

## ARGA EUROPEAN EQUITY FUND

### Supplement to the Prospectus dated 2 December 2024 for Skyline Umbrella Fund ICAV

This Supplement contains specific information in relation to the ARGA European Equity Fund (the "**Fund**"), a sub-fund of Skyline Umbrella Fund ICAV (the "**ICAV**") an umbrella type Irish collective asset-management vehicle with segregated liability between sub-funds governed by the laws of Ireland and authorised by the Central Bank of Ireland (the "**Central Bank**").

**This Supplement forms part of, may not be distributed unless accompanied by (other than to prior recipients of) the Prospectus of the ICAV dated 9 March 2021, Addendum to the Prospectus dated 14 December 2021, Second Addendum to the Prospectus dated 30 November 2022, the Third Addendum to the Prospectus dated 15 February 2024 and the Existing Fund Supplement dated 6 August 2024 as may be amended or updated from time to time (together the "Prospectus"), and must be read in conjunction with, the Prospectus.**

The Directors of the ICAV, whose names appear in the "Directors of the ICAV" section 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) such information is in accordance with the facts and does not omit anything likely to affect the import of such information. The Directors accept responsibility accordingly.

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

Dated: 2 December 2024

## **IMPORTANT INFORMATION**

**THIS DOCUMENT IS IMPORTANT. BEFORE YOU PURCHASE ANY OF THE SHARES REPRESENTING INTERESTS IN THE FUND DESCRIBED IN THIS SUPPLEMENT YOU SHOULD ENSURE THAT YOU FULLY UNDERSTAND THE NATURE OF SUCH AN INVESTMENT, 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.**

### **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.

See the section headed "Risk Factors" in this Supplement and in the Prospectus for a discussion of certain risks that should be considered by you.

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

**In cases where the Fund has a performance-based fee, the Performance Fee payable in respect of the Fund is based on net realised and net unrealised gains and losses as at the end of each Performance Period and as a result, performance fees may be paid on unrealised gains which may subsequently never be realised.**

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.

### **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 ICAV and provides general information about offers of shares in the ICAV. 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.

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

Distribution of this Supplement is not authorised unless accompanied by a copy of the Prospectus (other than to prior recipients of the Prospectus). 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. 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 as well as any other requisite governmental or other consents or formalities which might be relevant to your purchase, holding or disposal of the Shares.

### **For prospective investors in Australia**

The Offer contained in this document is an invitation to apply for admission as a member in the Fund and is available only to wholesale clients (within the meaning of section 761G of the Corporations Act). Requirements relating to Product Disclosure Statements ("**PDS**") in the Corporations Act do not apply

to this Offer. The Fund is not a registered managed investment scheme and this Supplement is not a PDS within the meaning of the Corporations Act.

Accordingly, this Supplement does not contain the same level of disclosure required for registered managed investment schemes issuing PDS' and is prepared on the basis that it does not purport to contain all of the information that you may require to make an informed decision as to whether to invest in the Fund or not.

This document is not required to be lodged with the Australian Securities & Investments Commission ("**ASIC**") nor does it have the authorisation or approval of ASIC. This Supplement has been prepared for use only by "wholesale client" Investors and only "wholesale client" Investors may participate in the opportunity to invest in the Fund.

This Supplement is provided to each Investor on the following conditions:

- this Supplement is strictly confidential and is for the sole use of prospective investors in the Fund and their advisers. It must not be provided to any other party without the written consent of the ICAV, which may be withheld in its absolute discretion;
- the Investor is a "wholesale client" (within the meaning of section 761G of the Corporations Act); and
- there is no cooling off right for Investors.

#### **For prospective investors in New Zealand**

This Supplement is not a registered prospectus or investment statement under the Securities Act 1978. The only New Zealand-based investors who are eligible to invest in the Fund and to whom the offer contained in this Supplement is made are investors whose principal business is the investment of money; investors who, in the course of and for the purpose of their business, habitually invest money; investors who subscribe for a minimum of NZ\$500,000 worth of Shares; eligible persons within the meaning of section 5(2CC) of the Securities Act 1978; and investors who are otherwise not regarded by the Securities Act 1978 as members of the New Zealand public for the purposes of the offer of Shares contained in this Supplement. This Supplement is not intended as an offer for sale or subscription to the public in New Zealand in terms of the Securities Act 1978. New Zealand residents should seek their own legal and tax advice as to the implications of investing in the Shares.

## **Investment Objective and Policies**

### **Investment Objective:**

The Fund's investment objective is to generate long-term returns as set out below.

There is no guarantee or assurance that the investment objective of the Fund will actually be achieved.

### **Investment Policies:**

The Fund aims to achieve this investment objective by investing primarily in equity and equity linked securities of European issuers (such as debentures, notes or preferred stock) that are traded on exchanges or recognised markets or over the counter, in both European developed and European emerging markets. The Fund may also invest in issuers that have a significant exposure to Europe and may be located in any part of the world. The securities may be denominated in any currency, including multinational currencies such as the Euro. The Fund may invest in European issuers through depositary receipts.

The Fund may also invest in stocks purchased in underwritten initial public offerings of equity securities ("**New Issues**"), in situations when such issuers satisfy the Fund's Investment Manager's (as defined below under "**Investment Manager**") investment criteria as set out in the Investment Process section below. Equity securities issued in New Issues are subject to certain investment restrictions imposed by the Financial Industry Regulatory Authority ("**FINRA**").

The Investment Manager generally seeks diversification rather than concentration by industry, country or currency when stocks are similarly valued. However, where market conditions require, the Fund may have significant concentration in a particular industry, country or currency within the limits set out below. The Investment Manager does not expect investments in any single industry to exceed 25% of the Net Asset Value of the Fund at time of investment and if concentration in an industry grows to 35% of the Net Asset Value of the Fund, the Investment Manager will reduce the positions in the industry to 35% or less as soon as is reasonably practical. The Fund may invest up to 25% of the Net Asset Value of the Fund in European emerging markets. The Fund may invest up to 10% of the Net Asset Value in equity securities traded on Russian markets. All such instruments shall be listed and/or traded on the MICEX.

The Fund will not invest directly in real estate but may invest up to 10% of the Net Asset Value in pooled real estate investment vehicles such as real estate investment trusts.

For short-term cash management and defensive investment purposes, the Fund may invest in cash and/or investment grade money market instruments (including interest bearing accounts) with maturities up to one year. For temporary defensive purposes, there will be no limit on investments in U.S. Dollar obligations issued or guaranteed by the U.S. government or its agencies.

All instruments shall be traded on exchanges or recognised markets or over the counter.

The Investment Manager will actively monitor each of the Fund's positions to ensure that Fund complies with the investment restrictions.

### **Investment Process**

The Investment Manager selects securities of undervalued businesses based on extensive research into their risk versus reward. The Investment Manager first uses a quantitative screen to filter the broad European markets to identify issuers that generally have a minimum capitalization of greater than US\$1 billion at the time of initial purchase and sufficient investible liquidity. The quantitative screen will then rank these issuers by considering valuation and earnings yield. These value metrics help to identify statistically inexpensive issuers within the investment universe. The Investment Manager then focuses further research on the issuers which generally fall within the top 20% of these rankings.

The Investment Manager then generally conducts analyses on the issuers which fall within the top 20% to determine the following information:

- at least five years of explicit income statement, balance sheet and cash flow forecasts which reflect the operational expertise of management, capital structure and other factors;
- normalised earnings power and growth rate estimates;

- potential environmental, social and governance risks such as the issuers' emission policies, energy use, waste management, workforce policies and corporate governance practices; and
- issuer specific discount rate estimates.

Using this analysis, the Investment Manager then determines the intrinsic value for each issuer being researched. The Investment Manager reviews the percentage difference between the securities' intrinsic value, being the value of such securities (based on the Investment Manager's analysis), and the actual value the securities are trading at (the "upside").

The Investment Manager also performs stress tests on the intrinsic value of such securities. The percentage difference between the intrinsic value of the securities in the stress test scenario and the actual value the securities are trading at is termed the "downside".

A security may be bought if the security in question has a superior risk to reward profile ("upside" vs. "downside") versus other securities in the investment universe.

A security may be sold if the Investment Manager identifies another security with a superior risk to reward profile ("upside" vs. "downside") or if the fundamentals of the security change for the worse.

### **Promotion of E/S Characteristics and Sustainable Investments**

The Investment Manager's approach integrates environmental, social and governance ("ESG") considerations in investment decisions and, as such, discloses information in accordance with Article 8 of Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector ("SFDR").

ESG factors are flagged during the research process. The Investment Manager has developed a global ESG scoring framework which is used to identify potential ESG risks at the initial stages of company research. The framework scores issuers vs global sector peers on 13 Environmental, Social and Governance metrics, aggregated from a larger compilation of ESG data points. These 13 metrics are:

- Environmental metrics: resource intensity, waste management, emissions, environmental impact;
- Social metrics: employee retention, employee diversity, employee safety, community;
- Governance metrics: supply chain, operations management, customer management, employee policies, board independence & diversity.

These metrics have been deemed by the Investment Manager as key for ESG analysis.

The Investment Manager is committed to maximizing client returns through responsible investing and incorporates ESG characteristics into its investment process. The Investment Manager believes that ESG issues create risks and opportunities for the issuers in which the Fund invests, and that viewing ESG as a natural extension of value investing allows them to apply their value process across diverse and challenging environments.

### **Climate Change Mitigation**

The Fund has an ESG driven target of seeking to invest in securities of issuers that promote climate change mitigation. The Investment Manager defines climate mitigation practices as including but not limited to: adoption of clear climate mitigation policies, or climate mitigation targets, commitment and financial ability to deploy capital expenditure ("CapEx") to enable substantial reduction of climate change effects. The Investment Manager also considers companies that generate revenue from products that enable a significant reduction in adverse effects of climate change.

Further detail in relation to the Investment Manager's engagement with companies on climate mitigation practices and social and corporate governance assessment can be found in the Fund's Pre-Contractual Disclosures Annex prepared in accordance with the Commission Delegated Regulation of 6 April 2022 supplementing Regulation (EU) 2019/2088 ("**SFDR Level 2**") at Appendix 2 of this Supplement under the heading "*What environmental and/or social characteristics are promoted by this financial product?*".

### **Other Environmental and/or Social Characteristics**

#### *(i) E/S Characteristics*

Additionally, the Fund will target a minimum 35% asset allocation to issuers that have the following environmental and social characteristics:

- Scope 1&2 emissions and/or carbon intensity metrics more favorable than sector peers (the weighted average of corresponding MSCI ACWI sector holdings' metrics, as defined by GICS, is considered for comparison);
- Environmental targets such as emission reduction and net zero targets;
- Environmental policies that address climate change mitigation; and
- Social policies such as human rights policy, policy against child labour, health and safety policy.

#### *(ii) Exclusions*

In order to achieve the Fund's environmental and/or social characteristics, the Investment Manager ensures that the following criteria are binding for the selection of the investments promoted by the Fund:

- Not invest in tobacco issuers as defined by MSCI GICS Industry Classification (Number 302030 – Tobacco Industry);
- Not invest in issuers that derive more than 35% of revenues from thermal coal production and mining of thermal coal;
- Not invest in issuers that derive more than 50% of revenues from oil sands exploration;
- Not invest in issuers the Investment Manager deems to be in violation of the Anti-Personnel Mine Ban Convention (APMBC, also known as the Ottawa Convention) and the Convention on Cluster Munitions (CCM, also known as the Oslo Convention);
- Limit investments to no more than circa 20%, in issuers that derive more than 50% of revenues from fossil fuel exploration which do not have clear targets for considerable climate mitigation; and
- Limit investments in issuers that derive more than 20% of revenues from controversial weapons and without clear targets for considerable reduction.

The Fund does not use a reference benchmark to attain its environmental or social characteristics.

### **Sustainable Investments**

Firstly, in determining whether investments qualify as 'sustainable investments', the following criteria must be met:

- Scope 1&2 emissions and/or carbon intensity metrics more favorable than sector peers (the weighted average of corresponding MSCI ACWI sector holdings' metrics, as defined by GICS, is considered for comparison).
- Availability of environmental targets and policies that promote climate change mitigation practices.

- An Environmental score above sector peers, as per the Investment Manager’s global ESG scoring framework described above. The Environmental score is a weighted average of several underlying scores and metrics:
  - Resource Intensity score which is assessed by looking at metrics including: energy usage, energy efficiency targets, renewable energy, water efficiency targets, water usage, water recycling, paper usage;
  - Waste Management score which is assessed by looking at metrics including: waste reduction policy, waste generation, waste recycling, hazardous waste;
  - Emissions score which is assessed by looking at metrics including: emission disclosure, emission levels, emission reduction plans; and
  - Environmental Impact score which is assessed by looking at metrics including: environmental policy, biodiversity loss, environmental disclosure, environmental compliance, environmental impact.
- Companies that derive a portion of turnover or CapEx/operating expenses (“OpEx”) from EU Taxonomy eligible activities, in line with guidance in the Delegated Act (2021/2178/EU).
- Companies that do not have a “High” Do No Significant Harm (DNSH) score as per the Clarity AI\* risk assessment.

The Investment Manager prepares Principle Adverse Indicator (“PAI”) Reports for the Fund and actively monitors several PAIs at company level, as part of its sustainability research. Examples include: GHG emissions, carbon footprint, emissions to water, share of renewable vs non-renewable energy consumption, board gender diversity. Where possible, these metrics are compared to sector peers. If a company has worse values than peers for particular PAI indicators, the Investment Manager may engage with companies as appropriate and/or may reflect this in company expected valuation and any ensuing portfolio construction decisions.

\* The Investment Manager has engaged the services of Clarity AI, a third party ESG data provider that provides tailored SFDR and EU Taxonomy reporting, to further support with analysis.

### **Other Indicators (ESG Scoring Framework)**

The Investment Manager also uses its global ESG scoring framework to identify potential ESG risks at the initial stages of company research and to assess a company’s environmental and social characteristics. The framework scores issuers vs global sector peers on 13 Environmental, Social and Governance metrics, aggregated from a larger compilation of ESG data points. These 13 metrics are:

- Environmental metrics: resource intensity, waste management, emissions, environmental impact;
- Social metrics: employee retention, employee diversity, employee safety, community;
- Governance metrics: supply chain, operations management, customer management, employee policies, board independence & diversity.

Further detail in relation to the Fund’s approach to sustainable investing can be found in the Fund's Pre-Contractual Disclosures Annex at Appendix 2 of this Supplement.

### **Integration of Sustainability Risks**

For the purposes of SFDR, the Fund is required to disclose the manner in which sustainability risks are integrated into the investment decision of the Fund and the results of the assessment of the likely impacts of sustainability risks on the returns of the Fund.

Such risks are principally linked to climate-related events resulting from climate change (the so-called physical risks) or to the society's response to climate change (the so-called transition risks), which may result in unanticipated losses that could affect the Fund's investments and financial condition. Social events (e.g. inequality, inclusiveness, labour relations, investment in human capital, accident prevention, changing customer behaviour, etc.) or governance shortcomings (e.g. recurrent significant breach of international agreements, bribery issues, products quality and safety, selling practices, etc.) may also translate into sustainability risks.

The Investment Manager integrates sustainability factors into its investment decision making. The Investment Manager believes that sustainability factors, like other factors, may impact the assessment of company valuations in the Fund. Where the impact of sustainability factors is deemed material and quantifiable on a company's long-term earnings, the Investment Manager will integrate that impact in its long-term forecasts and thereby into its portfolio decision making process.

### **Benchmark**

The Fund is managed in reference to MSCI Europe Index (Net) USD (the "**Benchmark**"). The Fund's performance is compared to the Benchmark in marketing materials and the performance fee for the Fund is calculated based on the Benchmark, as disclosed under the heading "Performance Fee" below. The Fund's investment policy is not constrained and the degree of deviation from the Benchmark may be significant.

The Fund is considered a user of a benchmark in accordance with Regulation (EU) 2016/1011 (the "Benchmark Regulation"). As at the date of this Supplement, the administrator of the Benchmark is included on the register referred to in Article 36 of the Benchmark Regulation. The index provider complies with the requirements of the Benchmark Regulation. Please refer to the section entitled "EU Benchmark Regulation" in the Prospectus for further detail.

### **Investment Restrictions**

The Fund shall:

- not invest more than 8% of its Net Asset Value in securities of any one issuer at time of investment and 10% of its Net Asset Value in the securities of any one issuer at market value;
- not invest more than 60% of its Net Asset Value in securities or FDIs where the underlying securities are in any one individual country;
- not acquire any shares carrying voting rights which would enable it to exercise significant influence over the management of an issuing body;
- not invest directly in real estate or indirectly in physical commodities; and
- not invest more than 10 per cent of its Net Asset Value in other UCITS or other open or closed ended collective investment schemes.

If the above limits are exceeded for reasons beyond the control of the Investment Manager, or as a result of the exercise of subscription rights, the Investment Manager must adopt as a priority objective for its sales transactions the remedying of that situation, taking due account of the interests of Shareholders.

In addition, the general investment restrictions set out under the heading "Funds - Investment Restrictions" in the Prospectus shall apply.

### **Efficient Portfolio Management ("EPM")**

The Fund will not utilise techniques and instruments for efficient portfolio management purposes.

### **Collateral Policy**

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



## **Borrowings**

The ICAV may not, except for temporary liquidity purposes, directly borrow any monies. Any temporary borrowings must be in accordance with the general provisions set out in the Prospectus under the heading "Funds – Borrowing and Lending Powers".

## Risk Factors

The general risk factors are set out in the Prospectus under the heading "RISK FACTORS". In addition, the following risk factors apply to the Fund:

- i. This Fund is not capital protected nor is it guaranteed. There is no assurance that the investment objective of the Fund will be achieved.
- ii. *Segregation of Liability* - The Fund is a sub-fund of the ICAV. The sub-funds of the ICAV 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 ICAV 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. As at the date of this Supplement, the Directors are not aware of any existing or contingent liability of any Fund of the ICAV.
- iii. *Achievement of Investment Objective* - There can be no assurance that the Fund will achieve its investment objectives. The value of Shares and the income therefrom may rise or fall as the capital value of the securities in which the Fund invests may fluctuate. The investment income of the Fund is based on equity dividend payments less expenses incurred. Therefore the Fund's investment may be expected to fluctuate in response to changes in such income or expenses.
- iv. *Key Personnel* - The Investment Manager generally is dependent on the services of a small number of key personnel. The loss of a key person's services could have a substantial adverse impact on the performance of assets managed by the Investment Manager, and/or make it impossible for the Investment Manager to continue to manage assets for the Fund.
- v. *Redemption of Capital* - Substantial redemptions by investors within a short period of time could require the Fund to liquidate securities positions more rapidly than would otherwise be desirable, possibly reducing the value of the Fund's assets and/or disrupting the Fund's investment strategy. Reduction in the size of the Fund could make it more difficult to generate a positive return or to recoup losses due to, among other things, reductions in the Fund's ability to take advantage of particular investment opportunities or decreases in the ratio of its income to its expenses.
- vi. *Conflicts of Interest* - The Investment Manager will be subject to a variety of conflicts of interest in making investments on behalf of the Fund. Please refer to section entitled "Conflicts of Interest" in the Prospectus for further details.
- vii. *Institutional Risk* - The institutions, including brokerage firms and banks, with which the Fund does business, to which securities have been entrusted for custodial purposes, and/or to which securities have been loaned as part of a securities loan transaction, may encounter financial difficulties that impair the operational capabilities or the capital position of the Fund (including, but not limited to, impairment resulting from the loss of, or a delay in the recovery of, the portfolio securities or other assets of the Fund). The Fund generally attempts to limit its transactions to well-capitalized and established banks, brokerage firms and other institutions in an effort to mitigate such risks. Fund assets are held in accounts at one or more financial institutions, as the Investment Manager may from time to time select.
- viii. *Performance Fee* - The Performance Fee to the Investment Manager may create an incentive for the Investment Manager to cause the Fund to make investments that are riskier or more speculative than would be the case if the Performance Fee was not paid. The Performance Fee (as well as the Investment Management Fee) was set by the Investment Manager without negotiations with any third party. Since the Performance Fee is calculated on a basis which includes unrealised appreciation of the Fund's assets, such allocation may be greater than if it were based solely on realised gains.
- ix. *No Assurance of Profit, Cash Distribution or Appreciation* - It is uncertain as to when profits, if any, will be realised. Losses on unsuccessful investments may be realised before realisation of gains on successful investments. There may be no current return on the investments for an extended period of time. The Directors have no current intention to pay any dividends to the Shareholders. There is no assurance that the Fund will make distributions to cover the Shareholders' estimated tax liability resulting from their interest in the Fund or that any other distributions will be made to the Shareholders.

- x. *Investment Expenses* - The investment expenses (e.g., expenses related to the investment and custody of the Fund's assets, such as brokerage commissions, custodial fees and other trading and investment charges and fees) as well as other Fund fees (e.g., Investment Management Fees and operating expenses) may, in the aggregate, constitute a high percentage relative to other investment entities. The Fund will bear these costs regardless of its profitability.
- xi. *Risk of Investments in Securities Generally* - All securities investments risk the loss of capital. No guarantee or representation is made that the Fund's investment policy will be successful. As is true of any investment, there is a risk that an investment in the Fund will be lost entirely or in part. The Fund should represent only a portion of an investor's portfolio management strategy. The Fund's investment policy may at times involve, without limitation, risks associated with limited diversification, interest rates, currencies, volatility, credit deterioration or default risks, counterparty default risks, systems risks and other risks inherent in the Fund's activities. Certain investment techniques of the Fund can, in certain circumstances, magnify the impact of adverse market moves to which the Fund may be subject. In addition, the Fund's investments in securities and other investments may be materially affected by conditions in the financial markets and overall economic conditions occurring globally and in particular countries or markets where the Fund may invest its capital. The Fund's methods of minimising such risks may not accurately predict future risk exposures. Risk management techniques are based in part on the observation of historical market behaviour, which may not predict market divergences that are larger than historical indicators. Information used to manage risks may not be accurate, complete or current, and such information may be misinterpreted. Further, the Investment Manager may apply such risk management techniques on a selective or other periodic basis rather than at all times.
- xii. *Equity Risks* - The Fund will invest primarily in equity and equity linked securities. The value of these securities generally will vary with the performance of the issuer and movements in the equity markets. To the extent the Fund invests in private placement activities, the Fund will be exposed to risks that issuers will not fulfil their contractual obligations to the Fund, such as delivering marketable common stock upon conversions of convertible securities and registering restricted securities for public resale. The Fund may invest in small cap issuers. The securities for issuers with smaller capitalisation may involve more risk and their prices may be subject to more volatility.
- xiii. *Value Investment Risks* - The Investment Manager focuses the Fund's investment strategy on issuers that it believes are undervalued or inexpensive versus other securities or investments. These stocks present risks that are in addition to general equity risks outlined above. When estimating the value of an issuer, the Investment Manager makes assumptions about the fundamentals of the issuer which may be subject to errors in estimation or may be simply proven wrong. Value stocks may also be out of favour for significant periods of time during which investors may prefer to invest in "growth" stocks or other thematic investments, such as the internet or commodities that do not appear undervalued to the Investment Manager. Sticking to a strict value discipline during such periods may lead to significant underperformance of the Investment Manager versus any equity market indices or other investments, particularly those that employ a growth strategy or are opportunistic and flexible in their investment strategies.
- xiv. *General Economic and Market Conditions* - The success of the Fund's activities will be affected by general economic and market conditions, such as interest rates, availability of credit, inflation rates, economic uncertainty, changes in laws (including laws relating to taxation of the Fund's investments), and national and international political circumstances (including wars, terrorist acts or security operations). These factors may affect the level and volatility of securities prices and the liquidity of the Fund's investments. Volatility or illiquidity could impair the Fund's profitability or result in losses. The Fund may maintain substantial trading positions that can be adversely affected by the level of volatility in the financial markets.
- xv. *Brexit risks: The Fund may face potential risks associated with the referendum on the United Kingdom's continued membership of the European Union (the "EU"), which took place on June 23, 2016 and which resulted in a vote for the United Kingdom to leave the EU. Where applicable, that decision to leave could materially and adversely affect the regulatory regime, particularly in respect of financial services regulation and taxation. Furthermore, the vote to leave the EU may result in substantial volatility in foreign exchange markets and may lead to a sustained weakness in the British pound's exchange rate against the United States dollar, the euro and other currencies which may have a material adverse effect on the Fund. The vote for the United Kingdom to leave the EU may set in train a sustained period of uncertainty, as the United*

*Kingdom seeks to negotiate the terms of its exit. It may also destabilize some or all of the other 27 members of the EU and/or the Eurozone. There may be detrimental implications for the value of certain of the Fund's investments, its ability to enter into transactions, to value or realise certain of its investments or otherwise to implement its investment policy. This may be due to, among other things, increased uncertainty and volatility in United Kingdom, EU and other financial markets, fluctuations in asset values, fluctuations in exchange rates, increased illiquidity of investments located, traded or listed within the United Kingdom, the EU or elsewhere, changes in the willingness or ability of financial and other counterparties to enter into transactions, or the price and terms on which they are prepared to transact; and/or changes in legal and regulatory regimes to which the Fund and/or certain of the Fund's assets are or become subject to.*

- xvi. *Nature of Investments in Event Driven Situations* - A portion of the Fund's portfolio may, at certain times, include securities of: (i) issuers in financial distress or undergoing a turnaround; (ii) issuers in bankruptcy, reorganisation or liquidation; (iii) issuers that are undervalued because of discrete extraordinary events; or (iv) securities of issuers the Investment Manager deems to be undervalued. In addition, the Fund may invest in securities of issuers that are engaging, or which have recently been engaged, in extraordinary transactions and other special situations ("Event Driven Situations"). Investing in Event Driven Situations entails discovering value by analysing issuers experiencing corporate change. These situations include investing in issuers that are likely to become the subject of a takeover, merger, exchange offer, rights offering, restructuring, liquidation, spinoff or any other extraordinary event that increases the value of the issuers' securities. Investments in Event Driven Situations typically will entail a higher degree of risk than investments in issuers that are not engaging in or have recently engaged in Event Driven Situations. If an evaluation of the anticipated outcome of an Event Driven Situation should prove incorrect, the Fund could experience losses. The uncertainties inherent in evaluating such investments may be increased by legal and practical considerations which limit the access of the Investment Manager to reliable and timely information concerning material developments affecting an investment.
- xvii. *Investment in Corporations and Governments based in European Emerging Markets* - The Fund may invest in financial instruments of European emerging market countries' corporations and governments. Investing in the financial instruments of issuers (and, from time to time, governments) in European emerging market countries involves certain considerations not usually associated with investing in financial instruments of developed markets or developed market governments, including political and economic considerations, such as greater risks of expropriation, nationalisation, confiscatory taxation, limitations on the removal of assets and general social, political and economic instability; the relatively small size of the securities markets in such countries and the low volume of trading, resulting in potential lack of liquidity and in price volatility; the evolving and unsophisticated laws and regulations applicable to the securities and financial services industries of certain countries; fluctuations in the rate of exchange between currencies and costs associated with currency conversion; and certain government policies that may restrict the Fund's investment opportunities. In addition, accounting and financial reporting standards that prevail outside of developed countries often are not as high as developed countries' standards and, consequently, less information is typically available concerning issuers located in emerging markets than for those located in developed markets. As a result, the Fund may be unable to structure its transactions to achieve the intended results or to mitigate all risks associated with such markets. It may also be difficult to enforce the Fund's rights in such markets.
- xviii. *European Emerging Markets* - Investment in European emerging market securities involves a greater degree of risk than investment in securities of issuers based in European developed countries. Among other things, European emerging market securities investments may carry the risks of less publicly available information, more volatile markets, less strict securities market regulation, less favourable tax provisions, and a greater likelihood of severe inflation, unstable currency, war and/or expropriation of personal property than investments in securities of issuers based in European developed countries. In addition, investment opportunities in certain European emerging markets may be restricted by legal limits on foreign investment in local securities.

European emerging markets generally are not as efficient as those in European developed countries. In some cases, a market for a security may not exist locally, and transactions will need to be made on a neighbouring exchange. Volume and liquidity levels in European emerging

markets are lower than in European developed countries. When seeking to sell European emerging market securities, little or no market may exist for such securities. In addition, issuers based in European emerging markets are not generally subject to uniform accounting and financial reporting standards, practices and requirements comparable to those applicable to issuers based in European developed countries, thereby potentially increasing the risk of fraud or other deceptive practices. Furthermore, the quality and reliability of official data published by the governments or securities exchanges in European emerging markets may not accurately reflect the actual circumstances being reported.

The issuers of some European emerging market securities, such as banks and other financial institutions, may be subject to less stringent regulations than would be the case for issuers in European developed countries and, therefore, potentially carry greater risks. Custodial expenses and transaction costs for a portfolio of European emerging markets securities generally are higher than for a portfolio of securities of issuers based in European developed countries.

- xix. *Custody Risk*: Local depository services remain underdeveloped in many emerging market countries and there is a transaction and depository risk involved in dealing in such markets. In certain circumstances a Fund may not be able to recover or may encounter delays in the recovery of some of its assets. Such circumstances may include uncertainty relating to, or the retroactive application of legislation, the imposition of exchange controls or improper registration of title. In some emerging market countries evidence of title to shares is maintained in “book-entry” form by an independent registrar who may not be subject to effective government supervision, which increases the risk of the registration of a Fund’s holdings of shares in such markets being lost through fraud, negligence or mere oversight on the part of such independent registrars. The costs borne by a Fund in investing and holding investments in such markets will generally be higher than in organised securities markets.
- xx. *Depository Receipts* - The Fund may invest in non-U.S. issuers through the purchase of depository receipts, which are negotiable certificates that represent a security, usually in the form of equity, which is issued by a foreign publicly listed issuer. Depository receipts are used to reduce administration and duty costs that would otherwise be levied on each transaction. However, depository receipts do not eliminate foreign exchange risk for the Fund with respect to the investment in the non-U.S. issuer, and the Fund will not be the direct owner of the security or securities represented by the depository receipts.
- xxi. *Counterparty Risk* - The Fund may effect transactions through OTC or “interdealer” markets. The participants in such markets are typically not subject to credit evaluation and regulatory oversight as are members of “exchange based” markets. The Fund may also enter into other contract and arrangements that expose the Fund to the creditworthiness and performance of one or more counterparties. This exposes the Fund to the risk that a counterparty will not settle a transaction in accordance with its terms and conditions because of a dispute over the terms of the contract (whether or not bona fide) or because of a credit or liquidity problem, thus causing the Fund to suffer a loss. Such “counterparty risk” is accentuated for contracts with longer maturities where events may intervene to prevent settlement, or where the Fund has concentrated its transactions with a single or small group of counterparties. The Fund is not restricted from dealing with any particular counterparty or from concentrating any or all of its transactions with one counterparty. Although the Fund intends to enter into transactions only with counterparties that the Investment Manager believes to be creditworthy and will attempt to reduce its exposure by obtaining collateral in appropriate cases, there can be no assurance that a counterparty will not default and that the Fund will not sustain a loss on a transaction as a result. In addition, concentration of transactions with a limited number of counterparties could increase the potential for losses by the Fund. The ability of the Fund to transact business with any one or number of counterparties, the lack of any meaningful and independent evaluation of such counterparties’ financial capabilities and the absence of a regulated market to facilitate settlement may increase the potential for losses by the Fund.

The assets of the Fund may be held by non-United States brokers or any other entities or counterparties of the Fund (including, but not limited to, sub-custodians). Such assets of the Fund may be available to the creditors of those non-United States brokers, entities and counterparties. These relationships expose the Fund to credit risks and involve the risk that the counterparties may become insolvent.

Because securities of the Fund held by broker-dealers are generally not held in the Fund’s name,

a failure of a broker-dealer may have a greater adverse impact on the Fund than if such securities were registered in the Fund's name.

- xxii. *Volatility Risk.* The Fund's investment program may involve the purchase and sale of derivatives, which are frequently valued based on implied volatilities of such derivatives compared to the historical volatility of their underlying securities. Fluctuations or prolonged changes in the volatility of the underlying securities, therefore, can adversely affect the value of derivative positions held by the Fund.
- xxiii. *Concentration of Investments* - The Investment Manager expects that at times the Fund's portfolio may be somewhat concentrated. Although concentration may increase the possibility of achieving significant investment returns, concentration of investments in a limited number of issuers, industries or sectors is generally regarded as increasing both relative investment risk and potential portfolio volatility. In addition to issuer, industry or market risk by reason of concentration, the Fund may be exposed to potentially significant losses by reason of adverse developments affecting one or more of such limited number of portfolio issuers. A loss in any such position could materially reduce the Fund's performance or asset base, to the extent not offset by other gains.
- xxiv. *Execution of Orders* - The Fund's trading strategy depends on its ability to establish and maintain an overall market position in a combination of securities and other investments selected by the Investment Manager. The Fund's trading orders may not be executed in a timely and efficient manner due to various circumstances, including, without limitation, systems failures or human error attributable to the Fund, its brokers, agents or other service providers. In such event, the Fund might only be able to acquire some, but not all, of the components of such position, or if the overall position were to need adjustment, the Fund might not be able to make such adjustment. As a result, the Fund would not be able to achieve the market position selected by the Investment Manager, and might incur a loss in liquidating its position.
- xxv. *Competition; Availability of Investments* - Certain markets in which the Fund may invest are extremely competitive for attractive investment opportunities and, as a result, there may be reduced expected investment returns. There can be no assurance that the Fund will be able to identify or successfully pursue attractive investment opportunities in such environments. Among other factors, competition for suitable investments from other pooled investment vehicles and other investors may reduce the availability of investment opportunities. There has been significant growth in the number of firms organised to make such investments, which may result in increased competition to the Fund in obtaining suitable investments.
- xxvi. *New Issues* - The Fund may purchase securities of issuers in initial public offerings of any equity security or shortly thereafter. Special risks associated with these securities may include a limited number of interests available for trading, unseasoned trading, lack of investor knowledge of the issuer, and a limited operating history. These factors may contribute to substantial price volatility for the interests of these issuers. The limited number of securities available for trading in some initial public offerings may make it more difficult for the Fund to buy or sell significant amounts of securities without an unfavourable impact on prevailing market prices. In addition, some issuers in initial public offerings are involved in relatively new industries or lines of business, which may not be widely understood by investors. Some of these issuers may be undercapitalised or regarded as developmental stage issuers, without revenues or operating income, or the near-term prospects of achieving them.
- xxvii. *Proxy Voting* - The Fund may determine not to vote proxies with respect to certain issuers, particularly in emerging markets, if in the opinion of the Investment Manager the direct and indirect costs of voting would exceed the benefits.
- xxviii. *Reliance on Information Provided* - Investment Manager may elect to invest in securities on the basis of information and data filed by the issuers of such securities with the Securities Exchange Commission or made directly available to the Investment Manager by the issuers of the securities and other instruments or through sources other than the issuers. Although the Investment Manager evaluates all such information and data and seeks independent corroboration when it considers it appropriate and when it is reasonably available, the Investment Manager is not in a position to confirm the completeness, genuineness or accuracy of such information and data.
- xxix. *Improper Conduct by Portfolio Issuers* - Although the Investment Manager intends to employ reasonable diligence in evaluating portfolio securities, no amount of diligence can eliminate the

possibility that one or more issuers of such portfolio securities may engage in improper or fraudulent conduct, including improper accounting practices and unsupportable valuations of assets.

- xxx. *Reinvestment of Cash Collateral Risk* - As the Fund may reinvest cash collateral received, subject to the conditions and within the limits laid down by the Central Bank, the Fund will be exposed to the risk associated with such investments, such as failure or default of the issuer of the relevant security.
- xxxi. *Credit Risk and Counterparty Risk* - The Fund will be exposed to a credit risk in relation to the counterparties with whom they transact or place margin or collateral in respect of transactions in notes or warrants. To the extent that a counterparty defaults on its obligation and the Fund is delayed or prevented from exercising its rights with respect to the investments in its portfolio, it may experience a decline in the value of its position, lose income and incur costs associated with asserting its rights. Regardless of the measures the Fund may implement to reduce counterparty credit risk, however, there can be no assurance that a counterparty will not default or that the Fund will not sustain losses on the transactions as a result.
- xxxii. *Investing in Russia* - Investments in Russia may be impacted by a number of social and political factors as well as economic risks and legal risks. Please refer to the section entitled "Risk Factors" and the disclosures on "Investing in Russia" in that section of the Prospectus for further details.
- xxxiii. *Pandemic Risks* – A local, regional, national or international outbreak of a contagious disease, including, but not limited to, COVID-19, Middle East Respiratory Syndrome, Severe Acute Respiratory Syndrome, H1N1 influenza virus, avian flu or any other similar illness, or a fear of any of the foregoing, could adversely impact the Fund by causing significant disruptions in local and global economies, thereby adversely impacting the value of the Fund's investment. It is unknown whether and how the values of the Fund's investments may be affected if such an epidemic persists for an extended period of time.
- xxxiv. *General Risks Associated with Sustainable Investing* – While the Fund takes ESG metrics into consideration when selecting investments, there can be no assurance that the metrics taken into account by the Investment Manager will result in the Fund's investments aligning with an investor's specific values or beliefs.

## Investment Manager

The ICAV has appointed ARGA Investment Management, LP as Investment Manager to the Fund (the "**Investment Manager**"). The Investment Manager is a limited partnership organised in the United States with its principal office at 1010 Washington Boulevard, 6<sup>th</sup> Floor, Stamford, Connecticut, 06901, USA. The Investment Manager is registered with the Securities Exchange Commission and specialises in the provision of discretionary asset management services. The Investment Manager is responsible for the investment activities and also provides management support services to the Fund.

The Investment Management Agreement dated 16 February 2016, as amended, between the ICAV and the Investment Manager provides that the appointment of the Investment Manager will continue unless and until terminated by either party giving to the other not less than 90 days' written notice although in certain circumstances, as set out in the Investment Management Agreement, the Investment Management Agreement may be terminated forthwith by notice in writing by either party to the other. The Investment Management Agreement contains certain indemnities payable out of the assets of the relevant Fund in favour of the Investment Manager which are restricted to exclude matters resulting from the fraud, wilful default or negligence of the Investment Manager in the performance or non-performance of its obligations and duties.

The Investment Management Agreement contains limited recourse provisions under which the recourse against the ICAV of the Investment Manager in respect of any claims arising under or in relation to the Investment Management Agreement is expressed to be limited to the Fund established in respect of the Shares to which such claims relate, and the Investment Manager will have no recourse to any other assets of the ICAV. Other sub-funds of the ICAV and the ICAV will not have recourse to the assets of the Fund or the Investment Manager. The ICAV's claims against the Investment Manager will relate to its roles as Investment Manager of the Fund. If following the realisation of the relevant Fund and the

application of such realisation proceeds in payment of all claims of the Investment Manager relating to the relevant Fund and all other liabilities (if any) of the ICAV ranking pari passu with or senior to such claims which have recourse to the relevant Fund(s) (for these purposes the "**Relevant Date**"), such claims are not paid in full, (a) the amount outstanding in respect of such claims will be automatically extinguished, (b) the Investment Manager will have no further right of payment in respect thereof and (c) the Investment Manager will not be able to petition for the winding-up of the ICAV as a consequence of any such shortfall; provided that (a) and (b) above shall not apply to any assets of the relevant Fund that may be subsequently held or recouped by the relevant Fund between the Relevant Date and date of termination of the relevant Fund in accordance with the requirements of the Central Bank.

### **Profile of the Typical Investor**

The Fund is suitable for investors seeking capital growth through direct and/or indirect investment in a diversified portfolio of European equities who are prepared to accept a medium to high degree of volatility.

### **Dividend Policy**

The Directors may declare a dividend in respect of the Class B2 Shares and Class A2 Shares such that substantially all of the net income relating to such Shares shall be distributed on a semi-annual basis. The Fund does not pay dividends in respect of all other Classes and it is expected that all income and gains will be reinvested for all such other Classes.

Such dividends shall be paid to Shareholders in accordance with the terms of the Prospectus as set out in the section entitled "Dividend Policy". Where dividends are declared, payments of such dividends are expected to be made to Shareholders within 7 Business Days of 30 July and 31 January, as appropriate.

### **Key Information for Buying and Selling**

#### **Base Currency**

US Dollars

#### **Business Day**

Means any day (other than a Saturday or Sunday) on which banks are open for business in Ireland or such other day or days as may be determined by the Directors from time to time and as notified to Shareholders in advance.

#### **Dealing Day**

Means each Business Day and such other day or days as the Directors may, in their absolute discretion, determine and notify in advance to Shareholders provided that there shall be at least one Dealing Day per fortnight.

#### **Dealing Deadline**

In respect of a Dealing Day, the Dealing Deadline is 3.00 p.m. (Irish time) on the Business Day immediately preceding the relevant Dealing Day.

In exceptional circumstances, the Directors may, in their absolute discretion, accept applications received after the Dealing Deadline provided that such applications are received prior to the relevant Valuation Point.



<b>Class*</b>	<b>Initial Issue Price</b>	<b>Minimum Initial Investment Amount</b>
Class A USD\$ Shares	USD\$1.00	US \$1,000,000
Class A1 USD\$ Shares	USD\$1.00	US \$1,000,000
Class A2 USD\$ Shares	USD\$1.00	US \$1,000,000
Class A4 USD\$ Shares	USD\$1.00	US \$5,000
Class B GBP£ Shares	GBP£1.00	GBP£750,000
Class B1 GBP£ Shares	GBP£1.00	GBP£750,000
Class B2 GBP£ Shares	GBP£1.00	GBP£750,000
Class C JPY¥ Shares	JPY¥1.00	JPY¥100,000,000
Class C1 JPY¥ Shares	JPY¥1.00	JPY¥100,000,000
Class D EUR€ Shares	EUR€1.00	EUR€1,000,000
Class D1 EUR€ Shares	EUR€1.00	EUR€1,000,000
Class D4 EUR€ Shares	EUR€1.00	EUR€5,000
Class E SGD\$ Shares	SGD\$1.00	SGD\$1,000,000
Class E1 SGD\$ Shares	SGD\$1.00	SGD\$1,000,000
Class F HKD\$ Shares	HKD\$1.00	HKD\$8,000,000
Class F1 HKD\$ Shares	HKD\$1.00	HKD\$8,000,000
Class G AUS\$ Shares	AUS\$1.00	AUS\$1,000,000
Class G1 AUS\$ Shares	AUS\$1.00	AUS\$1,000,000
Class H NZ\$ Shares	NZ\$1.00	NZ\$1,000,000
Class H1 NZ\$ Shares	NZ\$1.00	NZ\$1,000,000
Class K CHF Shares	CHF 1.00	CHF 1,000,000
Class K1 CHF Shares	CHF 1.00	CHF 1,000,000
Class K4 CHF Shares	CHF 1.00	CHF 5,000

All classes: the Minimum Initial Investment Amount listed above is subject to the discretion of the Directors in each case to allow lesser amounts).

In relation to the Shares, which are not designated in the Base Currency, a currency conversion will take place on subscriptions, redemptions, switches and distributions at prevailing exchange rates and the value of the share expressed in the class currency will be subject to exchange rate risk in relation to the base currency.

## **Waivers and Rebates**

Subject to the UCITS Regulations and in accordance with applicable law and regulations, the Investment Manager in consultation with the Manager may, at its discretion, pay, waive or rebate all or part of the Investment Management Fee to any Shareholder or to any person or entity that provides services to the Fund in the form of a commission, retrocession, rebate, waiver or other discount. Such arrangements, if any, may differ between Shareholders and may be applied by issuing additional Shares to the Shareholders or by way of cash payments or other discount, subject to the principle of fair and equal treatment in a Class and that all Shareholders in the Fund are treated fairly. Further details in relation to such arrangements of the Investment Management Fee for certain Classes of Shares and how it is calculated will be provided to Shareholders in accordance with applicable law and regulations upon request.

## **Performance fee share classes**

Class A1-K1 are subject to performance fees. No other Classes are subject to performance fees.

Further information on the calculation of performance fees is under the **Performance Fee** section below.

## **Initial Offer Period**

The Initial Offer Period for the Class D EUR Shares has now closed. Accordingly, Class D EUR Shares are available for subscription at the Net Asset Value per Share on each Dealing Day.

The Initial Offer Period for the Class A USD Shares, Class A1 USD Shares, Class B GBP Shares, Class B1 GBP Shares, Class B2 GBP Shares, Class C JPY Shares, Class C1 JPY Shares, Class D 1 Shares, Class E SGD Shares, Class E1 SGD Shares, Class F HKD Shares, Class F1 HKD Shares, Class G AUD Shares, Class G1 AUD Shares, Class H NZD Shares and Class H1 NZD Shares shall be the period from 9:00 am (Irish time) on 6 January 2021 and ending at 5:00 pm (Irish time) on 31 January 2023 or such shorter or longer period as any one Director may decide in accordance with the Central Bank's requirements.

The Initial Offer Period for the Class A2 USD Shares, Class K CHF Shares and Class K1 CHF Shares shall be the period from 9:00am (Irish time) on 1 August 2022 to 5:00pm (Irish time) on 3 June 2025 or such shorter or longer period as any one Director may decide in accordance with the Central Bank's requirements.

The Initial Offer Period for the Class A4 USD Shares, Class D4 EUR Shares and Class K4 CHF Shares shall be the period from 9:00 am (Irish time) on 3 December 2024 and ending at 5:00 pm (Irish time) on 3 June 2025 or such shorter or longer period as any one Director may decide in accordance with the Central Bank's requirements.

Following the close of the Initial Offer Period with respect to a Class of Shares, Shares in that Class will be available for subscription at the Net Asset Value per Share on each subscription Dealing Day.

## **Further Subscriptions of Shares**

Following the Initial Offer Period, if any, in respect of Shares of a Class, application may be made to purchase Shares of the Fund class on each subscription Dealing Day at subscription prices calculated with reference to the Net Asset Value per Share of the relevant class calculated as at the Valuation Point for that subscription Dealing Day. The subscription price per Share of the relevant Fund is calculated in accordance with the procedures referred to under "Subscription Price" in the Prospectus.

## **Valuation Point**

The Valuation Point shall be the close of business of the relevant market on the Dealing Day and in any event shall be after the Dealing Deadline. The Net Asset Value per Share of the Fund in respect of each Dealing Day will be published and available on the day after the relevant Dealing Day.

## **Settlement Date**

Subscriptions will not be processed until the Account Opening Form and all required identity verification documents (and all supporting documentation) have been received and verified by the Administrator. Upon receipt of your account number from the Administrator subscription monies should be paid to the Subscription/Redemptions Account specified in the Subscription Form (or such other account specified by the Administrator) so as to be received in cleared funds by no later than 3.00pm (Irish time) three Business Days immediately succeeding the relevant Dealing Day or such later time as the Directors may agree from time to time

Monies in the Subscription/Redemptions Account will become the property of the Fund upon receipt and during the period between receipt of subscription monies and the Dealing Day on which Shares are issued, investors will be treated as unsecured creditors of the Fund. Investors' attention is drawn to the risk factor under the heading "Subscriptions/Redemptions Account Risk" as set out in the Prospectus.

If payment in full and/or a properly completed Account Opening form and all required identity verification documents (and all supporting documentation) have not been received by the relevant times stipulated above, the application to subscribe may be refused, or in the event of non-clearance of funds, the allotment of Shares made in respect of such application may, at the discretion of the Directors, be cancelled, or, alternatively, the Directors may treat the application as an application for such number of Shares as may be purchased with such payment on the Dealing Day next following receipt of payment in full of cleared funds or a properly completed Account Opening Form and all required identity verification documentation (and all supporting documentation). The applicant may be charged interest at a reasonable rate or other reasonable costs incurred by the Fund to make good any loss, cost, expense or fees suffered by the Fund as a result of non-receipt by the Fund of such subscription monies and papers. Any such applicable costs will be charged at normal commercial rates.

Payment of redemption monies will normally be made by electronic transfer to the account of the redeeming Shareholder within three Business Days of the relevant Dealing Day.

The Administrator may refuse to pay or delay payment of redemption proceeds where the requisite information for verification purposes has not been produced by a Shareholder. During this time, any such redemption proceeds will be held in the Subscriptions/Redemptions Account and shall remain an asset of the Fund. During this period, the Shareholder will rank as an unsecured creditor of the Fund until such time as the Administrator is satisfied that its anti-money-laundering procedures have been fully complied with, following which redemption proceeds will be released to the relevant Shareholder. Accordingly, Shareholders are advised to promptly provide the ICAV or the Administrator (as appropriate) with all documentation requested to reduce the risk in this scenario.

### **Anti-Dilution Levy**

The Directors may, where there are net subscriptions or redemptions, charge an Anti-Dilution Levy which will be calculated to cover the costs of acquiring or selling investments as a result of net subscriptions or redemptions on any Dealing Day, which will include any dealing spreads and commissions and will be charged in circumstances where the Directors believe it is necessary to prevent an adverse effect on the value of the assets of the Fund.

The level of the Anti-Dilution Levy may vary but at no time shall exceed a maximum of 0.40% in respect of subscriptions and redemptions. In this regard, no more than 0.40% may be added to the subscription price or deducted from the redemption price. Investors should note that the Anti-Dilution Levy is referred to in the key investment information document as an entry and exit charge. In the event subscription and redemptions are made simultaneously, the Anti-Dilution Levy will be applied on the net subscription and redemption amounts.

### **Publication**

The Net Asset Value per Share will be published 1 Business Day following the relevant Dealing Day on [www.bloomberg.com](http://www.bloomberg.com) and may also be published in financial press on a weekly basis.

## **Fees and Expenses**

### ***Investment Management Fee***

Under the provisions of the Investment Management Agreement, the ICAV will pay the Investment Manager a fee of up to 0.80% per annum of the Net Asset Value of the Fund attributable to Class A Shares, Class A2 Shares, Class B Shares, Class B2 Shares, Class C Shares, Class D Shares, Class E Shares, Class F Shares, Class G Shares, Class H Shares and Class K Shares accrued monthly and payable quarterly in arrears.

The ICAV will pay the Investment Manager a fee of up to 0.48% per annum of the Net Asset Value of the Fund attributable to Class A1 Shares, Class B1 Shares, Class C1 Shares, Class D1 Shares, Class E1 Shares, Class F1 Shares, Class G1 Shares, Class H1 Shares and Class K1 Shares accrued monthly and payable quarterly in arrears.

The ICAV will pay the Investment Manager a fee of up to 1.55% per annum of the Net Asset Value of the Fund attributable to Class A4 USD Shares, Class D4 EUR Shares and Class K4 CHF Shares accrued monthly and payable quarterly in arrears.

The Investment Manager may waive or rebate all or part of the investment management fee to Shareholders, it being acknowledged that such waiver or rebate, if any, may differ between Shareholders and that the Investment Manager will have ultimate discretion in this matter.

The Investment Manager shall also be entitled to be repaid out of the assets of the Fund all costs, expenses, outgoings and liabilities reasonably and properly incurred by or on behalf of the Investment Manager on behalf of the Fund.

### ***Performance Fee***

In addition to the Investment Management Fee the Investment Manager is entitled to a performance fee (the "**Performance Fee**") in relation to the relevant Class of Shares. 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. All fees and expenses (except the Performance Fee for the relevant Performance Period) are deducted prior to calculating the Performance Fee. The first Performance Fee period for a relevant Class of Shares shall begin at the end of the Initial Offer Period of the relevant Class of Shares and finish on the 31 December of the following year to ensure that the performance fee period is at least 12 months. Subsequent Performance Fee periods shall be calculated in respect of each period of twelve months beginning on 1 January and ending the following 31 December (the "**Performance 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 Performance Period.

The Performance Fee for each Performance Period shall be equal to 15% of the amount, if any, by which the Net Asset Value before Performance Fee accrual of the relevant Class of Shares exceeds the Indexed Net Asset Value of the relevant Class of Shares on the last Business Day of the Performance Period. In addition, the Performance Fee with respect to any redemptions of Shares during the Performance Period will crystallise and become payable within 14 days of redemption date. Excess performance should be calculated net of all costs but could be calculated without deducting the performance fee itself, provided that in doing so it is in the investor's best interest.

"Indexed Net Asset Value" means in respect of the first Performance Period for the relevant Class of Shares the Initial Offer Price of the relevant Class of Shares multiplied by the number of Shares of the Class of Shares issued during the Initial Offer Period, increased on each Dealing Day by the value of any subscriptions or decreased pro rata by the value of any redemptions which have taken place since the Initial Offer Period, adjusted by the Benchmark Return over the course of the Performance Period.

For each subsequent Performance Period for the relevant Class of Shares the "Indexed Net Asset Value" means either

- (i) where a Performance Fee was payable in respect of the prior Performance Period, the Net Asset Value of the Class of Shares as at the end of the last Performance Period,

increased on each Dealing Day by the value of any subscriptions or decreased pro rata by the value of any redemptions which have taken place since the beginning of such Performance Period, adjusted by the Benchmark Return over the course of the Performance Period; or

- (ii) where no Performance Fee was payable in respect of the prior Performance Period, the Indexed Net Asset Value of the Class of Shares at end of the prior Performance Period at which the last Performance Fee was paid, increased on each Dealing Day by the value of any subscriptions or decreased pro rata by the value of any redemptions which have taken place since the beginning of such Performance Period, adjusted by the Benchmark Return over the course of the Performance Period.

As the Performance Fee is payable on the performance of the relevant Class of Shares relative to the Index (outperformance), a Performance Fee may be payable in circumstances where the relevant Class of Shares has out-performed the Index, but, overall the Fund has a negative performance, i.e. the Net Asset Value of the Fund has declined. For the avoidance of doubt any underperformance versus the benchmark will be carried forward from one Performance Period to the next and must be recouped before any additional Performance Fee will accrue.

“Benchmark Return” means the performance of the MSCI Europe Index (Net) USD (the “**Index**”) over the course of the Performance Period or the equivalent currency for the relevant Class of Shares. The Index captures large and mid cap representation across 15 developed markets countries in Europe. The Index covers approximately 85% of the free float-adjusted market capitalization across the European developed markets equity universe. Further details on the composition of the Index and its calculation methodology can be found at <https://www.msci.com/documents/10199/4cdaaef3-176f-4da8-b101-630513a19fe4>.

Examples of how the Performance Fee is calculated are set out in Appendix I to this Supplement. For past performance against the Index, investors should review the latest key investor information document for the relevant Share Class available at <https://iqeq.com/skyline>.

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

#### **Administration Fee**

The Administrator will be entitled to receive out of the assets of the Fund an annual fee which will not exceed 0.07% of the net assets of the Fund (plus VAT, if any) subject to an annual minimum fee of €40,000 together with transfer agency fees and financial reporting fees which will be charged at normal commercial rates and its reasonable costs and expenses incurred by the Administrator in the performance of its duties as Administrator of the Fund and as agreed compensation for any additional services. These fees shall accrue and be calculated on each Dealing Day and shall be payable monthly in arrears.

#### **Depositary Fee**

The Depositary will be entitled to receive from the ICAV out of the assets of the Fund an annual fee which will not exceed 0.03% of the net assets of the Fund subject to an annual minimum fee of €10,000 (plus VAT, if any). In addition the Depositary will be entitled to receive from the Fund sub custody fees charged at normal commercial rate, including safekeeping and transaction fees. The Depositary will further be entitled to be reimbursed by the Fund for reasonable costs and expenses incurred by the Depositary in the performance of its duties as Depositary of the Fund. These fees shall accrue and be calculated on each Dealing Day and shall be payable monthly in arrears.

#### **Management Fee**

IQ EQ Fund Management (Ireland) Limited, in its role as Manager and Global Distributor of the Fund, will be entitled to receive out of the assets of the Fund an annual fee which will not exceed 0.10% of the net assets of the Fund (plus VAT, if any) subject to a minimum annual fee of €50,000.

#### **Establishment Expenses**

The fees and expenses incurred in connection with the establishment of the Fund did not exceed €20,000. These fees and expenses were paid out of the assets of the Fund and will be amortised over

the first five years.

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

***Cap on Certain Fees and Expenses***

The Investment Manager will bear any fund operating expenses that affect the Net Asset Value of the Fund, other than the Investment Management Fee, transaction based charges and anti-dilution levy, where they exceed a cap of 0.15% per annum of the Net Asset Value of the Fund, or such lesser amount as may be determined by the Investment Manager in its sole discretion (the "**Cap**"). Where the Cap is exceeded, the Fund may offset any or all of the Investment Management Fee due against any such fund operating expenses.

## Appendix 1

### Performance Fee Worked Example

Performance Fee Class Shares	Proceeds of Initial Offer	NAV at end of Year 1 before performance fees	NAV at end of Year 2 before performance fees	NAV at end of Year 3 before performance fees
Investor A subscribes in Initial Offer Period	£100	£210	£310	£220
Benchmark return (assumed for the example as 2% for each period)				
Additional subscriptions		£105 at the beginning of Year 1	£106 at the beginning of Year 2	
Investor A redeems in the beginning of Year 3 at £103, when NAV is £310				No performance fee due on Investor A's redemption
Indexed NAV		$(£100+£105)+2\%$ =£209.10	$(£209.865+£106)+2\%$ =£322.18	$(£322.18-(£103/310*£322.18))+2\%$ =£219.44
Performance fee due		$(£210 - £209.10)*15\%$ =£0.135	None. NAV < Hurdle Rate Adjusted NAV	$£220-£219.44*15\%$ =£0.084
NAV after payment of performance fees		£209.865	£310	£219.92

## Appendix 2

Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

Product name: Arga European Equity Fund

Legal entity identifier: 635400XWUOARUQRWZ20

## Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?

Yes

No

<p><input type="checkbox"/> It will make a minimum of <b>sustainable investments with an environmental objective:</b> ____%</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy</li> <li><input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</li> </ul> <p><input type="checkbox"/> It will make a minimum of <b>sustainable investments with a social objective:</b> ____%</p>	<p><input checked="" type="checkbox"/> It <b>promotes Environmental/Social (E/S) characteristics</b> and while it does not have as its objective a sustainable investment, it will have a minimum proportion of 10% of sustainable investments</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy</li> <li><input checked="" type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</li> <li><input type="checkbox"/> with a social objective</li> </ul> <p><input type="checkbox"/> It promotes E/S characteristics, but <b>will not make any sustainable investments</b></p>
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**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.



**What environmental and/or social characteristics are promoted by this financial product?**

The Investment Manager is committed to maximizing client returns through responsible investing and incorporates ESG characteristics into its investment process. The Investment Manager believes that ESG issues create risks and opportunities for the issuers in which the Fund invests, and that viewing ESG as a natural extension of value investing allows them to apply their value process across diverse and challenging environments.



## Climate Change Mitigation

The Fund has an ESG driven target of seeking to invest in securities of issuers that promote climate change mitigation. The Investment Manager defines climate mitigation practices as including but not limited to: adoption of clear climate mitigation policies, or climate mitigation targets, commitment and financial ability to deploy CapEx to enable substantial reduction of climate change effects. The Investment Manager also considers companies that generate revenue from products that enable a significant reduction in adverse effects of climate change.

The Investment Manager aims to actively engage with companies on climate mitigation practices during the initial due diligence phase or as soon as reasonably possible. The Investment Manager's aim is to actively engage with issuers to assess environmental characteristics and where necessary advocate strategies that are conducive to climate change mitigation.

The Investment Manager will seek commitment from companies on policies and targets as well as CapEx deployed towards climate mitigation in order to satisfy themselves that adequate steps will be taken to meet ESG characteristics. The Investment Manager has also established the goal of reducing the carbon footprint of the portfolio over the long-term.

The Investment Manager shall also conduct a social and corporate governance assessment as part of its fundamental issuer analysis. In order to assess the investments' suitability for the long-term, the Investment Manager looks for companies that score above peers on social and governance characteristics, when using the Investment Manager's global ESG scoring framework. When this is not the case the Investment Manager engages with companies to understand reason for poor score and establish remedial action.

The Investment Manager defines a number of sustainability indicators to measure the environmental, social and sustainable characteristics of investments and determine how these promote climate change mitigation. The Fund intends to make sustainable investments. For the investments to qualify as "sustainable investments" they must meet the criteria described in the section "*What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?*"

## Other Environmental and/or Social Characteristics

### (i) *E/S Characteristics*

Additionally, the Fund will target a minimum 35% asset allocation to issuers that have the following environmental and social characteristics:

- Scope 1&2 emissions and/or carbon intensity metrics more favorable than sector peers (the weighted average of corresponding MSCI ACWI sector holdings' metrics, as defined by GICS, is considered for comparison);
- Environmental targets such as emission reduction and net zero targets;
- Environmental policies that address climate change mitigation; and
- Social policies such as human rights policy, policy against child labor, health and safety policy.

### (ii) *Exclusions*

In order to achieve the Fund's environmental and/or social characteristics, the Investment Manager ensures that the Fund shall:

- Not invest in tobacco issuers as defined by MSCI GICS Industry Classification (Number 302030 – Tobacco Industry);
- Not invest in issuers that derive more than 35% of revenues from thermal coal production and mining of thermal coal;
- Not invest in issuers that derive more than 50% of revenues from oil sands exploration;
- Not invest in issuers the Investment Manager deems to be in violation of the Anti-Personnel Mine Ban Convention (APMBC, also known as the Ottawa Convention) and the Convention on Cluster Munitions (CCM, also known as the Oslo Convention);
- Limit investments to no more than circa 20%, in issuers that derive more than 50% of revenues from fossil fuel exploration which do not have clear targets for considerable climate mitigation; and
- Limit investments in issuers that derive more than 20% of revenues from controversial weapons and without clear targets for considerable reduction.

The Fund does not use a reference benchmark to attain its environmental or social characteristics.

● ***What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?***

The Investment Manager defines a number of sustainability indicators to measure the environmental and sustainable characteristics of investments. In particular, the Investment Manager uses a number of indicators to determine whether investments promote Climate Change Mitigation and are therefore considered by the Investment Manager to be sustainable investments (i.e., investments in economic activities that contribute to an environmental or social objective as provided for in Article 2(17) of the SFDR). The Investment Manager also utilises an ESG scoring framework. Both are described below

**Sustainable Investments**

Firstly, in determining whether investments qualify as ‘sustainable investments’, the following criteria must be met:

- Scope 1&2 emissions and/or carbon intensity metrics more favorable than sector peers (the weighted average of corresponding MSCI ACWI sector holdings’ metrics, as defined by GICS, is considered for comparison).
- Availability of environmental targets and policies that promote climate change mitigation practices.
- An Environmental score above sector peers, as per the Investment Manager’s global ESG scoring framework described above. The Environmental score is a weighted average of several underlying scores and metrics:
  - Resource Intensity score which is assessed by looking at metrics including: energy usage, energy efficiency targets, renewable energy, water efficiency targets, water usage, water recycling, paper usage;
  - Waste Management score which is assessed by looking at metrics including: waste reduction policy, waste generation, waste recycling, hazardous waste;
  - Emissions score which is assessed by looking at metrics including: emission disclosure, emission levels, emission reduction plans; and
  - Environmental Impact score which is assessed by looking at metrics including: environmental policy, biodiversity loss, environmental disclosure, environmental compliance, environmental impact.
- Companies that derive a portion of turnover or CapEx/OpEx from EU Taxonomy eligible activities, in line with guidance in the Delegated Act (2021/2178/EU).

**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

- Companies that do not have a “High” Do No Significant Harm (DNSH) score as per the Clarity AI risk assessment.

The Investment Manager prepares PAI Reports for the Fund and actively monitors several PAIs at company level, as part of its sustainability research. Examples include: GHG emissions, carbon footprint, emissions to water, share of renewable vs non-renewable energy consumption, board gender diversity. Where possible, these metrics are compared to sector peers. If a company has worse values than peers for particular PAI indicators, the Investment Manager may engage with companies as appropriate and/or may reflect this in company expected valuation and any ensuing portfolio construction decisions.

\*The Investment Manager has engaged the services of Clarity AI, a third party ESG data provider that provides tailored SFDR and EU Taxonomy reporting, to further support with analysis.

### **Other Indicators (ESG Scoring Framework)**

The Investment Manager also uses its global ESG scoring framework to identify potential ESG risks at the initial stages of company research and to assess a company’s environmental and social characteristics. The framework scores issuers vs global sector peers on 13 Environmental, Social and Governance metrics, aggregated from a larger compilation of ESG data points. These 13 metrics are:

- Environmental metrics: resource intensity, waste management, emissions, environmental impact;
- Social metrics: employee retention, employee diversity, employee safety, community;
- Governance metrics: supply chain, operations management, customer management, employee policies, board independence & diversity.

These metrics have been deemed by the Investment Manager as key for ESG analysis.

The Investment Manager uses the above sustainability indicators, including ESG findings from its global ESG scoring framework as well as further, detailed, fundamental research, to assess in detail a company’s environmental and social characteristics.

Data sources for the above include but are not limited to: ESG data providers such as Bloomberg, CDP, Clarity AI etc, company sustainability reports, and annual reports, sell-side broker information, and ESG organizations such as SBTi, UN SDG, UNPRI and others.

Finally, the Investment Manager will also exclude certain investments, as described in the section “What environmental and/or social characteristics are promoted by this financial product?”

### **● *What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?***

The Fund intends to make sustainable investments with an environmental objective of climate change mitigation.

The Investment Manager defines climate mitigation practices as including but not limited to: adoption of clear climate mitigation policies or climate mitigation targets, commitment and financial ability to deploy CapEx to enable substantial reduction of climate change effects.

The Investment Manager also considers companies that generate revenue from products that enable a significant reduction in adverse effects of climate change. The Investment Manager

aims to actively engage with companies on Climate Mitigation Practices during the initial due diligence phase or as soon as reasonably possible. The Investment Manager will seek commitment from companies on policies and targets as well as CapEx deployed towards climate mitigation in order to satisfy themselves that adequate steps will be taken to meet ESG objectives.

In order to achieve this objective, the Investment Manager will look to invest in companies that meet the criteria described under the "Sustainable Investments" subheading of the question 'What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?'

For the purpose of this assessment, the Investment Manager relies on internal analysis and several external sources of information, including reports provided by third party ESG data provider, Clarity AI. Clarity AI provides reports on "Do No Significant Harm" activities, which further inform the Investment Manager's research.

***How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?***

Please see the below response to the section: 'How have the indicators for adverse impacts on sustainability factors been taken into account?'

*How have the indicators for adverse impacts on sustainability factors been taken into account?*

The Investment Manager assesses key principal adverse indicators for each investment and determines the impact these adverse indicators have on business sustainability. The Investment Manager has partnered with Clarity AI, a third party ESG data provider that provides tailored SFDR reporting including comprehensive Fund level PAI reporting. This further enhances the Investment Manager's ability to regularly monitor Fund PAIs.

The Investment Manager uses the PAIs on sustainability factors contained in Annex I of SFDR Level 2 of GHG emissions (Table 1, PAI 1); Carbon footprint (Table 1, PAI 2); GHG intensity of investee companies (Table 1, PAI 3 ); Exposure to companies active in the fossil fuel sector (Table 1, PAI 4); Share of non-renewable energy consumption and production (Table 1, PAI 5); Energy consumption intensity per high impact climate sector (Table 1, PAI 6); Activities negatively affecting biodiversity-sensitive areas (Table 1, PAI 7); Emissions to water (Table 1, PAI 8); Hazardous waste and radioactive waste ratio (Table 1, PAI 9); Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises (Table 1, PAI 10); Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises (Table 1, PAI 11); Unadjusted gender pay gap (Table 1 PAI 12); Board gender diversity (Table 1 PAI 13); and Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons) (Table 1 PAI 14).

The Investment Manager will also use the voluntary PAIs as outlined in Annex I of SFDR Level 2 of: Non-recycled waste ratio (Table 2 PAI 13), Deforestation (Table 2 PAI 15); and Lack of a human rights policy (Table 3 PAI 9).

**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

The Investment Manager will measure and monitor these selected PAI indicators for all managed assets of the Fund in order to demonstrate attainment of its sustainable investment objective on a periodic basis.

The Investment Manager uses the 'do no significant harm' ("DNSH") information provided by Clarity AI, ranking each issuer based on evidence of breaches of environmental DNSH objectives related to climate change mitigation. The 5 environmental DNSH objectives associated with climate change mitigation are climate change adaptation, water, circular economy, pollution and biodiversity. The rankings are:

- Low/No risk: Evidence of no DNSH breach
- Medium risk: Evidence that DNSH might be closely breached
- High risks: Evidence that DNSH is breached

Companies that score High on DNSH are automatically excluded from consideration as sustainable investments.

— — — *How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:*

The spirit of the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights are incorporated in the Investment Manager's approach to ESG integration. Specifically, these considerations are integrated by:

1. Aligning the metrics used in the Investment Manager's global ESG scoring framework to the above-mentioned guidelines and principles. These metrics include:
  - Environmental emissions levels and reduction initiatives; key policies around environment, climate change and biodiversity; enhanced disclosures on environmental performance; signatory to initiatives like CDP, UN Global Compact, PRI; tracking key metrics like usage of water & energy and waste generation
  - Practices targeted towards employee retention, ensuring workforce diversity, adequate employee health & safety initiatives, presence of human rights policy and community considerations are considered as part of the social metrics
  - Governance-related parameters such as: board composition, diversity, and oversight; supply chain practices like policy against child labour; presence of key policies around bribery, corruption, ethics.
2. Aligning company engagement with the above stated guidelines. For example, where companies do not have appropriate policies and disclosures aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights, the Investment Manager may engage with companies to prompt change.
3. Assessing companies on issues covered by OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights, as part of periodic data gathering and assessment of principle adverse indicator impact
4. Monitoring and engaging for change with companies that are:
  - Involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises.
  - Without policies to monitor compliance with the UNGC principles or OECD Guidelines or grievance/complaints handling mechanisms to address violations of the UNGC principles or OECD Guidelines.

*The EU Taxonomy sets out a “do no significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.*

The “do no significant harm” principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

*Any other sustainable investments must also not significantly harm any environmental or social objectives.*



**Does this financial product consider principal adverse impacts on sustainability factors?**

Yes

No

Please see response to section above entitled '*How have the indicators for adverse impacts on sustainability factors been taken into account?*'.

While the Investment Manager discloses all the relevant PAIs for its investments to demonstrate the do no significant harm principle under SFDR, the Investment Manager integrates some of them in its investment decisions, as highlighted below.

To the extent possible PAIs are factored into fundamental company inputs. The Investment Manager also has a process to engage with company management in a bid to address principle adverse effects of key indicators.

- Further ways in which the Investment Manager incorporates ESG and specifically principle adverse indicators in fundamental company inputs include: global ESG scoring framework which provides an objective, data driven, starting point for flagging potential ESG issues, including those that can adversely impact sustainability. The scoring framework provides information on PAI such as: scope 1, 2 and 3 emissions, waste management, water emissions and recycling, environmental and social aspects of supply chain, employee safety, board independence and diversity, policy against child labour, anti-corruption and anti-bribery, amongst others.
- Integration of ESG risks and opportunities, including those related to PAIs in global industry models, ensuring that the Investment Manager's analysis of these is applied uniformly across all companies within an industry.
- Company engagement, which is aimed at addressing ESG issues, improving long-term business valuation and enhancing data transparency and availability. For continuing non improvement in PAIs, the Investment Manager seeks to understand the actions planned by the company to reduce/mitigate the impact, going forwards.

Considerations of the indicators for adverse impacts on sustainability are reviewed and incorporated as part of the investment decision making process and fundamental research specifically through:

- Information gathering on principle adverse indicators on a company by company basis;
- Periodic monitoring of adverse impacts, their effect on sustainability factors of Fund companies and evolution over time;
- Aggregation and review of adverse impacts at Fund level; and
- Active engagement with companies where adverse impacts are deemed to be considerable or have materially worsened, as applicable. Engagement is also aimed at addressing sustainability issues, improving long-term business valuation and enhancing data transparency and availability.

The Investment Manager may choose to invest in issuers that they have identified as possessing a future potential for climate change mitigation while currently being considered to have a negative impact on sustainability but employing climate change mitigation practices.



### What investment strategy does this financial product follow?

ARGA European Equity Fund seeks to generate long-term returns by investing primarily in equity and equity linked securities (such as debentures, Global and American depository receipts, notes or preferred stock) trading in European Markets that are deeply undervalued and have a substantial upside.

The Investment Manager is committed to maximizing client returns through responsible investing and incorporates ESG characteristics into its investment process.

The Fund also makes investments that promote environmental and social characteristics, some of which have sustainable characteristics. The Fund has an ESG driven target of seeking to invest in securities of issuers that promote climate change mitigation through greater availability of climate policies, targets and actions. The Investment Manager has a plan of engagement for each issuer in its portfolio, as applicable. The Investment Manager's aim is to actively engage with issuers to assess and where necessary advocate strategies that address environmental footprint. The Investment Manager has also established the goal of reducing the carbon footprint of the portfolio over the long-term.

The Investment Manager defines Climate Mitigation Practices as including but not limited to: adoption of clear climate mitigation policies, or climate mitigation targets, commitment and financial ability to deploy CapEx to reduce climate change effects. The Investment Manager aims to actively engage with companies on Climate Mitigation Practices during the initial due diligence phase or as soon as reasonably possible. The Investment Manager will seek commitment from companies on policies and targets as well as CapEx deployed towards climate mitigation in order to satisfy themselves that adequate steps will be taken to meet ESG objectives.

Issuer engagement is an important component of the investment process with proxy voting considered an additional form of engagement. Engagement with issuers focuses on, but is not limited to:

- Improving data disclosure and transparency;
- Advocating for climate mitigation activities that can lead to substantial reduction in climate change impact;
- Raising awareness of activities that may be damaging climate mitigation efforts;
- Promoting ESG changes that the Investment Manager believes can also lead to sustainable, long-term shareholder returns.

**The investment strategy** guides investment decisions based on factors such as investment objectives and risk tolerance.



**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.

If management refuses to engage or is not addressing ESG issues, the Investment Manager may escalate via proxy voting, third-party institutions and other shareholders. Analysts continue to monitor governance through correspondence with regulators, auditor opinions, management compensation, board independence, transparency, and other measures.

The Investment Manager also engages with other stakeholders to further promote ESG and raise awareness of key issues. Examples include engagement with governing bodies, ESG institutions such as UNPRI etc.

● ***What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?***

The following criteria are binding for the selection of the investments to attain each of the environmental or social characteristics promoted by this financial product.

The Fund shall:

- Not invest in tobacco issuers as defined by MSCI GICS Industry Classification (Number 302030 – Tobacco Industry);
- Not invest in issuers that derive more than 35% of revenues from thermal coal production and mining of thermal coal;
- Not invest in issuers that derive more than 50% of revenues from oil sands exploration;
- Not invest in issuers the Investment Manager deems to be in violation of the Anti- Personnel Mine Ban Convention (APMBC, also known as the Ottawa Convention) and the Convention on Cluster Munitions (CCM, also known as the Oslo Convention);
- Limit investments to no more than circa 20%, in issuers that derive more than 50% of revenues from fossil fuel exploration which do not have clear targets for considerable climate mitigation; and
- Limit investments in issuers that derive more than 20% of revenues from controversial weapons and without clear targets for considerable reduction.

● ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

The Investment Manager has not committed to a minimum rate.

● ***What is the policy to assess good governance practices of the investee companies?***

The Investment Manager, when analysing company governance across the universe of potential investments, will consider four key areas of corporate practice which are highlighted in SFDR, each of which reveals something about the investee company's business. These are:

- Sound management structures
- Strong employee relations
- Fair remuneration of staff
- Tax compliance

The Investment Manager is of the opinion that companies should have suitable practices and policies in place across all four of these areas to ensure that they are best placed to evolve in a sustainable manner over the long-term.



In order to assess how well companies are governed, the Investment Manager may use a range of different metrics associated with each of the above areas, which may involve the use of tools with various ESG data points, analysis of the financial statements and related materials of companies, direct interactions with the management and/or governance information.

Assessing corporate governance practices is a key part of the Investment Manager's investment process which integrates ESG considerations in the investment process. As part of company coverage responsibilities research team members also consider governance issues for Fund companies. Corporate governance as well as behaviour towards shareholders is evaluated on factors including but not limited to:

- Sound management structures
  - Board size
  - Board composition (independent directors as % of total) and separation of key roles such as Chairman and CEO
  - Board diversity metrics
  - Board experience metrics
  - Shareholder structures (poison pills/multiple share classes)
- Strong employee relations
  - % of employees unionized
  - Provision of CSR training
  - Availability of Employee Protection / Whistle Blower Policy
- Fair remuneration of staff
  - Executive compensation structure
  - ESG-linked compensation
  - Fair remuneration policy
- Tax compliance
  - Accounting flags
  - Number of independent corporate auditor
  - Taxes paid to governments

Where key information on the above is missing the Investment Manager engages with companies as applicable.

Companies with poor corporate governance track records are typically penalized in fundamental inputs to company models. If analysis suggests that management will continue to pursue policies which have adverse impacts on long-term returns. Similarly, if the Investment Manager believes a company is likely to pursue policies, which result in ongoing litigation and regulatory costs as a result of poor corporate governance choices, these costs are embedded in valuation models either through the discount rate, dividend projections, or both.

Governance issues, as well as other material ESG and financial issues are regularly reviewed by the research team as part of:

- Quarterly earnings previews and reviews post release. This helps track company fundamentals relative to their forecasted path to normalized earnings.
- Regular reviews to reflect any new, pertinent information in the company's dividend discount model ("DDM").
- Discussions with the wider research team on all company inputs, changes in inputs and ensuing impact on DDM valuation upside versus downside.

Corporate governance issues are also addressed with company stakeholders through management interactions, proxy voting and other multi-stakeholder initiatives. When conducting calls and meetings with company stakeholders, The Investment Manager regularly provides views on what steps management should take to maximize long-term shareholder value. Where relevant, these include opinions on any perceived corporate risks.



## What is the asset allocation planned for this financial product?

The Fund shall target a 35% asset allocation to issuers with environmental and social characteristics as per the criteria outlined in the “Alignment with Environmental and Social Characteristics” subheading to the question “*What environmental and/or social characteristics are promoted by this financial product?*”

These assets are then eligible for consideration as Sustainable Investments if they also comply with the criteria set in the “Sustainable Investments” sub-heading provided in response to the question “*What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?*”. The Fund targets 10% in sustainable investments.

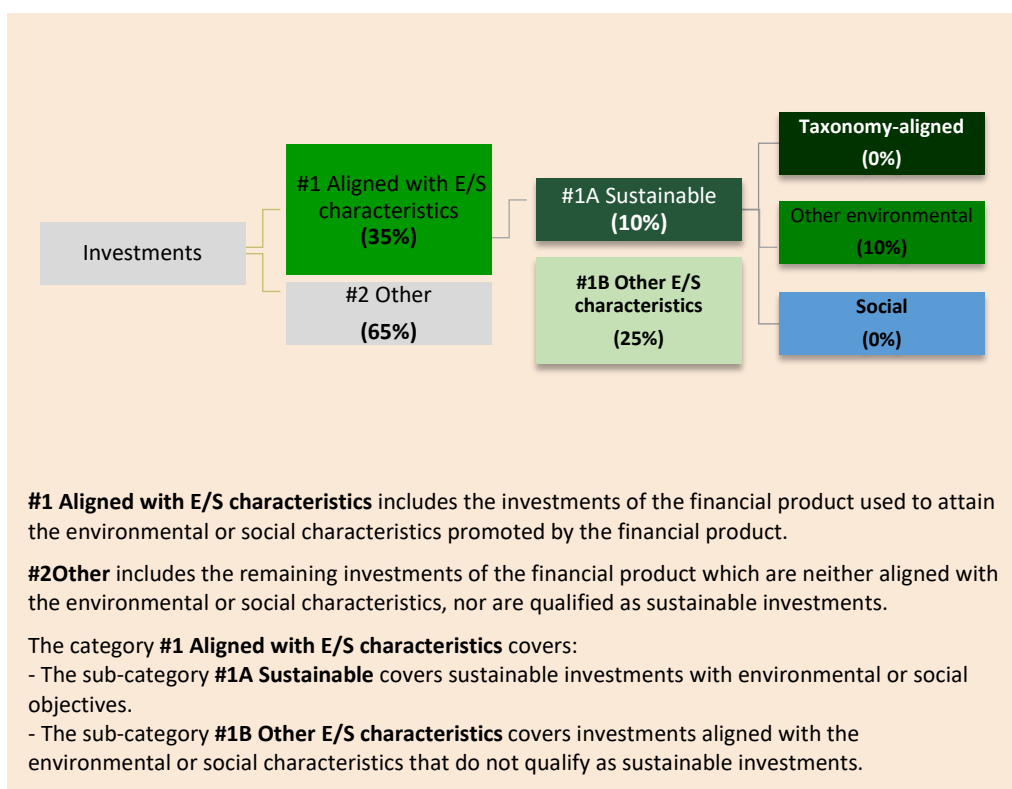
The Fund invests 65% of its NAV in 'other' assets comprising of companies subject to minimum environmental and social safeguards as referenced above. These criteria are also referred to below in the section entitled '*What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards*'. The other investments also comprise of cash and cash equivalents, which do not have any minimum environmental or social safeguards.

### Asset allocation

describes the share of investments in specific assets.

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.



● **How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?**

The Investment Manager does not typically make use of derivative instruments. In instances where derivative instruments are used, the Investment Manager applies the same sustainable investment criteria as outlined above to assess the suitability of the underlying security.




**To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?**

0% alignment. This proportion was determined by the Manager, in consultation with the Investment Manager, in line with the current approach proposed by the European Commission in respect of the Taxonomy Regulation disclosure requirements. While some of the Fund's investments may be Taxonomy-eligible (i.e., where an economic activity has corresponding criteria in the Taxonomy to be assessed against and is, therefore, in scope of the Taxonomy), they may not/not yet be Taxonomy aligned (whereby the activity does not meet all the specific assessment criteria laid out in the Taxonomy). The Investment Manager is continuously monitoring this and, as a result, may reconsider its position on the alignment of sustainable investments with an environmental objective with the Taxonomy.

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.

**Transitional activities** are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

 are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

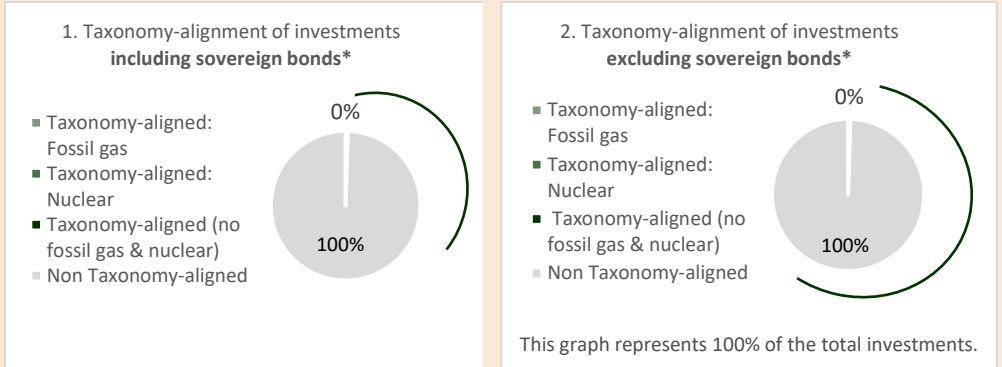
● **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>1</sup>?**

Yes:

In fossil gas     In nuclear energy

No

*The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds\*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.*



\* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.

● **What is the minimum share of investments in transitional and enabling activities?**

As at the date hereof, the proportion of investments in environmentally sustainable economic activities is currently 0% which comprises of 0% in transitional and 0% in enabling activities.



**What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**

<sup>1</sup> Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change (“climate change mitigation”) and do not significantly harm any EU Taxonomy objective - see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

As at the date hereof, none of the sustainable investments with an environmental objective are aligned with the Taxonomy.

**Reference benchmarks** are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.



### **What is the minimum share of socially sustainable investments?**

The minimum share of socially sustainable investments in the Fund currently is 0%.



### **What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?**

The Investment Manager defines investments in the Other category as cash (limited to maximum 5% in normal market conditions) and those companies that do not meet all criteria for environmental and social characteristic alignment as previously defined. Despite not meeting all the above criteria:

- The Investment Manager believes there is scope for long-term improvement on environmental and social safeguards.
- The Investment Manager may look to engage with issuers on key environmental and social concerns to facilitate improvements over time.



### **Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?**

The Fund does not have an additional reference benchmark, specifically for environmental/social characteristics.

#### ***How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?***

There is no specific index designated as a reference benchmark for environmental or social characteristics.

#### ***How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?***

Not applicable

#### ***How does the designated index differ from a relevant broad market index?***

Not applicable.

#### ***Where can the methodology used for the calculation of the designated index be found?***

Not applicable.



### **Where can I find more product specific information online?**

More product-specific information can be found on the website:

[ARGE funds - IQ-EQ \(iqeq.com\)](http://www.argefunds.com)