagement with the companies.

Fixed Income Securities

The Fixed Income Securities to be selected by the Investment Manager, for investment by the Fund in line with Section 3.1.2, requires the Investment Manager to apply the following investment strategies:

Investment in attractive fixed income securities, in accordance with the following criteria:

- *corporate bonds*: the credit screening investment strategy will be based on the fundamentals of the investee company, such as the quality of the product and the management, business strategy, competition, assets and liabilities, profitability, and litigation risks.

- *government bonds*: the credit screening investment strategy will take into consideration sovereign debt issuers in terms of macroeconomic factors, such as debt to GDP, fiscal position, trade balance, currency reserve, economic growth, and inflation.

Underlying Funds

The Underlying Funds to be selected by the Investment Manager, for investment by the Fund in line with Section 3.1.2, requires the Investment Manager to apply the following investment strategies:

The selection of Underlying Funds will be carried out in accordance with the credit screening investment strategies, outlined in the preceding paragraph entitled "Fixed Income Securities", for corporate bonds and government bonds, depending on the underlying Fixed Income Securities of the Underlying Fund.

Cash and Cash Equivalents

The cash and cash equivalents to be selected by the Investment Manager, for investment by the Fund in line with Section 3.1.2, requires the Investment Manager to apply the following investment strategy:

Enhancement of cash returns of the Fund by investing in money market instruments.

Sustainability Approach

In the context of applying the investment strategies of the Fund to the selection of each asset class, the Investment Manager will apply a sustainability approach, as outlined below.

The Fund is classified pursuant to Article 8 of SFDR. Accordingly, the Fund may be regarded as: "*promoting, among other characteristics, environmental or social characteristics, or a combination of those characteristics, provided that the companies in which the investments are made follow good governance practices*" within the meaning of Article 8 of SFDR (sometimes referred to as "light green investment").

The Investment Manager of the Fund is committed to managing funds in a responsible and sustainable manner and integrates an ESG analysis in its investment selection and due diligence process.] The Investment Manager will incorporate an analysis of Sustainability Risks (as defined in Section 1 of the Prospectus) and the Investment Manager's Responsible Investment Policy into its investment process. Assessment of these Sustainability Risks is undertaken relative to their materiality (namely the likelihood of such risks impacting returns of the investment) and in tandem with other risk assessments (such as liquidity, valuation, etc.). A summary of the Investment Manager's Responsible Investment Policy is available on its website at www.nicheam.com. For example, targeted exclusion policies, ESG and SDG analyses, oversight and monitoring, and stewardship will be applied in selecting the assets in which the Fund shall invest. Companies in contradiction of the Investment Manager's Responsible Investment Policy will be excluded from investment, such as those that do not respect international conventions, internationally recognized frameworks or national regulations, or that do not meet certain ESG criteria.

To implement the Sustainability Risk analysis, the Investment Manager looks at different Sustainability Factors (as defined in Section 1 of the Prospectus), including environmental, social and governance ("**ESG**") factors.

The Investment Manager's analysis on corporate governance factors is qualitative, based on the view of the relevant investee company's governance standards, taking into consideration matters such as board diversity, board independence, board experience, board turnover, board capacity to set the company strategy, employee relations and compliance with legal and taxation requirements.

In addition to the analysis of corporate governance factors, analysis of environmental and social factors enhances the long-term sustainability of a business.

Each ESG analysis is based on the following steps:

1) Data collection: using different sources such as: a) sustainability documents published by the company; b) financial statements; c) a third party provider's analysis when available (such as Thomson Reuters); and d) direct contact with the investee company;

2) Data processing: involving collation of data so as to be comparable with that of peers and putting it into a proprietary taxonomy system based on the guidance of the Principles for Responsible Investment.;

3) Data analysis: review and interpretation of the data by adding a qualitative element to the analysis in order to correct anomalies that routinely emerge; and

4) Engagement with the investee company: using the findings of the above analysis to set an objective to improve any practices that are deemed weak. This engagement process follows and records the progress made by the investee company over time.

Each ESG analysis comprises a list of environmental and social indicators and takes into consideration the size and the resources of the investee company. For companies producing a complete sustainability report (e.g. mid or large undertakings), a full analysis will be performed, while for companies lacking a complete sustainability report (e.g. small or micro undertakings) a simplified analysis will be carried out. In the latter case, the focus will be on engagement with the investee companies, the objective being that such companies will improve their practices, thus producing a positive environmental and/or social impact.

As the Fund is primarily focused on investment in Japanese Orphan Companies, that mainly belong to the small cap category, it is likely that on occasion those companies may not be able to publish a complete responsible investing report and/or to completely embed sustainability in the company's operating and development processes. As a result, the Investment Manager will positively engage with each investee company on behalf of the Fund, with the aim of improving both the sustainability culture and processes within the investee company and its reporting processes.

In the Investment Manager's view, engagement represents the most powerful tool to expand sustainability among small companies.

The Investment Manager seeks to generate additional value by offering investee companies insights and knowledge sharing in relation to ESG investing. The Investment Manager views this direct engagement with investee companies as an essential part of its investment process and believes that engaging with companies on ESG matters enables it to improve the fundamental quality of its holdings over the medium to long term horizon. The Investment Manager will diligently record its engagement efforts with investee companies, by way of emails, calls, videocalls, meetings, relevant documentation, and standardised or personalised forms on sustainability created by the Investment Manager. Furthermore, the Investment Manager will set (and periodically review) sustainability engagement goals for each investee company, together with the progress made by the investee company in achieving its goals.

The Investment Manager also utilises a proprietary ESG scoring system. The data processing outlined at step 2 (above) produces a quantitative score, which can be adjusted via data analysis (step 3 above). The analyst must justify such adjustment and produce a general review of the company, which will form the basis of engagement (step 4 above). Qualitative data is also used, whereby answers to prescribed questions are converted to numerical data. The overall grade is calculated and converted into ratings from 'AA' to 'CCC', for comparability and analysis. Investee companies with a score of below BBB can only be held in the portfolio if there is a constructive engagement attitude, which will be assessed and reported in ad hoc reports. Any improvements in practices adopted by such investee companies and their attitude towards sustainability will be recorded positively in the investee company's file. Where the investee company does not demonstrate any improvement within a period of 18 months, the investment will be liquidated. The ratings on this scoring system also leverage third party ESG data sources, including Thomson Reuters, to identify all of the material ESG issues affecting the industry. This analysis is used to form the basis of a Sustainable Investment opinion, which is further supported by the Investment Manager participating in direct engagement with investee companies (as noted above).

The Investment Manager uses a different scoring system depending on whether the company publishes a full sustainability report or not. In the latter case, via engagement, companies are judged more on their attitude and progress in respect of sustainability.

Examples of environmental and social factors covered by direct engagement with investee companies include: workplace conditions, access to healthcare, workforce diversity and inclusion, improving sustainability reporting, land use, water and waste management, use of renewable energy, and supply chain labour standards.

Calculation of the overall ESG score also takes into consideration the governance score, in line with the good governance criteria outlined in SFDR, including sound management structures, employee relations, remuneration of staff and tax compliance.

The Fund seeks to invest mainly in securities issued by companies that produce a positive impact instrumental to the achievement of the Sustainable Development Goals ("SDGs") as defined by the United Nations ("**UN**").

The UN Sustainable Development Goals are a collection of 17 inter-linked global goals designed to achieve a better and more sustainable future for all. The 17 goals are: (1) No Poverty, (2) Zero Hunger, (3) Good Health and Well-being, (4) Quality Education, (5) Gender Equality, (6) Clean Water and Sanitation, (7) Affordable and Clean Energy, (8) Decent Work and Economic Growth, (9) Industry, Innovation and Infrastructure, (10) Reducing Inequality, (11) Sustainable Cities and Communities, (12) Responsible Consumption and Production, (13) Climate Action, (14) Life Below Water, (15) Life On Land, (16) Peace, Justice, and Strong Institutions, and (17) Partnerships for the goals. Each goal has a specific target to be achieved between 2020 and 2030.

The above ESG analysis will be applied to equity stocks and corporate bonds. In relation to government bonds, the Investment Manager will not invest in any country that appears in sanction lists or that the Investment Manager deems not to be investable based on scores published via the Freedom in the World report (Freedom House), Global Peace Index (Institute for Economics and Peace) and Women, Business and the Law index (World Bank). The Fund will invest in collective investment schemes that promote a range of environmental and social characteristics under Articles 8 and 9 of SFDR.

Further disclosures in relation to the application of SFDR are set out below in section 3.5 ("**Disclosures under the Sustainable Finance Disclosures Regulation**").

*Exclusion Policy*

The Investment Manager will apply an exclusion policy, excluding investments in:

- companies involved in the production, sale, or storage of uranium weapons;
- companies involved in the production or sale of anti-personnel mines and cluster bombs, prohibited by the Oslo and Ottawa treaties;
- companies that have their revenue of more than 10% from weapons;
- companies that have their revenue of more than 10% from tobacco;
- companies that have their revenue of more than 10% from thermal coal; and
- companies that have their revenue of more than 10% from oil upstream.

(the “**Exclusion Policy**”).

If the business activity of a company in which the Fund is invested becomes ineligible for investment based on the ESG criteria or the Exclusion Policy, the Investment Manager will sell the security within a reasonable timeframe.

As described above, the Fund is actively managed in accordance with the criteria set out in this Supplement and will seek to achieve its investment objective on an active basis.

The investment time horizon to be adopted by the Investment Manager is a medium to long term horizon strategy.

### 3.2 Investment Manager

Pursuant to the Investment Management Agreement entered into amongst the ICAV, the Manager and Niche Asset Management Limited (the “**Investment Manager**”), the Investment Manager has been appointed by the Manager as the discretionary investment manager to the Fund. The Investment Manager manages the investment and reinvestment of the assets of the Fund and reviews and supervises all Investments of the Fund in accordance with the terms of the Investment Management Agreement. The Manager is responsible for the monitoring and ongoing supervision of the Investment Manager and for reporting to the Directors in connection therewith.

The Investment Manager is a limited liability company incorporated in the United Kingdom and is regulated by the Financial Conduct Authority, with its principal place of business at 2nd Floor, 17 Lennox Gardens, London, SW1X 0DB, England. The Investment Manager provides a range of discretionary asset management services to professional clients.

The Investment Management Agreement may be terminated by any party on giving not less than 90 days’ prior written notice to the other parties (or such shorter notice as may be agreed by the parties) thereto. The Investment Management Agreement may also be terminated forthwith by notice in writing by either party ("Party X") if: (i) any party ("Party Y") shall commit any material breach any of its obligations under the Investment Management Agreement and shall fail to make good such breach within 30 days of receipt of notice from Party X requiring it to do so; (ii) Party Y shall pass a resolution for its winding up (except a voluntary liquidation for the purpose of reconstruction or amalgamation on terms previously approved in writing by Party X) or if a court of competent jurisdiction shall order a winding up of Party Y, or a receiver shall be appointed over Party Y's assets, or an examiner shall be appointed to Party Y pursuant to the Companies Act, 2014 (or proceedings analogous to the foregoing are commenced against Party Y in any jurisdiction); or (iii) shall cease to be permitted to permitted to perform its duties and obligations hereunder under any applicable laws. The Investment Management Agreement shall automatically terminate upon the revocation of Central Bank authorisation of the ICAV or Central Bank approval of the Fund or upon the termination of the Management Agreement.

The Investment Management Agreement provides that neither the Investment Manager nor any of its directors, officers, employees or agents shall be liable for any loss or damage arising directly or indirectly out of or in connection with the performance by the Investment Manager of its obligations and duties under the Investment Management Agreement unless such loss or damage arose out of or in connection with the negligence, fraud, bad faith, or wilful default of or by the Investment Manager or any delegate (as defined in the Investment Management Agreement) in the performance of its duties under the Investment Management Agreement.

Pursuant to the Investment Management Agreement, the ICAV has agreed to undertake to indemnify (out of the assets of the Fund), defend and hold harmless the Investment Manager from and against all actions, proceedings, claims and against all loss, costs, demands and expenses (including reasonable legal expenses) which may be brought against, suffered or incurred by the Investment Manager, by reason of the performance of its obligations under the terms of the Investment Management Agreement (other than by reference to any negligence, fraud, bad faith, or wilful default in the performance or non-performance by the Investment Manager or persons designated by it of its obligations or duties hereunder or as a result of a breach of any of its obligations under the Investment Management Agreement).

The Investment Manager will be entitled to receive fees as described in the "**Fees and Expenses**" section below.

### 3.3 Currency Hedging Policy

The Investment Manager may engage in currency related transactions, through the use of Currency Forwards, the commercial purpose of which is to hedge the currency exposure of the underlying securities of the Fund denominated in a currency other than the Base Currency, in accordance with the section entitled "**Hedging at Portfolio Level**" in the Prospectus.

### 3.4 Disclosures under the Sustainable Finance Disclosures Regulation

*Sustainability Risks*

Given the Investment Manager's investment decision making process involves (amongst other steps and as described earlier in this Supplement) the exclusion of potential portfolio companies that are deemed to be engaged in unethical or controversial businesses or industries (e.g., alcohol, gambling, tobacco and weapons) and favours portfolio companies scoring well across various ESG factors, the Investment Manager considers that any impact of Sustainability Risks on the returns of the Fund should be relatively low as compared with other risks relevant to the Fund (e.g., market risk).

*Principal Adverse Impacts on Sustainability*

The Manager, in conjunction with the Investment Manager, considers principal adverse impacts of investment decisions on Sustainability Factors to the extent that, for a particular investment, such principal adverse impacts are reflected in the Investment Manager's sustainability strategy.

*Article 8 of SFDR*

Given the implementation of the sustainability strategy in the Investment Manager's investment decision making process and the favouring of portfolio companies that score well across various ESG factors, while Sustainable Investment is not the investment objective of the Fund, the Fund may be regarded as: "*promoting, among other characteristics, environmental or social characteristics, or a combination of those characteristics, provided that the companies in which the investments are made follow good governance practices*" within the meaning of Article 8 of SFDR. As the Investment Manager believes that ESG factors may influence a Fund's intrinsic value, the Investment Manager takes an approach of integrating Sustainability Risks in the investment decision-making and risk monitoring processes of the Fund to the extent that (i) such risks represent potential or actual material risks; and/or (ii) such risks affect opportunities in respect of maximising the Fund's long-term risk-adjusted returns.

*Taxonomy Regulation*

While the Fund promotes environmental characteristics in the manner described above, it does not currently commit to investing in any "sustainable investments" within the meaning of the SFDR. Accordingly, it should be noted that the investments underlying this fund do not take into account the EU criteria for environmentally sustainable economic activities.

### 3.5 Investment and Borrowing Restrictions

The investment and borrowing restrictions set out in the Prospectus apply in their entirety to the Fund.

### 3.6 Risk Management

The Fund may use Currency Forwards, as referred to in the section headed "**Currency Hedging Policy**" above, warrants and convertible securities. The Manager uses the commitment approach to calculate the global exposure of the Fund as a result of the use of Currency Forwards, warrants and convertible securities. Accordingly, global exposure and leverage as a result of its investment in Currency Forwards, warrants and convertible securities, as described above, shall not exceed 100% of the Net Asset Value of the Fund. The Manager employs a risk management process to enable it to manage, monitor and measure, on a continuous basis, the various risks associated with FDIs and their contribution to the overall risk profile of the Fund's portfolio.

## 3.7 **Risk Factors**

In addition to the risk factors set out below, Shareholders and potential investors should consider the risk factors set out in section 5 of the Prospectus.

*Equity Securities Risks*

The Fund may invest directly in Equity Securities. The price of Equity Securities fluctuates based on changes in a company's financial condition and overall market and economic conditions. Prices of Equity Securities fluctuate daily depending on market conditions. Markets can be influenced by a number of factors such as political and economic news, corporate earnings reports, demographic trends, catastrophic events and wider market expectations. The value of Equity Securities can fall as well as rise. Potentially, the Fund, by investing directly in Equity Securities, could incur significant losses.

*Investing in Fixed Income Securities Risk*

The Fund may invest directly in Fixed Income Securities. The prices of Fixed Income Securities fluctuate in response to perceptions of the issuer's creditworthiness and also tend to vary inversely with market interest rates. The value of such securities is likely to decline in times of rising interest rates. By investing in Fixed Income Securities, the Fund will be subject to credit risk (i.e. the Fund could lose money if the issuer or guarantor of a fixed income security is unable or unwilling to make timely principal and/or interest payments, or to otherwise honour its obligations). This is broadly gauged by the credit ratings of the securities in which the Fund invests. However, ratings are only the opinions of the agencies issuing them and are not absolute guarantees as to quality.

Not all government securities are backed by the full faith and credit of the relevant national government. Some are backed only be the credit of the issuing agency. Accordingly, there is at least a chance of default on these government securities in which the Fund may invest, either directly or indirectly, which may subject the Fund to additional credit risk.

*Counterparty Risk*

The ability of the Fund to maintain Net Asset Value will be dependent upon the ability and willingness of those whose obligations the Fund acquires to make payment on such obligations as they become due. In the event that any such obligor were to default on the obligations of the Fund's portfolio, its ability to sell, and potentially realise "distressed" obligation or to "salvage" value on, such obligations could be impaired.

For example, the Investment Manager may enter into Currency Forwards with other counterparties. Counterparty risk in such a scenario is the risk that the counterparty to the Currency Forward contract defaults on their obligation to sell a currency at a certain exchange rate on a certain date in the future. Counterparty risk in Currency Forwards is limited to the profit on the contract, not the notional value of the contract itself.

*Stocks Not Covered by Many Financial Analysts*

The Fund may invest in stocks that are not well-covered by financial analysts and be subject to the risk that such stocks receive either no coverage by financial analysts or coverage by only a few financial analysts; i.e. analysts that publish fundamental research on those stocks. The securities of stocks not covered by sell-side financial analysts generally trade in lower volumes and are subject to greater and more unpredictable price changes than stocks that are well-covered or the stock market as a whole.

*Small Capitalisation Companies*

As Japanese Orphan Companies are generally small capitalisation companies, investments in Japanese Orphan Companies, may involve greater risks such as markets and financial or managerial resources. Less frequently traded securities may be subject to more abrupt price movements than securities of larger capitalisation companies.

*Special Risk Consideration Regarding Investment in High Yield Fixed Income Securities*

Certain high yield Fixed Income Securities are speculative, involve comparatively greater risks than higher quality securities, including price volatility, and may be questionable as to principal and interest payments. The attention of the potential Investor is drawn to the type of high-risk investment that the Fund is authorised to make when it invests in high yield Fixed Income Securities. Compared to higher-rated securities, lower-rated high yield Fixed Income Securities generally tend to be more affected by economic and legislative developments and changes in the financial condition of their issuers, have a higher incidence of default, and be less liquid. The Fund may also invest in high yield Fixed Income Securities placed by emerging market issuers that may be subject to greater social, economic and political uncertainties or may be economically based on relatively few or closely interdependent industries.

3.8 **Dealing Information**

| Share Class | Initial Offer Price Per Share | Initial Offer Period* | Minimum Initial Subscription** | Minimum Subsequent Subscription** | Minimum Holding Amount** | Minimum Redemption Amount** |
|---|---|---|---|---|---|---|
| **Class A Shares** | Euro 1000 | 9.00am (Irish time) on 1 June 2022 to 5.00pm (Irish time) on 1 September 2022 | Euro 1000 | Euro 1000 | Euro 1000 | Euro 1000 |
| **Class AB Shares** | Euro 1000 | 9.00am (Irish time) on 1 June 2022 to 5.00pm (Irish time) on 1 September 2022 | Euro 1000 | Euro 1000 | Euro 1000 | Euro 1000 |
| **Class AC Shares** | Euro 1000 | 9.00am (Irish time) on 1 June 2022 to 5.00pm (Irish time) on 1 September 2022 | Euro 1000 | Euro 1000 | Euro 1000 | Euro 1000 |
| **Class ACP (GBP) Shares** | GBP 1000 | 9.00am (Irish time) on 1 June 2022 to 5.00pm (Irish time) on 1 September 2022 | GBP 1000 | GBP 1000 | GBP 1000 | GBP 1000 |
| **Class AF Shares** | Euro 1000 | 9.00am (Irish time) on 1 June 2022 to 5.00pm (Irish time) on 1 September 2022 | Euro 1000 | Euro 1000 | Euro 1000 | Euro 1000 |
| **Class AFP (GBP) Shares** | GBP 1000 | 9.00am (Irish time) on 1 June 2022 to | GBP 1000 | GBP 1000 | GBP 1000 | GBP 1000 |

| Share Class | Initial Offer Price Per Share | Initial Offer Period* | Minimum Initial Subscription** | Minimum Subsequent Subscription** | Minimum Holding Amount** | Minimum Redemption Amount** |
|---|---|---|---|---|---|---|
| | | 5.00pm (Irish time) on 1 September 2022 | | | | |
| **Class AD Shares** | Euro 1000 | 9.00am (Irish time) on 1 June 2022 to 5.00pm (Irish time) on 1 September 2022 | Euro 1000 | Euro 1000 | Euro 1000 | Euro 1000 |
| **Class ADP (GBP) Shares** | GBP 1000 | 9.00am (Irish time) on 1 June 2022 to 5.00pm (Irish time) on 1 September 2022 | GBP 1000 | GBP 1000 | GBP 1000 | GBP 1000 |
| **Class Q Shares** | Euro 1000 | 9.00am (Irish time) on 1 June 2022 to 5.00pm (Irish time) on 1 September 2022 | 1 Share | 1 Share | 1 Share | 1 Share |
| **Class I Shares** | Euro 1000 | 9.00am (Irish time) on 1 June 2022 to 5.00pm (Irish time) on 1 September 2022 | Euro 1000 | Euro 1000 | Euro 1000 | Euro 1000 |
| **Class IP (GBP) Shares** | GBP 1000 | 9.00am (Irish time) on 1 June 2022 to 5.00pm (Irish time) on 1 September 2022 | GBP 1000 | GBP 1000 | GBP 1000 | GBP 1000 |
| **Dealing Deadline for Subscriptions and Redemptions** | 1 p.m. (Irish time) on the Business Day preceding the relevant Dealing Day. | | | | | |
| **Valuation Point** | means the close of business in the relevant market where assets are listed or traded on the relevant Dealing Day by reference to which the Net Asset Value per Share of the Fund is determined provided such point will in no case precede the latest point at which subscription, repurchase or exchange applications may be accepted (or such other time as the Directors may determine from time to time and notify to Shareholders, provided that the Valuation Point is always after the relevant Dealing Deadline.) For Class Q Shares, the Dealing Day is equal to the trading day. | | | | | |

| Share Class | Initial Offer Price Per Share | Initial Offer Period* | Minimum Initial Subscription** | Minimum Subsequent Subscription** | Minimum Holding Amount** | Minimum Redemption Amount** |
|---|---|---|---|---|---|---|
| **Timing of Payment for Subscriptions** | Payment must be received by the Administrator by 5p.m. (Irish time) four clear Business Days after the relevant Dealing Day. Shares will be deemed to have been issued on the Business Day immediately following the relevant Dealing Day. | | | | | |
| **Timing of Payment for Redemptions** | Payment will typically be made within four clear Business Days after the relevant Dealing Day. Shares will be deemed to have been redeemed on the Business Day immediately following the relevant Dealing Day. | | | | | |

* The continuing initial offer period for any Class of Shares in the Fund which is available shall end as set out below, or such shorter or longer period for any Class as the Directors may in their discretion determine (the "**Initial Offer Period**"). Payment for subscriptions during the Initial Offer Period must be received by the Administrator prior to the close of the Initial Offer Period.

** Depending on the currency of denomination of Shares subscribed for.

3.9 **Fees and Expenses**

| Share Class | Sales Fee | Redemption Fee | Investment Manager's Fee | Performance Fee |
|---|---|---|---|---|
| **Class A Shares** | Up to 3% of the subscription proceeds of the Share class | Up to 2% of the redemption proceeds of the Share class. | 2.00% per annum of the Net Asset Value of the Share Class | 20.00% |
| **Class AB Shares** | Up to 3% of the subscription proceeds of the Share class | Up to 2% of the redemption proceeds of the Share class. | 1.50% per annum of the Net Asset Value of the Share Class | 20.00% |
| **Class AC Shares** | Up to 3% of the subscription proceeds of the Share class | Up to 2% of the redemption proceeds of the Share class. | 1.00% per annum of the Net Asset Value of the Share Class | 20.00% |
| **Class ACP (GBP) Shares** | Up to 3% of the subscription proceeds of the Share class | Up to 2% of the redemption proceeds of the Share class. | 1.00% per annum of the Net Asset Value of the Share Class | 20.00% |
| **Class AF Shares** | Up to 3% of the subscription proceeds of the Share class | Up to 2% of the redemption proceeds of the Share class. | 0.50% per annum of the Net Asset Value of the Share Class | 20.00% |
| **Class AFP (GBP) Shares** | Up to 3% of the subscription proceeds of the Share class | Up to 2% of the redemption proceeds of the Share class. | 0.50% per annum of the Net Asset Value of the Share Class | 20.00% |
| **Class AD Shares** | None | None | None | 20.00% |
| **Class ADP (GBP) Shares** | None | None | None | 20.00% |
| **Class Q Shares** | N/A | N/A | None | 20.00% |
| **Class I Shares** | None | None | None | 20.00% |

| | | | | |
|---|---|---|---|---|
| **Class IP (GBP) Shares** | None | None | None | 20.00% |
| **Manager's Fee** | The Manager shall be paid a fee out of the assets of the Fund, as may be agreed in writing between the parties from time to time, calculated and accrued on each Dealing Day and payable monthly in arrears, of an amount of up to 0.05% of the Net Asset Value of the Fund (plus VAT, if any), subject to an annual minimum fee comprising the higher of (i) up to €30,000 (plus VAT if any) per Fund; or (ii) a proportion of an annual fee payable in respect of the ICAV of up to €63,000 (plus VAT if any) as borne equally by each of the Funds together. The Manager is also entitled to receive out of the assets of the Fund reasonable and properly vouched expenses. | | | |
| **Fees payable to the Administrator and Depositary** | The Fund will be subject to an administration fee in relation to administration services provided by the Administrator to the Fund and to a depositary fee in relation to the services provided by the Depositary to the Fund. The fees payable to the Administrator and Depositary have fixed and variable elements dependent on assets under management and fund activity.<br>*Administrator*<br>The Administrator shall be entitled to receive an administration fee of up to 0.08% per annum of the Net Asset Value of the Fund. Such fees shall accrue monthly and be paid monthly in arrears and are subject to a minimum annual charge of €12,000 in the first year, €17,000 in the second year and €24,000 thereafter. The Administrator shall also be entitled to receive registration fees, transaction and other charges at normal commercial rates which shall accrue monthly and be paid monthly in arrears.<br>The Administrator shall also be entitled to be reimbursed by the Fund for all reasonable and vouched out-of-pocket expenses incurred by it for the benefit of the Fund in the performance of its duties under the administration agreement.<br>*Depositary*<br>The Depositary shall be entitled to receive out of the net assets of the Fund an annual depositary fee, accrued and calculated on each Valuation Point and payable monthly in arrears, at an annual rate of up to 0.05% per annum of the Net Asset Value of the Fund. Such fees are subject to a minimum annual charge of €12,000 in the first year and a fixed annual flat fee of €12,000 plus a variable fee of 0.05% thereafter. The Depositary's fees will include sub-custodian's fees.<br>The Depositary is also entitled to fees including securities transaction / settlement fees (which will be charged at normal commercial rates) and other vouched out-of-pocket expenses out of the assets of the Fund (plus VAT thereon, if any). | | | |
| **Fees in Underlying Funds** | The Fund has the ability to invest in Underlying Funds. As an investor in the Fund, in addition to the fees, costs and expenses payable as a Shareholder in the Fund, each Shareholder may also indirectly bear a portion of the fees, costs and expenses of the Underlying Funds, including management, investment management, administration and other expenses. Details of the fees charged by Underlying Funds in which the Fund invests for the period covered by the relevant report will be included in the annual and semi-annual accounts. | | | |
| **Other Fees and Expenses** | The Fund shall bear its attributable proportion of the establishment, organisational and operating expenses of the ICAV. Details of these and of other fees and expenses are set out in the Prospectus in the section entitled "**Fees and Expenses**". | | | |

**Performance Fee**

In addition to the Investment Management Fee, the Investment Manager is entitled to a performance fee (the "**Performance Fee**") in relation to each class of Shares of the Fund. The Performance Fee will be paid out of the net assets attributable to the relevant Class of Shares. The Performance Fee shall be calculated and shall accrue at each Valuation Point and the accrual will be reflected in the Net Asset Value per Share of the relevant Class of Shares. The first Performance Fee period will begin at the end of the Initial Offer Period of the relevant Class of Shares and end on 31 December 2023. Subsequent Performance Fee periods shall be calculated in respect of each period of twelve months beginning on 1 January and ending on the following 31 December (the "**Crystallisation Period**").

The Performance Fee will be paid annually in arrears as soon as practicable after the close of business on the Business Day following the end of the relevant Crystallisation Period.

The Performance Fee (detailed in the above table) is equal to a percentage of the appreciation (realised and unrealised) of the Net Asset Value per Share of the relevant Class of Shares during each calendar year in excess of a high water mark of the greater of (i) the Initial Offer Price and (ii) the highest Net Asset Value per Share of the relevant Class in effect immediately after the end of the previous Crystallisation Period in respect of which a Performance Fee (other than a Performance Fee on a redemption of Shares) was charged, multiplied by the weighted average number of Shares of the relevant class in issue during the Crystallisation Period. The Performance Fee with respect to a class of Shares will be deemed to accrue on a daily basis as at each Valuation Point.

The Performance Fee, if any, is calculated and payable by the ICAV to the Investment Manager on an annual basis as at the last Business Day of December in each calendar year. If a Share is redeemed during the Crystallisation Period, a separate Performance Fee for that Share will be calculated by the Administrator and verified by a competent person appointed by the Manager and approved for the purpose by the Depositary and will become payable as if the Dealing Day on which that Share is redeemed were the end of the Crystallisation Period. The Performance Fee accrual will be adjusted to account for any Performance Fees which crystallised on redemptions.

The first Crystallisation Period is the period commencing on the Business Day immediately following the end of the Initial Offer Period for a Class of Shares and ending on the last Business Day of that Crystallisation Period. The Initial Offer Price will be taken as the starting price for the first Crystallisation Period.

The Performance Fee is normally payable to the Investment Manager in arrears within 14 calendar days of the end of each Crystallisation Period. However, in the case of Shares redeemed during a Crystallisation Period, the accrued Performance Fee in respect of those Shares will be payable within 14 calendar days after the date of redemption.

All fees and expenses (except the Performance Fee for the relevant Crystallisation Period) are deducted prior to calculating the Performance Fee. The accrued Performance Fee will be calculated at each Dealing Day and deducted in arriving at the Net Asset Value of the relevant class of Shares. The Investment Manager may from time to time at its sole discretion and out of its own resources decide to rebate to financial intermediaries involved in the distribution and/or placing of the Shares part or all of its Performance Fee (net of VAT, if applicable). Any such rebates may (at the discretion of the Investment Manager) be paid in cash.

It should be noted that as the Net Asset Value may differ between classes, separate Performance Fee calculations will be carried out for separate classes within the Fund which may therefore become subject to different amounts of Performance Fee.

The Performance Fee payable with respect to a class of Shares is calculated on a cumulative basis and is not payable until all prior net losses (i.e. underperformance versus the previous highest NAV per Share on which a Performance Fee was paid) with respect to such class are recouped. The Performance Fee is based on net realised and unrealised gain and losses as at the end of each Crystallisation Period and as a result Performance Fees may be paid on unrealised gain which may subsequently never be realised.

The Performance Fee is calculated by the Administrator and verified by the Depositary and is not open to the possibility of manipulation.

An illustrative example of how the Performance Fee model operates is set out below:

| HIGH WATER MARK (A) | NAV AT THE VALUATION POINT (B) | PERFORMANCE FEE (C) |
|---|---|---|
| 1000 | 1500 | 20% |

- Previous high water mark (price of one Share of the relevant Share class) = 1000 (A)
- Value of one Share of the Share class at the Valuation Point = 1500 (B)
- Increase in the value of one Share of the Share class above the high water mark = 50%
- Performance Fee = 20% (C)
- Performance Fee payable per Share = (B - A) x C = 100

A Performance Fee shall not be payable in periods of negative performance.