

---

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

The Directors of the Company, whose names appear under the heading "Management and Administration" are the persons responsible for the information contained in this Prospectus and accept responsibility accordingly. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of the information.

---

## **CONSEQ INVEST PLC**

*(An investment company with variable capital structured  
as an umbrella fund with segregated liability between sub-funds  
incorporated with limited liability in Ireland  
under registration number 329465)*

### **PROSPECTUS**

#### **INVESTMENT MANAGER**

**CONSEQ INVESTMENT MANAGEMENT, A.S.**

---

**The date of this Prospectus is 3 November 2014 as amended by the First Addendum dated 31 December 2015**

---

# PART I

## IMPORTANT INFORMATION

### Company

This Prospectus comprises information relating to Conseq Invest public limited company (the “Company”), an open-ended investment company with variable capital organised under the laws of Ireland. It qualifies and is authorised in Ireland by the Central Bank as a UCITS for the purposes of the Regulations (see “Definitions”). The Company is structured as an umbrella fund in that the share capital of the Company may be divided into different classes of shares (“Shares”) with one or more classes representing a separate Fund of the Company. Shares are currently available in each of the following Funds:

- Conseq Invest Equity Fund
- Conseq Invest Bond Fund
- Conseq Invest Conservative Bond Fund
- Conseq Invest New Europe Bond Fund

**The Company is both authorised and supervised by the Central Bank. The authorisation of the Company is not an endorsement or guarantee of the Company by the Central Bank and the Central Bank is not responsible for the contents of this Prospectus. The authorisation of the Company by the Central Bank does not constitute a warranty by the Central Bank as to the performance of the Company and the Central Bank shall not be liable for the performance or default of the Company.**

### Prospectus

The Prospectus may only be issued with one or more Supplements each containing information relating to a separate Fund. If there are different classes of shares representing a Fund, details relating to the separate classes may be dealt with in the same Supplement or in separate Supplements for each class. The Prospectus and the relevant Supplement should be read and construed as one document. To the extent that there is any inconsistency between this Prospectus and the relevant Supplement, the relevant Supplement shall prevail.

Applications for Shares will only be considered on the basis of this Prospectus (and any relevant Supplement) and the latest published audited annual report and financial statements and, if published after such report, a copy of the latest unaudited half-yearly report. These reports will form part of this Prospectus.

Statements made in this Prospectus are, except where otherwise stated, based on the law and practice currently in force in Ireland, which may be subject to change.

No person has been authorised to give any information or to make any representation in connection with the offering or placing of Shares other than those contained in this Prospectus, any Supplement and the reports referred to above and, if given or made, such information or representation must not be relied upon as having been authorised by the Company. The delivery of this Prospectus (whether or not accompanied by the reports) or any issue of Shares shall not, under any circumstances, create any implication that the affairs of the Company have not changed since the date of this Prospectus or the relevant Supplement.

## Important Notices

The distribution of this Prospectus and the offering and placing of Shares in certain jurisdictions may be restricted and, accordingly, persons into whose possession this Prospectus comes are required by the Company to inform themselves about and to observe such restrictions.

This Prospectus does not constitute an offer or solicitation to anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation.

Potential investors should inform themselves as to:

- (a) the legal requirements within the countries of their nationality, residence, ordinary residence or domicile for the acquisition of Shares;
- (b) any foreign exchange restrictions or exchange control requirements which they might encounter on the acquisition or sale of Shares; and
- (c) the income tax and other taxation consequences which might be relevant to the acquisition, holding or disposal of Shares.

Shares may not be purchased or held by or on behalf of persons other than Qualified Holders (see "Definitions").

The Company is an unregulated collective investment scheme for the purposes of the Financial Services Act 1986 of the United Kingdom (the "FSA"). Accordingly, this Prospectus may only be issued or passed on, in the United Kingdom, to a person who is of a kind described in article 11(3) of the Financial Services Act 1986 (Investment Advertisements) (Exemptions) Order 1996 or is a person to whom the Prospectus may otherwise lawfully be issued or passed on. In addition, no person who is an authorised person under the FSA may issue or pass on this Prospectus, or otherwise promote the Company to any person in the United Kingdom unless such person is both (i) of a kind described above and (ii) a person to whom such authorised person is permitted to promote the Company by virtue of an applicable exemption to section 76 of the FSA and then if and only to the extent that it is permitted to do so by the rules and regulations made under the FSA applicable to it.

The Shares have not been, and will not be, registered under the 1933 Act (see "Definitions") or the securities laws of any of the states of the United States and the Shares may not be offered or sold directly or indirectly in the United States or to or for the account or benefit of any US Person, except pursuant to an exemption from, or in a transaction not subject to the regulatory requirements of, the 1933 Act and any applicable state securities laws. Any re-offer or resale of any of the Shares in the United States or to US Persons may constitute a violation of US law. In the absence of such exemption or transaction, each applicant for Shares will be required to certify that it is not a US Person.

The Company is not open for investment by any US Person (see "Definitions") except in exceptional circumstances and then only with the prior consent of the Directors. A prospective investor will be required at the time of acquiring Shares to represent that such investor is not a US Person or acquiring Shares for or on behalf of a US Person or acquiring the Shares with the assets of an ERISA plan (as defined below). The prior consent of the Directors is required in respect of each application for Shares and the granting of such consent does not confer on investors a right to acquire Shares in respect of any future or subsequent application.

Shares may not be acquired or owned by, or acquired with the assets of:

- (i) any retirement plan subject to Title I of the United States Employee Retirement Income Security Act of 1974, as amended (“ERISA”); or
- (ii) any individual retirement account or plan subject to Section 4975 of the United States Internal Revenue code of 1986, as amended;

which are hereinafter collectively referred to as “ERISA plans”.

Additionally, Shares may not be acquired by a person who is deemed to be a US Person under the 1940 Act (see “Definitions”) and regulations thereunder or a person who is deemed to be a US Person under the US Commodity Exchange Act and regulations thereunder.

Shareholders are required to immediately notify the Investment Manager or any relevant distributor for onward transmission to the Administrator, BNP Paribas Fund Services Dublin Limited, or any distributor in the event that they become Irish Residents, US Persons or otherwise hold Shares which might result in the Company incurring any liability to taxation or suffering pecuniary disadvantages which the Company might not otherwise incur or suffer or the Company being required to register under the 1940 Act, or register any class of its securities under the 1933 Act.

Where the Directors or any distributor become aware that any Shares are directly or beneficially owned by any person in breach of the above restrictions, they may give notice directing the Shareholder to transfer his Shares to a person qualified to own such Shares or to make a request for the redemption of the Shares, in default of which, the Shareholder shall, on the expiration of 30 days from the giving of such notice, be deemed to have given a request in writing for the redemption of the Shares.

It is intended that application may be made in various jurisdictions to enable the Shares of the Company to be marketed freely in these jurisdictions.

This Prospectus and any Supplements may also be translated into other languages. Any such translation shall only contain the same information and have the same meaning as the English language Prospectus/Supplement. To the extent that there is any inconsistency between the English language Prospectus/Supplement and the Prospectus/Supplement in another language, the English language Prospectus/Supplement will prevail, except to the extent (but only to the extent) required by law of any jurisdiction where the Shares are sold, that in an action based upon disclosure in a prospectus in a language other than English, the language of the prospectus/supplement on which such action is based shall prevail.

Investors should read and consider the risk discussion under “The Company - Risk Factors” and the “Risk Factors” Section in the relevant Supplement before investing in the Company.

## CONTENTS

<b>PART I</b> .....	<b>2</b>
<b>IMPORTANT INFORMATION</b> .....	<b>2</b>
<b>DEFINITIONS</b> .....	<b>7</b>
<b>DIRECTORY</b> .....	<b>13</b>
<b>CONSEQ INVEST PLC</b> .....	<b>14</b>
INTRODUCTION.....	14
INVESTMENT OBJECTIVES AND POLICIES.....	14
INVESTMENT AND BORROWING RESTRICTIONS.....	15
DIVIDEND POLICY.....	15
<b>RISK FACTORS</b> .....	<b>16</b>
<b>MANAGEMENT AND ADMINISTRATION</b> .....	<b>19</b>
THE DIRECTORS.....	19
THE INVESTMENT MANAGER.....	20
THE ADMINISTRATOR, REGISTRAR AND TRANSFER AGENT.....	21
THE CUSTODIAN.....	21
THE DISTRIBUTOR.....	22
CONFLICTS OF INTEREST.....	23
ACCOUNTS AND INFORMATION.....	24
MEETINGS.....	24
<b>VALUATION, SUBSCRIPTIONS AND REDEMPTIONS</b> .....	<b>25</b>
VALUATION OF ASSETS AND CALCULATION OF NET ASSET VALUE.....	25
SUBSCRIPTIONS.....	28
MONEY LAUNDERING.....	29
EXCHANGE OF INFORMATION.....	29
<b>REDEMPTIONS</b> .....	<b>30</b>
CONVERSIONS/SWITCHING.....	30
TOTAL REDEMPTION.....	31
COMPULSORY REDEMPTION.....	31
SUBSCRIPTIONS/REDEMPTIONS IN SPECIE.....	31
TRANSFER OF SHARES.....	32
CURRENCY OF PAYMENT AND FOREIGN EXCHANGE TRANSACTIONS.....	32
TEMPORARY SUSPENSIONS.....	33
<b>FEES AND EXPENSES</b> .....	<b>35</b>
ESTABLISHMENT EXPENSES.....	35
SERVICE PROVIDERS' FEES.....	35
SOFT COMMISSION PAYMENTS.....	35
DIRECTORS' FEES.....	35
PRELIMINARY CHARGE.....	36
REDEMPTION FEES.....	36
CONVERSION FEES.....	36
OPERATIONAL EXPENSES.....	36
<b>ALLOCATION OF ASSETS AND LIABILITIES</b> .....	<b>37</b>
<b>TAXATION</b> .....	<b>39</b>
GENERAL.....	39
TAXATION IN IRELAND.....	39

<b>PART II</b> .....	<b>45</b>
STATUTORY AND GENERAL INFORMATION .....	45
<b>APPENDIX I</b> .....	<b>55</b>
STOCK EXCHANGES AND REGULATED MARKETS .....	55
<b>APPENDIX II</b> .....	<b>58</b>
A. INVESTMENTS IN FINANCIAL DERIVATIVE INSTRUMENTS (“FDI”) - EFFICIENT PORTFOLIO MANAGEMENT/DIRECT INVESTMENT .....	58
B. RISKS RELATED TO EFFICIENT PORTFOLIO MANAGEMENT .....	60
<b>APPENDIX III</b> .....	<b>63</b>
INVESTMENT AND BORROWING RESTRICTIONS .....	63
<b>SUPPLEMENT - CONSEQ INVEST BOND FUND</b> .....	<b>67</b>
<b>SUPPLEMENT - CONSEQ INVEST CONSERVATIVE BOND FUND</b> .....	<b>80</b>
<b>SUPPLEMENT - CONSEQ INVEST EQUITY FUND</b> .....	<b>94</b>
<b>SUPPLEMENT - CONSEQ INVEST NEW EUROPE BOND FUND</b> .....	<b>106</b>

## DEFINITIONS

“Administrator”, means BNP Paribas Fund Administration Services (Ireland) Limited.

“*Administration Agreement*”, means the administration agreement entered into between the Company and BNP Paribas Fund Services Dublin Limited dated 30 October 2014. By virtue of a merger between BNP Paribas Fund Services Dublin Limited and BNP Paribas Fund Administration Services (Ireland) Limited (as further detailed under the section headed ‘Administrator’ in the ‘Management and Administration’ section below), BNP Paribas Fund Administration Services (Ireland) Limited became the administrator of the Company as of 30 December 2015 and, thereby, the Administration Agreement must, notwithstanding anything to the contrary contained in that agreement, be read and have effect as if BNP Paribas Fund Administration Services (Ireland) Limited had been a party thereto instead of BNP Paribas Fund Services Dublin Limited (as further detailed under the heading ‘Material Contracts’).

“*Articles*”, the Articles of Association of the Company, as amended from time to time.

“*Auditors*”, PricewaterhouseCoopers, Chartered Accountants, Dublin and/or such other person as may be appointed from time to time as auditor to the Company.

“*Business Day*”, in relation to a Fund, a day on which banks are open for business in Dublin and Prague.

“*Central Bank*”, the Central Bank of Ireland or any successor thereof.

“*Company*”, Conseq Invest public limited company.

“*Custodian*”, BNP Paribas Securities Services Dublin Branch or such other person as may be appointed, with the prior approval of the Central Bank to act as custodian to the Company.

“*Custodian Agreement*”, the agreement dated 30 October 2014 between the Company and the Custodian as amended.

“Czech Crown” or “CZK”, the official currency of the Czech Republic.

“*Dealing Day*”, such Business Day as the Directors may from time to time determine (with the approval of the Custodian) for dealings in any Fund, provided always that there shall be at least two Dealing Days in each calendar month. (See relevant Supplement).

“*Directive*”, Directive 2009/65/EC of the European Parliament and of the European Council of 13 July 2009 on the co-ordination of laws, regulations and administrative provisions relating to UCITS, as the same may be amended or replaced.

“*Directors*”, the directors of the Company or any duly authorised committee thereof.

“*Distribution Agreement*”, the agreement dated 19 December 2003 between the Company and the Distributor as amended by a supplemental distribution agreement dated 12 December 2005.

“*Distributor*”, Conseq Investment Management, a.s. and/or such other person as may be appointed, in accordance with the requirements of the Central Bank .

*“Duties and Charges”*, in relation to any Fund, all stamp and other duties, taxes, governmental charges, brokerage, bank charges, interest, custodian or sub-custodian charges (relating to sales and purchases), transfer fees, registration fees and other duties and charges whether in connection with the original acquisition or increase of the assets of the relevant Fund or the creation, issue, sale, conversion or repurchase of Shares or the sale or purchase of Investments or in respect of certificates or otherwise which may have become or may be payable in respect of or prior to or in connection with or arising out of or upon the occasion of the transaction or dealing in respect of which such duties and charges are payable to agents on sales and purchases of Shares or any commission, taxes, charges or costs which may have been taken into account in ascertaining the Net Asset Value of Shares in the relevant Fund.

*“Euro” or “EUR”*, the currency unit referred to in the second sentence of Council Regulation (EC) No. 974/98 of 3 May 1998, on the introduction of the Euro.

### **“Exempted Irish Investor”**

- an Intermediary;
- a pension scheme which is an exempt approved scheme within the meaning of Section 774 of the Taxes Act or a retirement annuity contract or a trust scheme to which Section 784 or 785 of the Taxes Act applies;
- a company carrying on life business within the meaning of Section 706 of the Taxes Act;
- an investment undertaking within the meaning of Section 739(B)(1) of the Taxes Act;
- a special investment scheme within the meaning of Section 737 of the Taxes Act;
- a unit trust to which Section 731(5)(a) of the Taxes Act applies;
- a charity being a person referred to in Section 739D(6)(f)(i) of the Taxes Act;
- a qualifying management company within the meaning of Section 734(1) of the Taxes Act;
- a specified company within the meaning of Section 734(1) of the Taxes Act;
- a person who is entitled to exemption from income tax and capital gains tax under Section 784A(2) of the Taxes Act where the Shares held are assets of an approved retirement fund or an approved minimum retirement fund;
- a qualifying savings manager within the meaning of Section 848B of the Taxes Act in respect of Shares, which are assets of a special savings incentive account within the meaning of Section 848C of the Taxes Act;
- a person who is entitled to exemption from income tax and capital gains tax by virtue of Section 787I of the Taxes Act and the Shares are assets of a PRSA;
- a credit union within the meaning of Section 2 of the Credit Union Act, 1997;
- an Irish Resident company investing in a money market fund being a person referred to in Section 739D(6)(k)(l) of the Taxes Act;
- the National Pensions Reserve Fund Commission;
- an Irish Resident company being a person referred to in Section 739D(6)(m) of the Taxes Act; or
- any other Irish Resident or Irish Ordinary Resident who may be permitted to own Shares under taxation legislation or by written practice or concession of the Revenue Commissioners without giving rise to a charge to tax in the Company or jeopardising tax exemptions associated with the Company,

provided that they have completed the Relevant Declaration.

*“Foreign Person”*, a person who is neither an Irish Resident nor an Irish Ordinary Resident for tax purposes who has provided the Company with the Relevant Declaration under Schedule 2B of the Taxes Act and in respect of whom the Company is not in possession of

any information that would reasonably suggest that the Relevant Declaration is incorrect or has at any time been incorrect.

*“Fund”*, a Fund of assets established (with the prior approval of the Central Bank) for one or more classes of Shares which is invested in accordance with the investment objectives applicable to such Fund.

*“Initial Offer Period”*, the period set by the Directors in relation to any class of a Fund as the period during which Shares are initially on offer. (See relevant Supplement).

*“Intermediary”*, a person who:

- (a) carries on a business which consists of, or includes, the receipt of payments from an investment undertaking on behalf of other persons; or
- (b) holds shares in an investment undertaking on behalf of other persons.

*“Investment”*, any investment authorised by the Memorandum of Association of the Company which is permitted by the Regulations and the Articles.

*“Investment Manager”*, Conseq Investment Management, a.s. and/or such other person as may be appointed, in accordance with the requirements of the Central Bank, to provide investment management services to the Funds, or any of them.

*“Ireland”* means the “Republic of Ireland”/the State.

*“Irish Resident”*

- in the case of an individual, means an individual who is resident in Ireland for tax purposes.
- in the case of a trust, means a trust that is resident in Ireland for tax purposes.
- in the case of a company, means a company that is resident in Ireland for tax purposes.

#### Residence – Individual

An individual will be regarded as being resident in Ireland for a twelve month tax year if s/he:

- spends 183 days or more in Ireland in that twelve month tax year; or
- has a combined presence of 280 days in Ireland, taking into account the number of days spent in Ireland in that twelve month tax year together with the number of days spent in Ireland in the preceding twelve month tax year. Presence in a twelve month tax year by an individual of not more than 30 days in Ireland will not be reckoned for the purpose of applying the two year test. Presence in Ireland for a day means the personal presence of an individual at any time during that day.

#### Residence – Company

Irish tax legislation provides that a company incorporated in Ireland will be regarded for all tax purposes as being resident in Ireland. Irrespective of where a company is incorporated a company which has its central management and control in Ireland is resident in Ireland. A company which does not have its central management and control in Ireland but which is incorporated in Ireland is resident in Ireland except where:

- the company or a related company carries on a trade in Ireland, and either the company is ultimately controlled by persons resident in EU Member States or in countries with which Ireland has a double taxation treaty, or the company or a related company are quoted companies on a recognised Stock Exchange in the EU or in a taxation treaty country;

or

- the company is regarded as not resident in Ireland under a double taxation treaty between Ireland and another country.

It should be noted that the determination of a company's residence for tax purposes can be complex in certain cases and declarants are referred to the specific legislative provisions that are contained in Section 23A of the Taxes Act.

*"Relevant Period"*, a period of 8 years beginning with the acquisition of a Share by a Shareholder and each subsequent period of 8 years beginning immediately after the preceding relevant period.

*"Irish Ordinary Resident"*

- in the case of an individual, means an individual who is ordinarily resident in Ireland for tax purposes.
- in the case of a trust, means a trust that is ordinarily resident in Ireland for tax purposes.

An individual who has been resident in Ireland for three consecutive tax years becomes ordinarily resident with effect from the commencement of the fourth tax year.

An individual who has been ordinarily resident in Ireland ceases to be ordinarily resident at the end of the third consecutive tax year in which s/he is not resident.

*"Member State"*, a member state of the European Union;

*"Minimum Holding"*, a holding of Shares of any class having an aggregate value of such minimum amount as determined by the Directors from time to time.

*"Minimum Subscription"*, a minimum subscription (whether initial or subsequent) for Shares of any Fund as determined by the Directors from time to time.

*"Net Asset Value"*, the Net Asset Value of a Fund determined in accordance with the Articles.

*"Net Asset Value Per Share"*, the Net Asset Value divided by the number of Shares (in issue) of the relevant Fund subject to such adjustment, if any, as may be required where there is more than one class of Shares in the Fund.

*"Non-Irish Resident"*, neither resident nor ordinarily resident in Ireland.

*"OECD"*, the Organisation for Economic Co-operation and Development (currently comprising Australia, Austria, Belgium, Canada, Chile, Czech Republic, Denmark, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Israel, Italy, Japan, Korea, Luxembourg, Mexico, the Netherlands, New Zealand, Norway, Poland, Portugal, Slovak Republic, Slovenia, Spain, Sweden, Switzerland, Turkey, the United Kingdom and the United States).

*“Qualified Holder”*, any person, corporation or entity other than (i) a US Person which is not a Qualified US Person; (ii) any person, corporation or entity which cannot acquire or hold Shares without violating laws or regulations applicable to it; or (iii) a custodian, nominee, or trustee for any person, corporation or entity described in (i), or (ii) above.

*“Qualified US Person”*, a US Person who has acquired Shares with the consent of the Directors provided that the number of Qualified US Persons shall not exceed such number as the Directors shall determine from time to time with a view to precluding the Company from being required to register as an investment company under the 1940 Act.

*“Regulated Markets”*, the stock exchanges and/or regulated markets listed in the Appendix I to this Prospectus.

*“Regulations”*, the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011 (SI No. 352 of 2011) as same may be amended or replaced.

*“Relevant Declaration”*, the declaration relevant to the Shareholder as set out in Schedule 2B of the Taxes Act. The relevant declaration for investors who are Non-Irish Resident (or Intermediaries acting for such investors) is set out in the application form.

*“Share(s)”*, a share or shares of no par value in the Company designated as a participating share.

*“Shareholder”*, the registered holder of a Share.

*“Subscriber Shares”*, shares of CZK1 each in the capital of the Company designated as “Subscriber Shares” in the Articles and subscribed by or on behalf of the Investment Manager for the purposes of incorporating the Company.

*“Supplement”*, any supplement to the Prospectus issued by the Company.

*“Taxable Irish Person”*, any person other than:

- a Foreign Person, or
- an Exempted Irish Investor.

*“Taxes Act”*, the Taxes Consolidation Act, 1997 (as amended) of Ireland.

*“UCITS”*, an Undertaking for Collective Investment in Transferable Securities established pursuant to the Directive, as amended.

*“United Kingdom”*, the United Kingdom of Great Britain and Northern Ireland.

*“United States” and “US”*, the United States of America, its territories, possessions, any State of the United States and the District of Columbia.

*“US Person”*, any US person within the meaning of Regulation S under the 1933 Act as well as:

- (a) a natural person resident in the US;
- (b) an estate with any US executor or administrator;
- (c) a corporation or partnership organised under US law;

- (d) an unincorporated branch of a US corporation;
- (e) a trust having beneficiaries who are US Persons or having any US trustees; and
- (f) a discretionary or non-discretionary account held by a US or non-US dealer or other fiduciary for the benefit or account of a US Person.

A US Person also includes any entity formed by or on behalf of any of the foregoing for the purpose of investing in the Company.

For the purposes of this definition, “resident” includes any natural person who maintains a residence in the US regardless of the amount of time such person spends at such residence.

“*Valuation Point*”, such time and day as the Directors may from time to time determine (with the consent of the Administrator) in relation to the valuation of the assets of a Fund and as set out in the relevant Supplement.

“*1933 Act*”, the United States Securities Act of 1933, as amended.

“*1940 Act*”, the United States Investment Company Act of 1940, as amended.

## DIRECTORY

### Directors

The Directors of the Company, whose business address is at  
6th Floor  
2 Grand Canal Square  
Dublin 2  
Ireland  
are as follows:

David McCabe  
Tom Finlay  
Richard Siuda  
Ondrej Matuska  
Veronika Juvova  
Jan Martinec

### Registered Office

6th Floor  
2 Grand Canal Square  
  
Dublin 2  
Ireland

### Investment Manager

Conseq Investment Management,  
a.s.  
Burzovní palác  
Rybná 682/14  
Prague 1  
110 05  
Czech Republic  
Telephone: +420 225 988 222  
Fax: + 420 225 988 202

### Custodian

BNP Paribas Securities  
Services Dublin  
Branch Trinity Point,  
10 – 11 Leinster Street  
South,  
Dublin 2  
Ireland

### Secretary

Wilton Secretarial Limited  
6th Floor  
2 Grand Canal Square  
Dublin 2  
Ireland

### Administrator, Registrar and Transfer Agent

BNP Paribas Fund Administration  
Services (Ireland) Limited  
Trinity Point  
10-11 Leinster Street South  
Dublin 2  
Ireland

### Legal Advisers as to Irish Law

William Fry  
6th Floor  
2 Grand Canal Square  
Dublin 2  
Ireland

### Auditors

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

# CONSEQ INVEST PLC

## Introduction

Conseq Invest public limited company is an open-ended investment company with variable capital organised under the laws of Ireland. The Company has been authorised as a UCITS within the meaning of the Regulations and authorised by the Central Bank.

The Company is structured as an umbrella fund with segregated liability between sub-funds in that different Funds thereof may be established with the prior approval of the Central Bank. In addition, each Fund may have more than one share class allocated to it. The Shares of each class allocated to a Fund will rank pari passu with each other in all respects except as to all or any of the following: dividend policy; the level of fees and expenses to be charged; and the Minimum Subscription and Minimum Holding applicable.

The assets of each Fund will be separate from one another and will be invested in accordance with the investment objectives and policies applicable to each such Fund.

The share capital of each Fund shall at all times equal its Net Asset Value. The base currency of each Fund will be determined by the Directors and, will be set out in the relevant Supplement.

As at the date of this Prospectus, the Funds of the Company are the Conseq Invest Equity Fund, the Conseq Invest Bond Fund, the Conseq Invest Conservative Bond Fund and the Conseq Invest New Europe Bond Fund. The Conseq Invest Equity Fund has three classes, an A, B and D class, the Conseq Invest Bond Fund has three classes, an A, B and D class and the Conseq Invest Conservative Bond Fund and the Conseq Invest New Europe Bond Fund both have two classes, an A and D class.

On the establishment of any Fund or the creation of a new class of Shares in an existing Fund, a Supplement will be issued in respect thereof. In addition, details of all Funds and classes thereof will be set out in the annual and semi-annual reports of the Company.

## Investment Objectives and Policies

### General

The specific investment objectives and policies for each Fund will be formulated by the Directors at the time of the creation of that Fund and set out in the relevant Supplement. A Fund may, subject to the conditions imposed by the Central Bank, invest in other Funds of the Company where such intention is disclosed in the Fund's investment policy.

The stock exchanges and markets in which the Funds may invest are set out in Appendix I. These stock exchanges and markets are listed in accordance with the requirements of the Central Bank, it being noted that the Central Bank does not issue a list of approved exchanges or markets. Each Fund may also invest up to 10% of its net assets in unquoted securities and up to 10% of its net assets in other open ended collective investment schemes, in accordance with the Regulations.

Any alterations to the investment objectives or material alterations to the investment policies of any Fund will be subject to the prior approval of the Shareholders of the relevant Fund. Shareholders will be given reasonable notice in advance of the implementation of any alteration in the investment objectives or a material alteration to the investment policies in a Fund to enable them redeem prior to such implementation.

## **Efficient Portfolio Management**

The Company may, on behalf of each Fund and subject to the conditions and within the limits laid down by the Central Bank, employ techniques and instruments relating to transferable securities for efficient portfolio management purposes. Transactions for the purposes of efficient portfolio management may be undertaken with a view to achieving a reduction in risk, a reduction in costs or an increase in capital or income returns to a Fund and may not be speculative in nature. These techniques and instruments may include investments in financial derivative instruments such as futures (which may be used to manage interest rate risk), options (which may be used to achieve cost efficiencies, for example where the acquisition of the option is more cost effective than purchasing of the underlying asset), swaps and forward currency contracts and foreign exchange options (which may be used to manage currency risk). Such techniques and instruments are set out in Appendix II. New techniques and instruments may be developed which may be suitable for use by the Company and the Company (subject as aforesaid) may employ such techniques and instruments. A Fund may enter into stock lending, repurchase and/or reverse repurchase agreements for the purposes of efficient portfolio management in accordance with the provisions of Appendix II.

## **Investment and Borrowing Restrictions**

Investment of the assets of each Fund must comply with the Regulations. Details of the investment and borrowing restrictions applicable to all Funds are contained in Appendix III.

The Directors may impose further restrictions in respect of any new Fund. Details will be set out in the relevant Supplement.

The Company will not take legal or management control of any of the entities in which its underlying investments are made.

No amendment will be made to the restrictions imposed by the Central Bank without the prior consent of the Central Bank and the prior approval of the Shareholders (in accordance with the procedures detailed under "Investment Objectives and Policies" above).

The Directors may also from time to time impose such further investment restrictions as may be compatible with or be in the interest of the Shareholders in order to comply with the laws and regulations of the countries where Shareholders of the Company are located or the Shares are marketed.

It is intended that the Company should, subject to the prior approval of the Central Bank, have power to avail itself of any change in the investment restrictions laid down in the Regulations which would permit investment by the Company in securities, derivative instruments or in any other forms of investment which, as at the date of this Prospectus, are restricted or prohibited under the Regulations. The Company will give Shareholders reasonable notice of its intention to avail itself of any such change which is material in nature or change.

## **Dividend Policy**

The Directors are empowered to declare and pay dividends on any class of Shares in the Company. The dividend policy in respect of each Share class shall be set out in the relevant Supplement.

## **RISK FACTORS**

Potential investors should consider the following risk factors before investing in the Company. Additional risk factors, if any, for various Funds will be set out in the relevant Supplement.

In addition, risk factors relating to the use of techniques and instruments for efficient portfolio management purposes are set out in Appendix II.

### **General**

- There is no assurance that any appreciation in the value of Investments will occur, or that the investment objectives of any Fund will be achieved. The value of investments and the income derived therefrom may fall as well as rise and investors may not recoup the original amount invested in a Fund. The difference at any one time between subscription and redemption prices for Shares means that any investment should be viewed as medium to long term. An investment should only be made by those persons who are able to sustain a loss on their investment.
- The assets of a Fund may be invested in securities of companies denominated in, and income would be received by the Fund in, a variety of currencies. The value of assets of the Fund, as measured in its base currency, may be affected unfavourably by fluctuations in currency rates.
- Depending on an investor's currency of reference, currency fluctuations between an investor's currency of reference and the base currency of the relevant Fund may adversely affect the value of an investment in one or more of the Funds.
- Investors are reminded that in certain circumstances their right to redeem Shares may be suspended (see "Temporary Suspensions" below).
- Each Fund will be exposed to a credit risk on parties with whom it trades and may also bear the risk of settlement default.
- The Company is structured as an umbrella fund with segregated liability between sub-funds. As a matter of Irish law, the assets of one Fund will not be available to meet the liabilities of another. However, the Company is a single legal entity that may operate or have assets held on its behalf or be subject to claims in other jurisdictions that may not necessarily recognise such segregation.

### **Emerging Markets**

Funds which invest in emerging market countries may be subject to the following additional risk factors:

- Political and Economic Factors

There is in some emerging market countries a higher than usual risk of nationalisation, expropriation or confiscatory taxation, any of which might have an adverse effect on the value of investments in those countries. Emerging market countries may also be subject to higher than usual risks of political changes, government regulation, social instability or diplomatic developments (including war) which could adversely affect the economies of the relevant countries and thus the value of investments in those countries.

The economies of many emerging market countries can be heavily dependent on international trade and accordingly have been and may continue to be adversely affected by trade barriers, managed adjustments in relative currency values, other protectionist measures imposed or negotiated by the countries with which they trade and international economic developments generally.

- Legal Matters

The legislative framework in emerging market countries for the purchase and sale of investments and in relation to beneficial interests in those investments may be relatively new and untested and there can be no assurance regarding how the courts or agencies of emerging market countries will react to questions arising from the Fund's investment in such countries and arrangements contemplated in relation thereto.

There is no guarantee that any arrangements made, or agreement entered into, between the Custodian and any correspondent (i.e. an agent, sub-custodian or delegate) will be upheld by a court of any emerging market country, or that any judgement obtained by the Custodian or the Company against any such correspondent in a court of any jurisdiction will be enforced by a court of any emerging market country.

- Counterparty Risk and Liquidity

There can be no assurance that there will be any market for any investments acquired by the Fund or, if there is such a local market, that there will exist a secure method of delivery against payment which would, in the event of a sale by or on behalf of the Fund, avoid exposure to counterparty risk on the buyer. It is possible that even if a market exists for such investment, that market may be highly illiquid. Such lack of liquidity may adversely affect the value or ease of disposal of such investments. There is a risk that counterparties may not perform their obligations and that settlement of transactions may not occur.

- Settlement

There can be no guarantee of the operation or performance of settlement, clearing and registration of transactions in emerging market countries nor can there be any guarantee of the solvency of any securities system or that such securities system will properly maintain the registration of the Custodian or the Company as the holder of securities. Where organised securities markets and banking and telecommunications systems are underdeveloped, concerns inevitably arise in relation to settlement, clearing and registration of transactions in securities where these are acquired other than as direct investments. Furthermore, due to the local postal and banking systems in many emerging market countries, no guarantee can be given that all entitlements attaching to quoted and over-the-counter traded securities acquired by a Fund, including those related to dividends, can be realised.

Some emerging markets currently dictate that monies for settlement be received by a local broker a number of days in advance of settlement, and that assets are not transferred until a number of days after settlement. This exposes the assets in question to risks arising from acts, omissions and solvency of the broker and counterparty risk for that period of time.

- Custody

Local custody services remain underdeveloped in many emerging market countries and there is a transaction and custody risk involved in dealing in such markets. In certain circumstances the Fund may not be able to recover some of its assets. Such circumstances may include any acts or omissions or the liquidation, bankruptcy or insolvency of a sub-custodian, retroactive application of legislation and fraud or improper registration of title. The costs borne by the Fund in investing and holding investments in such markets will generally be higher than in organised securities markets.

- Exchange Control and Repatriation

It may not be possible for the Fund to repatriate capital, dividends, interest and other income from emerging market countries, or it may require government consents to do so. The Fund could be adversely affected by the introduction of, or delays in, or refusal to grant any such consent for the repatriation of funds or by any official intervention affecting the process of settlement of transactions. Economic or political conditions could lead to the revocation or variation of consent granted prior to investment being made in any particular country or to the imposition of new restrictions.

- Reporting and Valuation

There can be no guarantee of the accuracy of information available in emerging market countries in relation to investments which may adversely affect the accuracy of the value of Shares in the Fund. Accounting practices are in many respects less rigorous than those applicable in more developed markets. Similarly, the amount and quality of information required for reporting by companies in emerging market countries is generally of a relatively lower degree than in more developed markets.

## MANAGEMENT AND ADMINISTRATION

### The Directors

The Company shall be managed and its affairs supervised by the Directors whose details are set out below. The Directors are all non-executive directors of the Company.

The Directors control the affairs of the Company and are responsible for its overall investment policy. The Directors have delegated certain of their duties to the Investment Manager and Administrator.

*Ondrej Matuska (Czech Republic)* graduated at the University of Economics in Prague, Faculty of Finance and Accounting, focusing on finance and capital markets. Prior to his graduation, Mr Matuska worked as a editor in Prague business daily Hospodarske noviny. After graduation he started his professional career as a credit analyst in Erste Bank CR/Ceska sporitelna. Mr Matuska joined Conseq Finance in 2000 as a Portfolio Manager, taking part in preparing and implementing investment strategies and asset allocation of mostly institutional clients' mandates. Within years with the Investment Manager, Mr Matuska become senior Portfolio Manager taking responsibility for preparing strategic asset allocation and managing fixed-income institutional mandates as well as Conseq Invest fixed-income funds. Mr Matuska became a Member of the Board of Conseq Investment Management in 2008. He leads a team of portfolio managers and is responsible for managing of clients' mandates as well as Conseq Invest funds.

*David McCabe (Irish)* Mr McCabe qualified as a Chartered Accountant and commenced his professional career with Pricewaterhouse working in Dublin, Paris and Algiers. In 1968, Mr McCabe joined the Investment Bank of Ireland and in 1987 became the founding Managing Director of Bank of Ireland International Finance, one of the first companies in the IFSC. Mr McCabe is a director of a number of fund companies and other entities involved in the financial services industry.

*Tom Finlay (Irish)* graduated at the University College Dublin, later became Barrister at Law (Kings Inns, Dublin). In 1975, Tom joined The Investment Bank of Ireland, the fund management-arm of the Bank of Ireland Group. Following a re-branding of the business to facilitate its global growth, a process that Tom directed and oversaw, the name was changed to Bank of Ireland Asset Management (BIAM). Tom Left BIAM at the end of May 2001, after working with the Bank of Ireland Group for 26 years. In Oct 2001, Tom set up his own consultancy business (The Finlay Consultancy). Assignments undertaken to-date include providing strategic advice on both client service and relationship management, doing in-depth qualitative research with existing and potential customers, and acting as an executive coach. In addition, Tom has taken up non-executive Board positions with a number of International Financial Services Institutions operating out of Dublin's IFSC.

*Richard Siuda (Czech Republic)* Mr Siuda is a graduate of the Faculty of International Relations at the University of Economics, Prague. One year prior to his graduation from the University of Economics, Prague, Mr Siuda joined the Investment Manager as Portfolio Administrator, where his main responsibilities included portfolio valuation, performance analysis, managing relations and communications with the Company's service providers and risk management. Mr Siuda also had responsibility for the reporting processes of both the Company and some of the institutional clients of the Investment Manager. He has also previously acted as AML officer to the Company. After two years as Portfolio Manager, Mr Siuda took up the position of Sales Manager, in which capacity he was responsible for

developing relations with and the training of independent financial advisors. At the beginning of 2006, he was appointed as the Investment Manager's Head of Sales.

*Veronika Juvova (Czech Republic)* graduated at the Charles University, Faculty of Law in 2009, where she currently works in the Financial Law Department within her graduate studies of capital market law targeted on investor protection in capital market, prudent provision of investment services and collective investment. After a year of practice with the Financial Market Legislation Department of the Ministry of Finance, where she participated in preparation of national and European legislature, she joined Conseq Investment Management a.s. a lawyer and an expert on compliance. She started providing services to financial institutions (also to Conseq Investment Management, a.s. and its subsidiary companies).

*Jan Martinec (Czech Republic)* graduated at University of Economics in Prague, Faculty of Banking and Finance in 2010. As a part of his studies in Prague he also graduated an internship at Memorial University of Newfoundland, Canada where he focused on international financial markets and risk management. Mr. Martinec started working for Conseq Investment Management, a.s. already during his studies in 2008 as a part time assistant at portfolio administration department. After he finished university he started working full time and from 2012 Mr. Martinec became Head of portfolio administration department. Mr. Martinec was also shortly responsible for Conseq Group Risk management in years 2011 to 2013.

### **The Investment Manager**

The Company has appointed Conseq Investment Management, a.s. as its investment manager pursuant to the Investment Management Agreement between the Company and the Investment Manager dated 23 December 2002 as amended by a supplemental investment management agreement dated 12 December 2005 and delegated to the Investment Manager the responsibility for the investment and re-investment of the Company's assets. The Investment Manager will be responsible to the Directors in regard to the management of the investment of the assets of the Company in accordance with the investment objectives and policies for each Fund described in this Prospectus and the relevant Supplement, subject always to the supervision and direction of the Directors. The Investment Manager also currently acts as promoter of the Company and will use its reasonable endeavours to assist in the promotion of each Fund.

The Investment Manager was incorporated in the Czech Republic as a joint stock company on 14 November 2000 as a wholly owned subsidiary company of Conseq Finance, a.s. Conseq Finance, a.s. previously the Company's investment manager, which was established as a limited liability company on 18 July 1994. The Investment Manager is regulated by the Czech National Bank. As at 31 December 2011 the Investment Manager had CZK 17.394 billion under management.

The Investment Management Agreement provides that the appointment of the Investment Manager will continue in force unless and until terminated by either party giving to the other not less than 90 days written notice although in certain circumstances (e.g. the insolvency of either party, unremedied breach after notice, etc.) the Agreement may be terminated forthwith by notice in writing by either party to the other. The Investment Management Agreement contains indemnities in favour of the Investment Manager other than in respect of matters arising from any liability to the Shareholders imposed under Irish law or by reason of its negligence, fraud or wilful default in the performance of its duties and obligations, and also contains provisions regarding the Investment Manager's legal responsibilities.

The Investment Manager may in accordance with the requirements of the Central Bank appoint one or more investment adviser(s) to whom it may delegate all or part of the day to day conduct of its investment management responsibilities in respect of any Fund.

If more than one investment adviser is appointed to a Fund, the Investment Manager shall allocate the assets of the Fund between the investment advisers in such proportions as it shall, at its discretion, determine.

### **The Administrator, Registrar and Transfer Agent**

The Company appointed BNP Paribas Fund Services Dublin Limited as administrator and registrar of the Company pursuant to the Administration Agreement with responsibility for the day to day administration of the Company's affairs. The responsibilities of the Administrator include share registration and transfer agency services, valuation of the Company's assets and calculation of the Net Asset Value per Share and the preparation of the Company's annual reports.

On the 30 December 2015, BNP Paribas Fund Services Dublin Limited and BNP Paribas Fund Administration Services (Ireland) Limited merged pursuant to Chapter 3 of Part 9 of the Companies Act 2014 pursuant to which the assets and liabilities of BNP Paribas Fund Services Dublin Limited were transferred to BNP Paribas Fund Administration Services (Ireland) Limited and BNP Paribas Fund Services Dublin Limited was dissolved by operation of law. As a consequence of this merger (as further detailed under the heading 'Material Contracts' below), BNP Paribas Fund Administration Services (Ireland) Limited became the administrator of the Company.

BNP Paribas Fund Administration Services (Ireland) Limited was incorporated in Ireland on 6 August, 2010 as a private company limited by shares and is an investment business firm authorised by the Central Bank to carry out the administration of collective investment schemes. It is ultimately a wholly-owned subsidiary of BNP Paribas Securities Services S.C.A., which is owned up to 94.7% by BNP Paribas S.A., one of Europe's largest banks.

BNP Paribas Fund Administration Services (Ireland) Limited as the Administrator is not involved directly or indirectly with the business affairs, organisation, sponsorship or management of the Company and is not responsible for the preparation of this document other than the preparation of the above description and accepts no responsibility or liability for any information contained in this document except disclosures relating to it.

### **The Custodian**

The Company has appointed BNP Paribas Securities Services Dublin Branch as its Custodian pursuant to the Custodian Agreement. The Custodian is a branch of BNP Paribas Securities Services SCA, a company incorporated in France as a Partnership Limited by Shares and is authorised by the ACPR (Autorité de Contrôle Prudential et de Résolution) and supervised by the AMF (Autorité des Marchés Financiers), whose head office is at 3 rue d'Antin, 75002 Paris, France. It is owned up to 99.99% by BNP Paribas Group, one of Europe's largest banks.

The Custodian acts, inter alia, as trustee or custodian of a number of collective investment schemes. The Custodian's main business activity consists of providing custody and related services to collective investment schemes and other portfolios.

Under the terms of the Custodian Agreement, the Custodian has full power to delegate the whole or any part of its custodial functions, but the liability of the Custodian will not be

affected by the fact that it has entrusted to a third party some or all of the investments in its safekeeping. Under the terms of the Custodian Agreement, the Custodian has full power to delegate the whole or any part of its custodial functions, but the liability of the Custodian will not be affected by the fact that it has entrusted to a third party some or all of the investments in its safekeeping.

The Custodian has the power to appoint agents, sub-custodians and delegates ("Correspondents"). The Custodian's liability will not be affected by the fact that it has entrusted to a third party some or all of the assets in its safekeeping. The Company and the Custodian agree that the Central Bank considers that in order to discharge its responsibilities under the Regulations, the Custodian will exercise care and diligence in choosing and appointing a Correspondent as safekeeping agent so as to ensure that the Correspondent has and maintains the expertise, competence and standing appropriate to discharge the responsibilities concerned and will maintain an appropriate level of supervision over the Correspondent and make appropriate enquiries from time to time to confirm that the obligations of the Correspondent continue to be competently discharged. This does not purport to be a legal interpretation by the Central Bank of the Regulations and the corresponding provisions of the Directive relating to undertakings for collective investment in transferable securities.

As certain Funds may invest in markets where custodial and/or settlement systems are not fully developed, the assets of the relevant Fund which are traded in such markets and which have been entrusted to Correspondents, in circumstances where the use of such Correspondents is necessary, may be exposed to risk in circumstances whereby the Custodian will have no liability. Prospective investors are referred to the section headed "Emerging Markets" under "Risk Factors" above. There can be no assurance that losses will not arise to the Company from the actions, inactions or insolvency of such Correspondents, particularly since regulations and standards of administration in emerging markets countries may be underdeveloped and not of the standard experienced in most industrialised economies.

The Custodian Agreement provides that the appointment of the Custodian will continue in force unless and until terminated by either party giving to the other not less than 180 days written notice. The Custodian Agreement contains indemnities in favour of the Custodian excluding matters arising by reason of its unjustifiable failure to perform its obligations or the improper performance of its obligations or from any liability to the Shareholders imposed under Irish law and also contains provisions regarding the Custodian's legal responsibilities.

### **The Distributor**

The Company has delegated responsibility for the distribution, promotion and marketing of the Shares of the Company to Conseq Investment Management, a.s., on an exclusive basis, pursuant to the Distribution Agreement. The Distributor will have responsibility for the distribution, promotion and marketing of the Shares in all territories and in the manner detailed in the Distribution Agreement.

The Distributor was incorporated in the Czech Republic on 14 November 2000 as a joint stock company. Its principal activities are the management, promotion and marketing of investments and the provision of investment advice. The Distributor is regulated by the Czech National Bank in the conduct of its investment business activities.

The Distribution Agreement provides for the appointment of the Distributor for an indefinite period unless and until terminated by either the Company or the Distributor giving not less than 90 days notice in writing to the other, although in certain circumstances (e.g. the insolvency of either of the said parties, unremedied breach after notice etc.) the Distribution

Agreement may be terminated forthwith by notice in writing by either the Company or the Distributor to the other. The Distribution Agreement contains provisions regarding the Distributor's responsibilities and indemnities in favour of the Distributor other than due to fraud, negligence, wilful misfeasance or bad faith of the Distributor, its servants or agents.

### **Conflicts of Interest**

Due to the widespread operations undertaken or which in the future may be undertaken by the Directors, the Investment Manager, any investment advisers appointed by the Investment Manager, the Administrator and the Custodian and their respective holding companies, subsidiaries, affiliates, employees, officers, directors and shareholders (each an "interested party") conflicts of interest may arise.

An interested party may contract or enter into any financial, banking or other transaction including, without limitation, investment in securities of a Shareholder or any company or body any of whose investments form part of the assets comprised in any Fund or be interested in any such contract or transaction and may invest in and deal with the Shares of any Fund or property of any kind included in the assets of the Company.

Any cash of the Company may be deposited, subject to the provisions of the Central Bank Acts, 1942 to 1989, of Ireland, with an interested party or invested in certificates of deposit or banking instruments issued by an interested party. Banking and similar transactions may also be undertaken with or through an interested party or any such subsidiary, affiliate, associate, agent or delegate.

An interested party may provide similar services to others provided that the services they provide to the Company are not impaired thereby. Furthermore an interested party may acquire, hold or dispose of Investments notwithstanding that such Investments had been acquired or disposed of by or on behalf of the Company by virtue of a transaction effected by the Company in which the interested party was concerned provided that the acquisition or disposal by an interested party of such investments is effected on normal commercial terms as if negotiated on an arm's length basis and the investments held by the Company are acquired on the best terms reasonably obtainable having regard to the interests of the Company. An interested party may deal with the Company as principal or as agent, provided that any such dealings are in the best interests of Shareholders and are carried out as if effected on normal commercial terms negotiated on an arm's length basis i.e. if:

- (a) a certified valuation of a transaction by a person approved by the Custodian as independent and competent is obtained; or
- (b) the transaction is executed on best terms on an organised investment exchange in accordance with the rules of such exchange; or
- (c) where (a) and (b) are not practicable, the transaction is executed on terms which the Custodian is (or the Directors are in the case of a transaction involving the Custodian) satisfied are normal commercial terms negotiated at arm's length and consistent with the best interests of Shareholders.

In the event that a conflict of interest does arise, the Directors, the Investment Manager and the investment advisers, will endeavour, so far as they are reasonably able, to ensure that it is resolved fairly and that investment opportunities are allocated on a fair and equitable basis.

## **Accounts and Information**

The Company's accounting period will end on 30 June in each year.

The Company will prepare an annual report and audited annual financial statements, which will be sent to Shareholders within four months of the end of the financial period to which they relate i.e. by 31 October in each year. Copies of the unaudited half yearly reports (made up to 31 December), will also be made available to Shareholders within two months of the end of the half year period to which they relate i.e. by 28 February in each year

Copies of this Prospectus, the Supplements, annual and half-yearly reports of the Company may be obtained from the Investment Manager at the address given under "Directory" above.

## **Meetings**

Shareholders in the Company will be entitled to attend and vote at general meetings of the Company. The annual general meeting of the Company will be held in Ireland normally within six months of the end of each financial year.

## **VALUATION, SUBSCRIPTIONS AND REDEMPTIONS**

### **Valuation of Assets and Calculation of Net Asset Value**

The Net Asset Value of each Fund is expressed in its base currency. The calculation of the Net Asset Value of each Fund and of each class thereof will be carried out by the Administrator on each Dealing Day in accordance with the requirements of the Articles.

The Net Asset Value of each Fund shall be the value of all the assets comprised in the Fund less all the actual and estimated liabilities attributable to the Fund and subject to the Regulations.

The assets of the Company shall be deemed to include (i) all cash in hand, on deposit or on call including any interest accrued thereon and all accounts receivable, (ii) all bills, demand notes, certificates of deposit and promissory notes, (iii), all bonds, forward currency transactions, time notes, shares, stock, units of or participation in collective investment schemes/ mutual funds, debentures, debenture stock, subscription rights, warrants, futures contracts, options contracts, swap contracts, fixed rate securities, floating rate securities, securities in respect of which the return and/or repurchase amount is calculated by reference to any index, price or rate, financial instruments and other investments and securities owned or contracted for in respect of the Company, other than rights and securities issued by it; (iv) all stock and cash dividends and cash distributions to be received in respect of a Fund and not yet received by the Company but declared to stockholders on record on a date on or before the day as of which the Net Asset Value is being determined, (v) all interest accrued on any interest-bearing securities owned by the Company except to the extent that the same is included or reflected in, the principal value of such security, (vi) all other Investments of the Company, (vii) the establishment costs attributable to the Company and the cost of issuing and distributing Shares of the Company in so far as the same have not been written off and (viii) all other assets of the Company of every kind and nature including prepaid expenses as valued and defined from time to time by the Directors.

The valuation principles to be used in valuing the Company's assets are as follows:

- (a) the value of an Investment which is quoted, listed or normally dealt in on a Regulated Market shall (save in the specific cases set out in paragraphs (iii), (viii) and (ix)), in respect of bond Investments, be the middle market price on such Regulated Market as at the Valuation Point and, in respect of equity Investments be the last available traded price on such Regulated Market as at the Valuation Point, provided that:
  - (i) if an Investment is quoted, listed or normally dealt in on more than one Regulated Market, the Directors may, in their absolute discretion, select any one of such markets for the foregoing purposes (provided that the Directors have determined that such market constitutes the main market for such Investment or provides the fairest criteria for valuing such securities) and once selected a market shall be used for future calculations of the Net Asset Value with respect to that Investment unless the Directors otherwise determine; and
  - (ii) in the case of any Investment which is quoted, listed or normally dealt in on Regulated Market but in respect of which for any reason, prices on that market may not be available at any relevant time, or, in the opinion of the Directors, may not be representative, the value therefor shall be the probable realisation value thereof calculated with care and in good faith by a competent person, firm or association making a market in such Investment (selected for the purpose by the

Directors and approved for the purpose by the Custodian) and/or any other competent person, in the opinion of the Directors (approved for the purpose by the Custodian to provide such a certificate provided always that the Custodian shall not be responsible to any Shareholders or any other person for the accuracy of any valuation placed on Investments by such person so approved by the Custodian);

- (b) the value of any Investment which is not quoted, listed or normally dealt in on a Regulated Market shall be the probable realisable value estimated with care and in good faith by a competent person, firm or association making a market in such Investment (selected for the purpose by the Directors and approved for the purpose by the Custodian) and/or any other competent person, in the opinion of the Directors (and approved for the purpose by the Custodian. For this purpose:
  - (iii) there shall be taken into account interest on interest bearing Investments up to the relevant Valuation Point; and
  - (iv) the Directors may accept a valuation of such Investment calculated by a person, firm or association qualified in the opinion of the Directors to provide such a calculation.
- (c) the value of any Investment which is a unit of or participation in an open-ended collective investment scheme/mutual fund shall be the latest available net asset value of such unit/participation;
- (d) the value of any cash in hand, prepaid expenses, cash dividends and interest declared or accrued as aforesaid and not yet received shall be deemed to be the net present value thereof unless in any case the Directors are of the opinion that the same is unlikely to be paid or received in full in which case the value thereof shall be arrived at after making such discount as the Directors (with the approval of the Custodian) may consider appropriate in such case to reflect the true value thereof (approved for the purpose by the Custodian to provide such a certificate provided always that the Custodian shall not be responsible to any Shareholders or any other person for the accuracy of any valuation placed on Investments by such person so approved by the Custodian);
- (e) deposits and interest bearing investments shall be valued at their principal amount plus accrued interest from the date on which the same were acquired or made up to the relevant Valuation Point;
- (f) treasury bills shall be valued at the middle market dealing price on the market on which same are traded or admitted to trading as at the Valuation Point, provided that where such price is not available, same shall be valued at the probable realisation value estimated with care and good faith by a competent person (approved for the purpose by the Custodian to provide such a certificate provided always that the Custodian shall not be responsible to any Shareholders or any other person for the accuracy of any valuation placed on Investments by such person so approved by the Custodian);
- (g) notes, debenture stocks, certificates of deposit, bank acceptances, trade bills and similar assets shall be valued at the latest available middle market dealing price on the market on which these assets are traded or admitted for trading (being the market which is the sole market or in the opinion of the Directors the principal market on which the assets in question are quoted or dealt in) plus any interest accrued thereon from the date on which same were acquired;

- (h) forward foreign exchange contracts will be valued by reference to the price at the Valuation Point at which a new forward contract of the same size and maturity could be undertaken;
- (i) the value of any futures contracts and options which are dealt in on a Regulated Market shall be the settlement price as determined by the market in question, provided that if such settlement price is not available for any reason or is unrepresentative, same shall be valued at the probable realisation value calculated with care and good faith by a competent person (approved for the purpose by the Custodian to provide such a certificate provided always that the Custodian shall not be responsible to any Shareholders or any other person for the accuracy of any valuation placed on Investments by such person so approved by the Custodian);
- (j) the value of any over the counter (“OTC”) contracts shall be the quotation from the counterparty provided that such quotation is provided on at least a daily basis and that this value is approved or verified by an independent party to the counterparty (such independent party to be the Investment Manager, or such other independent party approved by the Custodian) on at least a weekly basis (provided always that the Custodian shall not be responsible to any Shareholders or any other person for the accuracy of any valuation placed on Investments by such person so approved by the Custodian);

Notwithstanding any of the foregoing sub-paragraphs, the Directors:

- (a) with the approval of the Custodian may adjust the value of any Investment if, having regard to currency, applicable rate of interest, maturity, marketability and/or such other considerations as they may deem relevant, they consider that such adjustment is required to reflect the fair value thereof; and/or
- (b) may, in order to comply with any applicable accounting standards, present the value of any assets of the Company in financial statements to Shareholders in a manner different to that set out in Article 17;

If in any case a particular value is not ascertainable as above provided or if the Directors shall consider that some other method of valuation better reflects the fair value of the relevant Investment then in such case the method of valuation of the relevant Investment shall be such as the Directors shall decide with the concurrence of the Custodian;

Notwithstanding the foregoing, where at the time of valuation any asset of the Company has been realised or contracted to be realised there shall be included in the assets of the Company in place of such asset the net amount receivable by the Company in respect thereof provided that if such amount is not then known exactly then its value shall be the net amount estimated by the Directors as receivable by the Company and provided that such adjustment method is approved by the Custodian and provided further that if the net amount receivable is not payable until some future time after the time of any valuation the Directors make such allowance as they consider appropriate to reflect the true current value thereof.

The Company may adopt other valuation methods for future Funds and details in this regard will be outlined, in the relevant Supplement.

Any certificate as to Net Asset Value of Shares given in good faith (and in the absence of negligence or manifest error) by or on behalf of the Directors shall be binding on all parties.

Where the current price of an Investment is quoted as “ex” any dividend (including stock dividend), interest or other rights to which the Fund is entitled but such dividend, interest, or the property to which such rights relate has not been received and is not taken into account under any other provisions of this Prospectus, the amount of such dividend, interest, property or cash shall be taken into account.

### **Administrator’s Liability in calculating Net Asset Value**

In calculating the Net Asset Value, the Administrator will not be liable for any loss suffered by the Company by reason of any error in the calculation of the Net Asset Value resulting from any inaccuracy in the information provided by any pricing service or competent person, firm or association approved for such purpose by the Custodian. The Administrator will not be liable for any loss suffered by the Company by reason of any error in the calculation of the Net Asset Value resulting from any inaccuracy in the information provided by the Investment Manager or its delegates. In circumstances where the Administrator is requested by the Investment Manager or its delegates and agrees to use particular pricing services, brokers, market makers or other intermediaries, the Administrator shall not be liable for any loss suffered by the Company by reason of any error in the calculation of the Net Asset Value resulting from any inaccuracy in the information provided by such pricing services, brokers, market makers or other intermediaries not appointed or selected by the Administrator.

Except when the determination of the Net Asset Value of any Fund has been suspended in the circumstances set out under the heading “Temporary Suspensions” below, the calculation of the Net Asset Value of each Fund, the Net Asset Value of each class and the Net Asset Value per Share will be calculated as at the relevant Valuation Point. The Net Asset Value per Share shall be made public at the offices of the Administrator during normal business hours and will be published daily by the Investment Manager on the website [www.conseq.cz](http://www.conseq.cz) and on website of The Czech Capital Market Association [www.akatcr.cz](http://www.akatcr.cz).

The Net Asset Value of any class of Shares within a Fund will be determined by taking the Net Asset Value of the Fund as a whole and deducting that class’ pro rata share of the liabilities of the Fund from that class’ pro rata share of the assets of the Fund, in all cases in a manner determined by the Administrator with the approval of the Investment Manager and the Custodian. The Net Asset Value per Share of each class will be determined by dividing the Net Asset Value of the class by the number of Shares of that class in issue.

### **Subscriptions**

The Directors may issue Shares of any class of any Fund and on such terms as they may from time to time determine. The terms and conditions applicable to the issue of Shares of any class together with subscription and settlement details and procedures and any Minimum Subscription or Minimum Holding requirements will be set out in the relevant Supplement. Shares shall be issued at the Net Asset Value per Share plus any charges as specified in the relevant Supplement. All Shares will be registered in inscribed form and evidenced by entry on the Company’s register of shareholders and confirmations of ownership in writing (in the form of transaction confirmations) will be issued to Shareholders. Certificates will not be issued, unless a Shareholder makes a specific request in writing. The Company may impose a charge of up to CZK2000 (payable to the Administrator) in respect of each certificate to be issued, which charge may be waived in whole or in part at the discretion of the Directors.

Under the Articles, the Directors are given authority to effect the issue of Shares and have absolute discretion to accept or reject in whole or in part any application for Shares. The

Directors have power to impose such restrictions as they think necessary to ensure that no Shares are acquired by any person which might result in the legal and beneficial ownership of Shares by persons who are not Qualified Holders or expose the Company to adverse tax or regulatory consequences.

If an application is rejected, any monies received will be returned to the applicant (minus any handling charge incurred in any such return) as soon as possible by post or telegraphic transfer (but without interest, costs or compensation).

No Shares of any Fund will be issued or allotted during a period when the determination of Net Asset Value of that Fund is suspended.

### **Money Laundering**

Measures aimed towards the prevention of money laundering, within the jurisdictions of the Company and the Investment Manager, may require a detailed verification of the applicant's identity. Depending on the circumstances of each application, a detailed verification might not be required where (i) the applicant makes the payment from an account held in the applicant's name at a recognised financial institution or (ii) the application is made through a recognised intermediary. These exceptions will only apply if the financial institution or intermediary referred to above are within a country recognised in Ireland as having equivalent anti-money laundering regulations.

By way of example, an individual may be required to produce a copy of a passport or identification card duly certified by a notary public, together with evidence of his/her address such as a utility bill or bank statement and date of birth. In the case of corporate applicants this may require production of a certified copy of the certificate of incorporation (and any change of name), memorandum and articles of association (or equivalent), the names, occupations, dates of birth and residential and business addresses of all directors.

The Investment Manager and any relevant distributor reserve the right to request such information from any applicant as is necessary to verify the identity of the applicant in compliance with the provisions of the Irish Criminal Justice (Money Laundering and Terrorist Financing) Act, 2010. In the event of delay or failure by the applicant to produce any information required for verification purposes, the Investment Manager and any relevant distributor or the Company may refuse to accept the application and all subscription monies.

### **Exchange of Information**

On 3 June 2003, the European Commission published a new directive (EC Directive 2003/48/EC) regarding the taxation of savings income (the "Savings Directive"). As a result, Member States are required to provide to the tax authorities of another Member State details of payments of interest (which may include distributions by collective investment funds) or other similar income paid by a person within its jurisdiction to an individual resident in that other Member State, subject to the right of certain Member States to opt instead for a withholding system in relation to such payments. Ireland has opted for exchange of information rather than a withholding tax system. Under the provisions of the Savings Directive all EU Member States were required to implement the Savings Directive into their domestic laws by 1 July 2005, although the laws, regulations and administrative provisions necessary to comply with the Savings Directive have been adopted since 1 January 2004.

Accordingly, the Custodian, Administrator or such other entity considered a "paying agent" for the purposes of the Savings Directive may be required to disclose details of payments of interest or other similar income to investors in the Company to the Irish Revenue Commissioners. In that regard, the Custodian, Administrator or such other entity considered

a “paying agent” will require proof of identity, residence and relevant tax documentation from individual investors. Failure to provide the above information may result in the refusal of an application for a subscription or a request for a redemption.

## REDEMPTIONS

Shareholders may redeem their shares on any Dealing Day in accordance with the procedures set out in the relevant Supplement. Shares will be redeemed at the Net Asset Value per Share minus any charges as set out in the relevant Supplement.

### Conversions/Switching

Shareholders of one Fund may convert (switch) their holding of shares to shares of another Fund.

Switching may be effected by application to the Investment Manager or any relevant distributor for onward transmission to the Administrator on such switching form as may be prescribed by the Directors. The holders of Shares of the class of each of the Funds in existence as at the date of this Prospectus may switch to the corresponding class of the others of such Funds in existence as at the date of the Prospectus. On the establishment of any new Fund (or class thereof) the Directors shall specify the switching rights relating to such Fund (or class thereof).

If the switch would result in the Shareholder holding a number of Shares in the original Fund with a value of less than the Minimum Holding, the Directors may, at their discretion, convert the whole of the applicant's holding of Shares in the Fund or refuse to effect any switch. No conversions will be made during any period in which the rights of Shareholders to require the redemption of their Shares are suspended. The general provisions on procedures for redemptions (including provisions relating to the delivery of share certificates, if issued) will apply equally to conversion. Notice of conversion must be received by the Administrator by 4.00pm (Irish Time) two Business Days immediately preceding the relevant Dealing Day (or such lesser period as the Directors may permit) in order to allow for differing settlement periods of the original Fund and the new Fund.

The number of Shares to be issued in the new Fund will be calculated in accordance with the following formula:

$$A = \frac{(1-F)(B \times C \times D)}{E}$$

Where

- A = number of Shares of the new Fund to be allotted
- B = number of Shares of the original Fund converted
- C = redemption price per Share on the relevant Dealing Day for the original Fund
- D = the currency conversion factor determined by the Administrator as representing the effective rate of exchange of settlement on the relevant Dealing Day applicable to the transfer of assets between the relevant Funds (where the base currencies of the relevant Funds are different) or where the base currencies of the relevant Funds are the same D = 1
- E = subscription price per Share on the relevant Dealing Day for the new Fund
- F = such conversion amount payable as may be outlined in the relevant Supplement.

Any minimum value of Shares which may be converted from one Fund to another at any time will be outlined in the relevant Supplement.

### **Total Redemption**

All of the Shares of any class of any Fund may be redeemed:

- (a) if the holders of 75% in value of the relevant class approve of the redemption at a meeting of the Shareholders thereof of which not more than twelve and not less than four weeks notice has been given; or
- (b) at the discretion of the Directors without Shareholder approval, if the Net Asset Value of such Fund falls below the equivalent of CZK 500 million for a period of not less than 90 consecutive days or if a change in the economical or political situation relating to the Fund concerned would justify such redemption. The decision to liquidate will be notified in writing to the Shareholders concerned prior to the effective date of redemption and the notification will indicate the reasons for, and the procedures for, the redemptions.

### **Compulsory Redemption**

The Directors may, in their absolute discretion, on any Dealing Day effect the compulsory redemption of all (but not some) of the Shares registered in the name of a Shareholder at the redemption price per Shares of the relevant Fund if, in the opinion of the Directors, (i) Shares are being held directly or indirectly for the account of a person who is not a Qualified Holder or (ii) the subscription for or holding of Shares by such holder could result in legal, pecuniary, tax, regulatory or material administrative disadvantages to the Company or a Fund or its Shareholders, (iii) if at any time a Shareholder's holding of Shares is less than the Minimum Holding as set out in the relevant Supplement, (iv) where an original application form is not received within three Business Days of receipt of a faxed application form or (v) in the circumstances outlined at paragraph (b) under 'Total Redemption' above.

### **Subscriptions/Redemptions in Specie**

#### **Subscription in Specie**

The Directors may issue Shares of any Fund by way of exchange for Investments provided that:

- (a) in the case of a person who is not an existing Shareholder no Shares shall be issued until the person concerned shall have completed and the Investment Manager or any relevant distributor shall have received an Application Form for onward transmission to the Administrator as required under this Prospectus (or otherwise) and satisfied all the requirements of the Directors as to such person's application;
- (b) the nature of the Investments transferred into the Fund is such as would qualify as Investments of such Fund in accordance with the investment objectives, policies and restrictions of such Fund;
- (c) no Shares shall be issued until the Investments shall have been vested in (settled to the account of) the Custodian or any sub-custodian to the Custodian's satisfaction and the Custodian shall be satisfied that the terms of such settlement will not be such as are likely to result in any prejudice to the existing Shareholders of the Fund;

- (d) any exchange shall be effected upon the terms (including provision for paying any expenses of exchange and any initial charge as would have been payable for Shares issued for cash) that the number of Shares issued shall not exceed the number which would have been issued for cash against payment of a sum equal to the value of the Investments concerned calculated in accordance with the procedures for the valuation of the assets of the Company. Such sum may be increased by such amount as the Directors may consider represents an appropriate provision for Duties and Charges which would have been incurred by the Fund in the acquisition of the Investments by purchase for cash or decreased by such amount as the Directors may consider represents any Duties or Charges to be paid to the Fund as a result of the direct acquisition by the Fund of the Investments.

### **Redemption in Specie**

- (a) The Directors may, provided that they are satisfied that the terms of any exchange would not be such as would be likely to result in any prejudice to the remaining Shareholders and with the agreement of a Shareholder seeking the realisation of Shares in any Fund, elect that instead of the Shares being redeemed in cash, the redemption shall be satisfied in whole or in part in specie by the transfer to the Shareholder of Investments provided that the value thereof shall not exceed the amount which otherwise would have been payable on a cash redemption. The shortfall (if any) between the value of the Investments transferred on a redemption in specie and the redemption proceeds which would have been payable on a cash redemption shall be satisfied in cash. The relevant Shareholder may, by notice in writing to the Directors, request the sale of the relevant Investments and the payment of the sale proceeds in cash.
- (b) If the discretion conferred upon the Directors by paragraph (a) is exercised, the Directors shall notify the Custodian and shall supply to the Custodian particulars of the Investments to be transferred and the amount of cash to be paid to the Shareholder. All stamp duties, transfer and registration fees in respect of such transfers shall be payable by the Shareholder.

### **Transfer of Shares**

Shares are (save as hereinafter specified) freely transferable and may be transferred in writing in a form approved by the Directors (normally a Stock Transfer form). Prior to the registration of any transfer, transferees must complete an Application Form and provide such other information (e.g. as to identity) as the Company or any distributor may reasonably require. The Directors may decline to register any transfer of a Share where they reasonably believe that such transfer would result in the legal or beneficial ownership of such Share by a person who is not a Qualified Holder or expose the Company to adverse tax or regulatory consequences or would result in either the transferee or transferor holding a number of Shares which is less than the Minimum Holding.

### **Currency of Payment and Foreign Exchange Transactions**

Where payments in respect of the purchase or redemption of Shares or dividend payments are tendered or requested in a major currency other than the base currency of the relevant Fund any necessary foreign exchange transactions may be arranged by the Company (at its discretion) for the account of, and at the risk and expense of, the applicant, in the case of purchases at the time cleared funds are received, in the case of redemptions at the time the request for redemption is received and accepted, and in the case of dividends at the time of payment. Accordingly, all subscriptions should be paid to the Custodian in the base currency of the Fund and all redemption and dividend payments will be made by the

Custodian in the base currency of the Fund. Payments (if any) to be made in a currency other than the Base Currency of the relevant Fund shall be made by the Investment Manager or any relevant distributor (see relevant Supplement).

### **Temporary Suspensions**

The Company may temporarily suspend the determination of the Net Asset Value of any Fund and the issue and redemption of Shares of any class of any Fund during the whole or any part of any period:

- (a) when any of the principal markets on which any significant portion of the Investments of the relevant fund from time to time are quoted, listed, traded or dealt in is closed (otherwise than for customary weekend or ordinary holidays) or during which dealings therein are restricted or suspended or trading on any relevant futures exchange or market is restricted or suspended;
- (b) when, as a result of political, economic, military or monetary events or any other circumstances outside the control, responsibility and power of the Directors, any disposal or valuation of Investments of the relevant Fund is not, in the opinion of the Directors, reasonably practicable without this being seriously detrimental to the interests of owners of Shares in general or the owners of Shares of the relevant Fund or if, in the opinion of the Directors, the redemption price cannot fairly be calculated or such disposal would be materially prejudicial to the owners of Shares in general or the owners of Shares of the relevant Fund;
- (c) during which any breakdown occurs in the means of communication normally employed in determining the value of any of the Investments of the Company or when for any other reason the value of any of the Investments or other assets of the relevant Fund cannot reasonably or fairly be ascertained;
- (d) when the Company is unable to repatriate funds required for the purpose of making redemption payments or when such payments cannot, in the opinion of the Directors, be effected at normal prices or normal rates of exchange or during which any transfer of funds involved in the realisation or acquisition of investments or when payments due or redemption cannot, in the opinion of the Directors, be effected at normal prices or normal rates of exchange; or
- (e) when the Company has issued a notice of a general meeting of Shareholders at which a resolution to wind up the relevant Fund or the Company is to be considered provided that such suspension shall be in the best interests of Shareholders.

The Company, where possible, will take all necessary steps to bring any period of suspension to an end as soon as possible.

If total requests for redemption or switching on any Dealing Day for any Fund exceed 10% of the total number of Shares outstanding in that Fund, each redemption or switching request in respect of Shares in such Fund may, at the sole discretion of the Directors, be reduced so that the total number of Shares of each Fund for redemption or switching on that Dealing Day shall not exceed 10% of the total number of Shares outstanding in that Fund. Any redemption or switching request so reduced shall be carried forward to the next Dealing Day and effected in priority to subsequent redemption or switching requests on the following (and, if necessary, subsequent) Dealing Day(s). If redemption or switching requests are so carried forward, the Directors shall procure that the Shareholders whose dealings are affected thereby are promptly informed.

In the event of any suspension as set out above, the Company will immediately publish such fact in the Hospodarske Noviny and on the website [www.conseq.cz](http://www.conseq.cz) and will immediately (and in any event during the Business Day on which the suspension occurred) notify the Central Bank and any other competent authority in a Member State or other country in which Shares are marketed

## **FEES AND EXPENSES**

### **Establishment Expenses**

All fees and expenses relating to the establishment of the Company and the fees of the advisers to the Company (establishment expenses) have been amortised.

### **Service Providers' Fees**

The Investment Manager is entitled to charge a fee equal to the percentage of Net Asset Value of each Fund as set out in the relevant Supplement. The fee will be accrued daily and will be paid monthly in arrears. The Investment Manager is also entitled to a performance fee calculated in accordance with the provisions laid out in the relevant Supplement. The fee will be accrued daily and paid semi-annually in arrears. The Investment Manager will be responsible for the fees and expenses of the investment advisers. The Investment Manager is also entitled to be paid its reasonable out-of-pocket expenses (apart from the fees and expenses of investment advisers).

The Custodian is entitled to charge a custody based on [authorized custody services fee schedule](#) and a trustee fee of 2 basis points per annum of the Net Asset Value of each Fund, subject to a minimum of €17 500 per Fund per year. The fee will be accrued daily and will be paid monthly in arrears out of the assets of the Company based on the Net Asset Value of each Fund as at the last Dealing Day of each month. The Custodian is also entitled to charge transaction fees and is entitled to be reimbursed for all sub-custodians' fees, both of which will be at normal commercial rates and for all expenses incurred by it or by its sub-custodians on behalf of the Fund.

The Administrator is entitled to charge a fee of up to 7 basis points per annum of the Net Asset Value of each Fund subject to a minimum of €22 500 per year per Fund and €150 per month per third and subsequent share classes. The Administrator is also entitled to transactional fees and to reports compilation fees based on authorized Fund administration fee schedule. The fee will be accrued daily and will be paid monthly in arrears out of the assets of the Company based on the Net Asset Value of each Fund as at the last Dealing Day of each month. The Administrator is also entitled to be reimbursed any expenses incurred by it on behalf of a Fund.

### **Soft Commission Payments**

The Investment Manager, any investment adviser, or any of their associates may enter into arrangements for the provision to the Investment Manager, any investment adviser or their associates of goods and services which assist in the provision of investment services and which are of either direct or indirect demonstrable benefit to the Company or the relevant Fund. Transactions for the Company may be entered into through associates of the Investment Manager or the investment advisers, but the execution of all transactions for the Company will be on a best execution basis. The Company will pay brokerage which will not be in excess of the customary institutional full service brokerage rates. The Company will make adequate disclosure in its annual and half-yearly reports of all soft commission arrangements entered into.

### **Directors' Fees**

The Directors shall be entitled to a fee and remuneration for their services at a rate to be determined from time to time by the Directors provided that such fee will not exceed the sum

of €15,000 per annum per Director without the approval of the Board of Directors of the Company. The Directors may also be paid, inter alia, for travelling, hotel and other expenses properly incurred by them in attending meetings of the Directors or in connection with the business of the Company.

### **Preliminary Charge**

The Articles authorise the Directors to impose a preliminary charge on the issue of Shares of any class up to a maximum of 5% of the subscription amount. Such fee as may be charged will not be retained by the Company but will be retained up-front by any distributor and used exclusively to meet sales commissions and promotional costs. The preliminary charge in respect of any Fund will be outlined in the relevant Supplement.

### **Redemption Fees**

The Shares of the Company are not subject to a redemption fee.

### **Conversion Fees**

The Articles authorise the Directors to charge a fee on the switching of Shares of any Fund up to a maximum of 0.5% of the redemption amount for such Shares, which fee is payable to the relevant Fund.

### **Operational Expenses**

The Company will also pay out of the assets of each Fund:

- stamp duties, taxes (including value added tax (if any) on fees payable by the Company);
- any fees in respect of circulating details of the Net Asset Value (including publishing prices) and Net Asset Value per Share; company secretarial fees; rating fees (if any), brokerage or other expenses of acquiring and disposing of Investments; fees and expenses of the auditors, tax, legal and other professional advisers of the Company; the Central Bank's industry funding levy; fees connected with the listing of Shares on any stock exchange; fees and expenses in connection with the distribution of Shares and costs of registration of the Company and the Funds in jurisdictions outside Ireland; costs of preparing, printing and distributing the Prospectus and Supplements, reports, accounts and any explanatory memoranda; any necessary translation fees; any costs incurred as a result of periodic updates of the Prospectus of the Company or any Supplements, or of a change in law or the introduction of any new law; (including any costs incurred as a result of compliance with any applicable code, whether or not having the force of law), any other fees and expenses relating to the management and administration of the Company or attributable to the Company's investments; in respect of each financial year of the Company in which expenses are being determined, such proportion (if any) of the establishment and reconstruction expenses as are being amortised in that year.

The above expenses shall be charged as between each Fund and class thereof on such terms and in such manner as the Directors (with the consent of the Custodian) deem fair and equitable.

All fees and expenses, Duties and Charges will be charged to the Fund (and class thereof, if appropriate) in respect of which they were incurred or, where an expense is not considered

by the Directors to be attributable to any one Fund (or class thereof), the expense will normally be allocated to all classes of Funds pro rata to the Net Asset Value of the relevant Funds. Expenses of the Company which are directly attributable to a Fund are charged against the income available for distribution to the holders of the Shares of such Fund. In the case of any fees or expenses of a regular or recurring nature, such as audit fees, the Directors may calculate such fees and expenses on an estimated figure for yearly or other periods in advance and accrue the same in equal proportions over any period.

## **ALLOCATION OF ASSETS AND LIABILITIES**

The Articles require the establishment of a separate Fund for different classes of Shares in the following manner:

- (a) the records and accounts of each Fund shall be maintained separately in the base currency of the relevant Fund;
- (b) subject to paragraph (g), the assets of each Fund shall belong exclusively to that Fund, shall be segregated in the records of the Custodian from the assets of other Funds, shall not be used to discharge directly or indirectly the liabilities of or claims against any other Fund and shall not be available for any such purpose unless the assets of the Fund are insufficient to satisfy its liabilities;
- (c) the proceeds from the issue of each class of Share shall be applied to the relevant Fund established for that class of Share, and the assets and liabilities and income and expenditure attributable thereto shall be applied to such Fund subject to the provisions of the Articles;
- (d) where any asset is derived from another asset, the derived asset shall be applied to the same Fund as the assets from which it was derived, and on each revaluation of an asset the increase or diminution in value shall be applied to the relevant Fund;
- (e) in the case of any asset which the Custodian does not consider as attributable to a particular Fund or Funds, the Custodian shall have discretion, subject to the approval of the Directors and the Auditors, to determine the basis upon which any asset shall be allocated between relevant Funds from time to time (including conditions as to the subsequent re-allocation thereof if circumstances so permit) and shall have power at any time and from time to time to vary such basis, provided that the approval of the Directors and the Auditors shall not be required in any case where the asset is allocated to the Fund or Funds to which in the opinion of the Custodian it relates or if in the opinion of the Custodian it does not relate to any particular Fund or Funds, between all Funds pro rata to their Net Asset Values at the time when the allocation is made;
- (f) the Custodian shall have discretion, subject to the approval of the Directors and the Auditors, to determine the basis upon which any liability shall be allocated between relevant Funds from time to time or as between share classes in the same Fund (including conditions as to the subsequent re-allocation thereof if circumstances so permit) and shall have power at any time and from time to time to vary such basis, provided that the approval of the Directors and the Auditors shall not be required in any case where a liability is allocated to the Fund or Funds (or to a share class or classes in a particular Fund) to which in the opinion of the Custodian it relates or if in the opinion of the Custodian it does not relate to any particular Fund or Funds, between all the Funds pro rata to their Net Asset Values at the time the allocation is made;

- (g) subject to the approval of the Directors and the Auditors, the Custodian may transfer any assets to and from Funds if, as a result of a creditor proceeding against certain of the assets of the Company or otherwise, a liability would be borne in a different manner from that in which it would have been borne under paragraph (f) above or in any similar circumstances.

## **TAXATION**

### **General**

The information given is not exhaustive and does not constitute legal or tax advice. Prospective investors should consult their own professional advisers as to the implications of their subscribing for, purchasing, holding, switching or disposing of Shares under the laws of the jurisdictions in which they may be subject to tax.

The following is a brief summary of certain aspects of Irish taxation law and practice relevant to the transactions contemplated in this Prospectus. It is based on the law and practice and official interpretation currently in effect, all of which are subject to change.

Dividends, interest and capital gains (if any) which the Company may receive with respect to its Investments (other than securities of Irish issuers) may be subject to taxes, including withholding taxes, in the countries in which the issuers of Investments are located. It is anticipated that the Company may not be able to benefit from reduced rates of withholding tax in double taxation agreements between Ireland and such countries. If this position changes in the future and the application of a lower rate results in a repayment to the Company, the Net Asset Value will not be re-stated and the benefit will be allocated to the existing Shareholders rateably at the time of the repayment.

### **Taxation in Ireland**

The Directors have been advised that on the basis that the Company is resident in Ireland for taxation purposes, the taxation position of the Company and the Shareholders is as set out below.

#### **The Company**

The Company will be regarded as resident in Ireland for tax purposes if the central management and control of its business is exercised in Ireland and the Company is not regarded as resident elsewhere. It is the intention of the Directors that the business of the Company will be conducted in such a manner as to ensure that it is Irish Resident for tax purposes.

The Directors have been advised that the Company qualifies as an investment undertaking as defined in Section 739B of the Taxes Act. Under current Irish law and practice, on that basis, it is not chargeable to Irish tax on its income and gains.

However, tax can arise on the happening of a “chargeable event” in the Company. A chargeable event includes any distribution payments to Shareholders or any encashment, redemption, cancellation or transfer of Shares or appropriation or cancellation of Shares of a Shareholder by the Company for the purposes of meeting the amount of the tax payable on a gain arising on a transfer of an entitlement to a Share. No tax will arise on the Company in respect of chargeable events in respect of a Shareholder who is neither Irish Resident nor Irish Ordinary Resident at the time of the chargeable event provided that a Relevant Declaration is in place and the Company is not in possession of any information which would reasonably suggest that the information contained therein is not or, is no longer materially correct. In the absence of a Relevant Declaration there is a presumption that the investor is Irish Resident or Irish Ordinary Resident. A chargeable event does not include:

- an exchange by a Shareholder, effected by way of an arm's length bargain of Shares in the Company for other Shares in the Company;
- any transactions (which might otherwise be a chargeable event) in relation to Shares held in a recognised clearing system as designated by order of the Irish Revenue Commissioners;
- a transfer by a Shareholder of the entitlement to a Share where the transfer is between spouses and former spouses, subject to certain conditions;
- an exchange of Shares arising on a qualifying amalgamation or reconstruction of the Company with another investment undertaking (within the meaning of Section 739H of the Taxes Act);
- any transaction in relation to, or in respect of, relevant Shares in an investment undertaking which transaction only arises by virtue of a change of court funds manager for that undertaking.

Following legislative changes in the Finance Act 2006, the holding of Shares at the end of a Relevant Period will also constitute a chargeable event. To the extent that any tax credit arises on such a chargeable event, such tax will be allowed as a credit against any tax payable on the subsequent encashment, sale, cancellation or transfer of the relevant Shares. If the Company becomes liable to account for tax if a chargeable event occurs, the Company shall be entitled to deduct from the payment arising on a chargeable event an amount equal to the appropriate tax and/or where applicable, to appropriate or cancel such number of Shares held by the Shareholder or such beneficial owner as are required to meet the amount of tax. The relevant Shareholder shall indemnify and keep the Company indemnified against loss arising to the Company by reason of the Company becoming liable to account for tax on the happening of a chargeable event if no such deduction, appropriation or cancellation has been made.

Finance Act 2008 introduced an amendment to the eight year deemed disposal rule for Taxable Irish Persons. This allows the Company the option of electing to value the Shares at bi-annual dates (meaning 30 June or 31 December) rather than at the date of the deemed eight year disposal itself. Therefore, the Company will make an irrevocable election to allow the Shares in the calculation of the gain on a deemed disposal for Taxable Irish Persons to be valued at the later of the previous 30 June or 31 December prior to the date of the deemed disposal rather than at the date of the deemed disposal itself.

Where less than 10% of the net asset value of Shares in the Company is held by Taxable Irish Persons the Company will elect not to apply a withholding tax to a deemed disposal of Shares in the Company and will advise the Irish Revenue Commissioners of this election. Shareholders who are Taxable Irish Persons will therefore be required to return any gain and account for appropriate tax on the deemed disposal directly to the Irish Revenue Commissioners. Shareholders should contact the Company/Administrator to ascertain whether the Company has made such an election in order to establish their responsibility to account to the Irish Revenue Commissioners for any relevant tax.

Where less than 15% of the net asset value of Shares in the Company is held by Taxable Irish Persons the Company will elect not to repay Shareholders any overpaid tax and as such Shareholders must seek repayment of any overpaid tax directly from the Irish Revenue Commissioners. Shareholders should contact the Company/Administrator to ascertain whether the Company has made such an election in order to establish whether they must seek repayment of any overpaid tax directly from the Irish Revenue Commissioners.

Please see the “Shareholders” section below dealing with the tax consequences for the Company and the Shareholders of chargeable events in respect of:

Shareholders who are neither Irish Resident nor Irish Ordinary Resident; and  
Shareholders who are either Irish Resident or Irish Ordinary Resident.

Dividends received by the Company from investment in Irish equities may be subject to Irish dividend withholding tax at the standard rate of income tax (currently 20%). However, the Company can make a declaration to the payer that it is an investment undertaking within the meaning of Section 739B of the Taxes Act beneficially entitled to the dividends which will entitle the Company to receive such dividends without deduction of Irish dividend withholding tax.

## **Shareholders**

### **(i) Shareholders who are neither Irish Resident nor Irish Ordinary Resident**

The Company will not have to deduct tax on the occasion of a chargeable event in respect of a Shareholder if (a) the Shareholder is neither Irish Resident nor Irish Ordinary Resident, (b) the Shareholder has made a Relevant Declaration and (c) the Company is not in possession of any information which would reasonably suggest that the information contained therein is not, or is no longer materially correct. In the absence of a Relevant Declaration, tax will arise on the happening of a chargeable event in the Company regardless of the fact that a Shareholder is neither Irish Resident nor Irish Ordinary Resident. The appropriate tax that will be deducted is as described in paragraph (ii) below.

To the extent that a Shareholder is acting as an Intermediary on behalf of persons who are neither Irish Residents nor Irish Ordinary Residents, no tax will have to be deducted by the Company on the occasion of a chargeable event provided that the Intermediary has made a Relevant Declaration that they are acting on behalf of such persons and the Company is not in possession of any information which would reasonably suggest that the information contained therein is not, or is no longer materially correct.

The Finance Act 2010 has amended the legislation in relation to the obligation for a company to hold non-resident tax declarations in respect of certain shareholders. The amendment enables the Company to satisfy the non-resident declaration requirement by providing a declaration to the Irish Revenue confirming that none of the Shareholders of the Company are tax resident in Ireland (the ‘Listing Declaration’), save those whose names are listed in the Listing Declaration (the list will generally be based on the addresses of the Shareholders as notified to the Company). Shareholders in the Company not listed in the Listing Declaration will be entitled to receive payments from the Company without being subject to Irish withholding taxes. Where the Company provides such a Listing Declaration to the Irish Revenue, all Shareholders will be notified of such a communication at that time.

Shareholders who are neither Irish Residents nor Irish Ordinary Residents and who have made Relevant Declarations in respect of which the Company is not in possession of any information which would reasonably suggest that the information contained therein is not, or is no longer materially correct will not be liable to Irish tax in respect of income from their Shares and gains made on the disposal of their Shares. However, any corporate Shareholder which is not Irish Resident and which holds Shares directly or indirectly by or for a trading branch or agency in Ireland will be liable to Irish tax on income from the Shares or gains made on disposal of its Shares.

## Refunds of Tax

Where tax is withheld by the Company on the basis that no Relevant Declaration has been filed with the Company by the Shareholder, Irish legislation does not provide for a refund of tax. Refunds of tax will only be permitted in the following circumstances:

- (i) The appropriate tax has been correctly returned by the Company and within one year of making of the return the Company can prove to the satisfaction of the Revenue Commissioners that it is just and reasonable for such tax which has been paid to be repaid to the Company.
- (ii) Where a claim is made for a refund of Irish tax under Section 189, 189A and 192 of the Taxes Act (relieving provisions relating to incapacitated persons, trusts in relation thereto and persons incapacitated as a result of drugs containing thalidomide) the income received will be treated as net income chargeable to tax under Case III of Schedule D from which tax has been deducted.
- (iii) Where an Irish Resident company is within the charge to tax on a relevant payment from the Company and tax has been deducted by the Company from such a payment, then such tax can be offset against the Irish corporation tax assessable on the Shareholder, with any excess being reclaimable.
- (iv) Shareholders who are Irish Resident or Irish Ordinary Resident.

Unless a Shareholder is an Exempted Irish Investor (as defined above), makes a Relevant Declaration to that effect and the Company is not in possession of any information which would reasonably suggest that the information contained therein is not, or is no longer materially correct, tax at the standard rate of 25% will be required to be deducted by the Company from a distribution made annually or at more frequent intervals to a Shareholder who is Irish Resident or Irish Ordinary Resident. Similarly, tax at the rate of 28% will have to be deducted by the Company on any other distribution or gain arising to the Shareholder (other than an Exempted Irish Investor who has made a Relevant Declaration) on an encashment, redemption, cancellation or transfer of Shares by a Shareholder who is Irish Resident or Irish Ordinary Resident.

There are a number of Irish Residents and Irish Ordinary Residents who are exempted from the provisions of the above regime once Relevant Declarations are in place. These are Exempted Irish Investors. Additionally, where Shares are held by the Courts Service no tax is deducted by the Company on payments made to the Courts Service. The Courts Service will be required to operate tax on payments to it by the Company when they allocate those payments to the beneficial owners.

Irish Resident corporate Shareholders who receive distributions (where payments are made annually or at more frequent intervals) from which tax has been deducted will be treated as having received an annual payment chargeable to tax under Case IV of Schedule D of the Taxes Act from which tax at the standard rate has been deducted. In general, such Shareholders will not be subject to further Irish tax on any other payments received in respect of their shareholding from which tax has been deducted. An Irish Resident corporate Shareholder whose Shares are held in connection with a trade will be taxable on any income or gains as part of that trade with a set-off against corporation tax payable for any tax deducted by the Company. In general, non-corporate Shareholders who are Irish Resident or Irish Ordinary Resident will not be subject to further Irish tax on income from their Shares or gains made on disposal of the Shares where tax has been deducted by the Company on payments received. Where a currency gain is made by the Shareholder on the

disposal of his/her Shares, such Shareholder may be liable to capital gains tax in the year of assessment in which the Shares are disposed of.

Any Shareholder who is Irish Resident or Irish Ordinary Resident and receives a distribution or receives a gain on an encashment, redemption, cancellation or transfer of Shares from which tax has not been deducted by the Company, may be liable to income tax or corporation tax on the amount of such distribution or gain. Whether any further tax is payable by such Shareholders will depend on whether their tax returns are correctly filed before the specified return date.

### **Stamp Duty**

Generally, no stamp duty is payable in Ireland on the issue, transfer, repurchase or redemption of Shares in the Company. Where any subscription for or redemption of Shares is satisfied by the in specie transfer of Irish securities or other Irish property, Irish stamp duty may arise on the transfer of such securities or property.

No Irish stamp duty will be payable by the Company on the conveyance or transfer of stock or marketable securities provided that the stock or marketable securities in question have not been issued by a company registered in Ireland and provided that the conveyance or transfer does not relate to any immovable property situated in Ireland or any right over or interest in such property or to any stocks or marketable securities of a company (other than a company which is an investment undertaking within the meaning of Section 739B of the Taxes Act) which is registered in Ireland.

No stamp duty will arise on reconstructions or amalgamations of Investment Undertakings under Section 739H of the Taxes Act, provided the reconstructions or amalgamations are undertaken for bona fide commercial purposes and not for the avoidance of tax.

### **Capital Acquisitions Tax**

The disposal of Shares will not be subject to Irish gift or inheritance tax (Capital Acquisitions Tax), provided that the Company falls within the definition of an investment undertaking (within the meaning of Section 739B of the Taxes Act) and that: (a) at the date of the gift or inheritance, the donee or successor is neither domiciled nor ordinarily resident in Ireland; (b) at the date of the disposition, either the Shareholder disposing of the Shares is neither domiciled nor ordinarily resident in Ireland or the disposition is not subject to Irish law; and (c) the Shares are comprised in the gift or inheritance at the date of such gift or inheritance and at the valuation date.

## **Taxation in Czech Republic**

### **The Company**

According to the Double Taxation Agreement between Republic of Ireland and Czech Republic from 14 November 1995 and Czech Income Tax Law and Regulations of Ministry of Finance Shareholders of the Company (an investment undertaking – as defined in Section 739B of the Irish Taxes Act) who are resident for tax purposes in the Czech Republic, are liable to pay Czech taxes on income from their shares or on gains made on the disposal of their shares (as specified in the following text). The Company itself is not subject to any tax payable in the Czech Republic to the extent that it is not tax resident in the Czech Republic and/or does not carry out its business in the Czech Republic via a fixed place of business located in the Czech Republic.

### **Shareholder who is Czech Resident and taxpayer as an individual**

Dividends (if any) of the Funds and redemption surpluses are subject to (currently) 15% tax on income in the Czech Republic (this tax forms a separate tax basis, which is part of the annual tax declaration form).

In general, net gains from sales of Shares are subject to (currently) 15% as a part of the general tax base of the Shareholder. Where the Shares are or were not included among the business assets of the Shareholder and the period of time between the acquisition and the sale of the Shares exceeds 6 months, the net gain is exempt from personal income tax.

### **Shareholder who is Czech Resident and taxpayer as a legal entity**

Dividends (if any) of the Funds and redemption surpluses are subject to (currently) 15% tax on income in the Czech Republic (this income forms a separate tax basis, which is part of the annual tax declaration form).

Net gains from sales of Shares are liable to the normal corporate income tax rate for legal entities (currently) 21% with the exception of investment, pension and mutual funds, which are charged at (currently) 5%. Overall gains on sale of securities (inclusive of gains and losses on sales of Shares) realised in a calendar year is included into the general corporate income tax base of the shareholder which can be reduced by its business losses.

## PART II

### Statutory And General Information

#### 1. Incorporation, Registered Office and Share Capital

- (a) The Company was incorporated in Ireland on 28 June 2000 as an investment company with variable capital with limited liability under registration number 329465.
- (b) The registered office of the Company is presently at 6th Floor, 2 Grand Canal Square, Dublin 2, Ireland.
- (c) On incorporation the authorised share capital of the Company was CZK1,500,000 divided into 1,500,000 Subscriber Shares of a par value of CZK 1 each and 500,000,000,000 shares of no par value initially designated as unclassified shares. The unclassified shares are available for issue as Shares of classes within the Funds. There are seven Subscriber Shares currently in issue which are held by the Investment Manager and nominees of the Investment Manager.

These Subscriber Shares may be repurchased by the Company at any time. The repurchase price will be CZK1 per Subscriber Share.

- (d) As of the date of this Prospectus, no capital of the Company is under option or is agreed, conditionally or unconditionally to be put under option.
- (e) Neither the Subscriber Shares nor the unclassified shares carry pre-emption rights.

#### 2. Share Rights

##### (a) Subscriber Shares

The holders of the Subscriber Shares shall:

- (i) on a vote taken on a show of hands, be entitled to one vote per holder and, on a poll, be entitled to one vote per Subscriber Share;
- (ii) not be entitled to any dividends whatsoever in respect of their holding of Subscriber Shares; and
- (iii) in the event of a winding up or dissolution of the Company, have the entitlements referred to under "Distribution of Assets on a Liquidation" below.

##### (b) Shares

The holders of Shares shall:

- (i) on a vote taken on a show of hands, be entitled to one vote per holder and, on a poll, be entitled to one vote per whole Share;

- (ii) be entitled to such dividends as the Directors may from time to time declare; and
- (iii) in the event of a winding up or dissolution of the Company, have the entitlements referred to under “Distribution of Assets on a Liquidation” below.

### **3. Voting Rights**

This is dealt with under the rights attaching to the Subscriber Shares and Shares respectively referred to at 2 above.

Subject to any special terms as to voting upon which any shares may be issued or may for the time being be held, at any general meeting on a show of hands every holder of shares who (being an individual) is present in person or (being a corporation) is present by duly authorised representative shall have one vote. On a poll every such holder present as aforesaid or by proxy shall have one vote for every share held.

To be passed, ordinary resolutions of the Company in general meeting will require a simple majority of the votes cast by the shareholders voting in person or by proxy at the meeting at which the resolution is proposed.

A majority of not less than 75% of the shareholders present in person or by proxy and (being entitled to vote) voting in general meetings is required in order to pass a Special Resolution including a resolution to (i) rescind, alter or amend an Article or make a new Article and (ii) wind up the Company.

A member, being the Custodian, the Investment Manager, any investment adviser appointed by the Investment Manager and the associates of all of them may not be counted in the quorum nor may they vote the Shares held beneficially by them in respect of any general meeting at which they have a material interest in the business to be transacted.

### **4. Memorandum of Association**

The Memorandum of Association of the Company provides that the Company’s sole object is the collective investment in transferable securities and/or other liquid financial assets referred to in Regulation 45 of the Regulations, of capital raised from the public operating on the principle of spreading investment risk in accordance with the Regulations. The object of the Company is set out in full in Clause 3 of the Memorandum of Association which is available for inspection at the registered office of the Company.

### **5. Articles of Association**

The following Section is a summary of the principal provisions of the Articles of Association of the Company not previously summarised in this Prospectus.

#### Alteration of share capital

The Company may from time to time by ordinary resolution increase its capital, consolidate and divide its shares or any of them into shares of a larger amount, subdivide its shares or any of them into shares of a smaller amount, or cancel any shares not taken or agreed to be taken by any person. The Company may also by special resolution from time to time reduce its share capital in any way permitted by law.

## Issues of shares

The Shares shall be at the disposal of the Directors and they may (subject to the provisions of the Companies Acts, 1963 to 2006) (the "Acts") allot, offer or otherwise deal with or dispose of them to such persons, at such times and on such terms as they may consider in the best interests of the Company.

## Variation of rights

Whenever the share capital is divided into different classes of shares, the rights of any class may be varied or abrogated with the consent in writing of the holders of three quarters of the issued and outstanding shares of that class, or with the sanction of a special resolution passed at a separate general meeting of the holders of that class of shares and the necessary quorum shall be at least two persons holding between them or representing by proxy at least 25% of the shares of that class in issue and, at an adjourned meeting, at least one person holding such percentage of shares of that class or his proxy.

The special rights attaching to any shares of any class shall not (unless the conditions of issue of such class of shares expressly provide otherwise) be deemed to be varied by the creation or issue of other shares ranking *pari passu* therewith.

## Transfers of Shares

- (a) All transfers of shares shall be effected by an instrument in writing in a form approved by the Directors but need not be under seal. No transfer of Subscriber Shares can be effected without the prior written consent of the Company.
- (b) The instrument of transfer of a share must be signed by or on behalf of the transferor. The transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the Company's register of shareholders in respect of such share.
- (c) The Directors may decline to register a transfer of shares unless the instrument of transfer is deposited at the registered office of the Company together with such evidence as is required by the Directors to show the right of the transferor to make the transfer and satisfying the Directors as to their requirements to prevent money laundering as they may apply from time to time. The registration of transfers may be suspended for such times and at such periods as the Directors may determine provided always that such registration may not be suspended for more than thirty days in any one year.
- (d) The Directors shall decline to register any transfer of a Share where:
  - (i) they are aware or believe that such transfer would be likely to result in the legal or beneficial ownership of such Shares by a person who is not a Qualified Holder or expose the Company to adverse tax or regulatory consequences; or
  - (ii) to a person who is not already a Shareholder if, as a result of such transfer, the proposed transferee would not be the holder of a Minimum Holding.

## Directors

- (a) Each Director shall be entitled to such remuneration for his services as the Directors shall from time to time resolve provided no Director shall be paid in excess of the figure set out in the Prospectus without the approval of the Board. The Directors may also be paid, inter alia, for travelling, hotel and other expenses properly incurred by them in attending meetings of the Directors or in connection with the business of the Company. Any Director who devotes special attention to the business of the Company may be paid such extra remuneration as the Directors may determine.
- (b) A Director may hold any other office or place of profit under the Company (other than the office of auditor) in conjunction with his office of Director, and may act in a professional capacity to the Company on such terms as the Directors may determine.
- (c) Subject to the provisions of the Acts, and provided that he has disclosed to the Directors the nature and extent of any material interest of his, a Director notwithstanding his office:
  - (i) may be a party to, or otherwise interested in, any transaction or arrangement with the Company or any subsidiary or associated company thereof or in which the Company or associated company thereof is otherwise interested;
  - (ii) may be a Director or other officer of, or employed by, or a party to any transaction or arrangement with, or otherwise interested in, any body corporate promoted by the Company or in which the Company thereof is otherwise interested; and
  - (iii) shall not be accountable, by reason of his office, to the Company for any benefit which he derives from any such office or employment or from any such transaction or arrangement or from any interest in any such body corporate and no such transaction or arrangement shall be liable to be avoided on the ground of any such interest or benefit.
- (d) A Director shall not generally be permitted to vote at a meeting of the Directors or a committee of Directors on any resolution concerning a matter in which he has, directly or indirectly, an interest which is material or a duty which conflicts or may conflict with the interests of the Company. A Director shall not be counted in the quorum present at a meeting in relation to any such resolution on which he is not entitled to vote. Notwithstanding the foregoing, a Director shall be entitled to vote (and be counted in the quorum) in respect of resolutions concerning certain matters in which he has an interest including (inter alia) any proposal concerning any other company in which he is interested, directly or indirectly provided, that he is not the holder of or beneficially interested in 10% or more of the issued shares of any class of such company or of the voting rights available to members of such company (or of a third company through which his interest is derived).
- (e) There is no provision in the Articles requiring a Director to retire by reason of any age limit and no share qualification for Directors.
- (f) The number of Directors shall not be less than two (2).

- (g) The quorum for meetings of Directors may be fixed by the Directors and unless so fixed shall be two (2).
- (h) The office of a Director shall be vacated in any of the following circumstances i.e. if:
  - (i) he ceases to be a Director by virtue of any provisions of the Acts or becomes prohibited by law from being a Director;
  - (ii) he becomes a bankrupt or makes any arrangement or composition with his creditors generally;
  - (iii) in the opinion of a majority of the Directors he becomes incapable by reason of mental disorder of discharging his duties as a Director;
  - (iv) he resigns from his office by notice to the Company;
  - (v) he is convicted of an indictable offence and the Directors determine that as a result of such conviction he should cease to be a Director;
  - (vi) he shall for more than six (6) consecutive months have been absent without permission of the Directors from any meetings of the Directors held during that period and the Directors pass a resolution that he has by reason of such absence vacated office.

The Company may also, as a separate power, in accordance with and subject to the provisions of the Acts, by ordinary resolution of the shareholders, remove any Director (including any managing director or other executive director) before the expiry of his period of office notwithstanding anything to the contrary contained in the Articles or in any agreement between the Company and any such Director.

#### Borrowing powers

The Directors may exercise all the powers of the Company to borrow or raise money (including the power to borrow for the purpose of repurchasing shares) and to hypothecate, mortgage, charge or pledge (where delivery of assets is not required) its undertaking, property, assets or any part thereof, and to issue debentures, debenture stock or other securities, whether outright or as collateral security for any debt, liability or obligation of the Company. The Company may not borrow other than in accordance with the provisions of the Regulations.

#### Dividends

No dividends are payable on the Subscriber Shares.

Subject to the provisions of the Acts, the Company may by ordinary resolution declare dividends on a class or classes of Shares, but no dividends shall exceed the amount recommended by the Directors. If the Directors so resolve and in any event on the winding up of the Company or on the total redemption of Shares, any dividend which has remained unclaimed for six (6) years shall be forfeited and become the property of the relevant Fund.

### Distribution of assets on a liquidation

- (a) If the Company shall be wound up, the liquidator shall, subject to the provisions of the Acts, apply the assets of the Company in such manner and as he thinks fit in satisfaction of creditors' claims. The liquidator shall in relation to the assets available for distribution among the members make in the books of the Company such transfers thereof to and from Funds as may be necessary to ensure that the effective burden of such creditors' claims may be shared between the holders of shares of different classes in such proportions as the liquidator in his discretion may deem equitable having regard to the provisions under the heading "Allocation of Assets and Liabilities" above.
- (b) The assets available for distribution among the members shall then be applied in the following priority:
- (i) firstly, in the payment to the holders of the Shares of each class of each Fund of a sum in the currency in which that class is designated or in any other currency selected by the liquidator as nearly as possible equal (at a rate of exchange determined by the liquidator) to the Net Asset Value of the Shares of such class held by such holders respectively as at the date of commencement to wind up provided that there are sufficient assets available in the relevant Fund to enable such payment to be made. In the event that, as regards any class of Shares, there are insufficient assets available in the relevant Fund to enable such payment to be made recourse shall be had:
    - A. first, to the assets of the Company (if any) not comprised within any of the Funds; and
    - B. second, to the assets remaining in the Funds for the other classes of Shares (after payment to the holders of the Shares of the classes to which they relate of the amounts to which they are respectively entitled under this paragraph (i)) pro rata to the total value of such assets remaining within each such Fund;
  - (ii) secondly, in the payment to the holders of the Subscriber Shares of sums up to the nominal amount paid thereon out of the assets of the Company not comprised within any Funds remaining after any recourse thereto under sub-paragraph (i) A. above. In the event that there are insufficient assets as aforesaid to enable such payment in full to be made, no recourse shall be had to the assets comprised within any of the Funds;
  - (iii) thirdly, in the payment to the holders of each class of Shares of any balance then remaining in the relevant Fund, such payment being made in proportion to the number of Shares held;
  - (iv) fourthly, in the payment to the holders of the Shares of any balance then remaining and not comprised within any of the Funds, such payment being made in proportion to the value of each Fund and within each Fund to the value of each class and in proportion and to the number of Shares held in each class.
- (c) If the Company shall be wound up (whether the liquidation is voluntary, under supervision or by the court) the liquidator may, with the authority of a special resolution and any other sanction required by the Acts, divide among the

members in specie the whole or any part of the assets of the Company, and whether or not the assets shall consist of property of a single kind, and may for such purposes set such value as he deems fair upon any one or more class or classes of property, and may determine how such division shall be carried out as between the members or different classes of members. The liquidator may, with the like authority, vest any part of the assets in trustees upon such trusts for the benefit of members as the liquidator, with the like authority, shall think fit, and the liquidation of the Company may be closed and the Company dissolved, but so that no member shall be compelled to accept any assets in respect of which there is liability and any member may instruct the liquidator to sell any assets, to which he is entitled, on his behalf.

### Indemnities

The Directors (including alternates), Secretary and other officers of the Company and its former directors and officers shall be indemnified by the Company against losses and expenses which any such person may become liable to by reason of any contract entered into or any act or thing done by him as such officer in the discharge of his duties (other than in the case of fraud, negligence or wilful default or any obligation to Shareholders imposed under or Irish law).

## **6. Circumstances of a Winding Up**

The Company shall be wound up in the following circumstances:

- (a) by the passing of a special resolution for a winding-up;
- (b) where the Company does not commence business within a year of being incorporated or where it suspends its business for a year;
- (c) where the number of members falls below the statutory minimum of 7;
- (d) where the Company is unable to pay its debts and a liquidator has been appointed;
- (e) where the appropriate court in Ireland is of the opinion that the Company's affairs and the powers of the Directors have been exercised in a manner oppressive to members;
- (f) the appropriate court in Ireland is of the opinion that it is just and equitable that the Company should be wound up.

## **7. Commissions**

Save as disclosed under the heading "Fees and Expenses" above, no commissions, discounts, brokerages or other special terms have been granted or are payable by the Company in connection with the issue or sale of any capital of the Company.

## **8. Directors' Interests**

Neither the Directors nor any connected person has any interest in the Shares or any options in respect of such Shares.

For the purposes of this paragraph "connected person" means in respect of any Director:

- (a) his spouse, parent, brother, sister or child;
- (b) a person acting in his capacity as the trustee of any trust, the principal beneficiaries of which are the Director, his spouse or any of his children or any body corporate which he controls;
- (c) a partner of the Director; or
- (d) a company controlled by that Director.

There are no existing or proposed service contracts between any of the Directors and the Company.

Save for the contracts listed in paragraph 11 below, no Director is materially interested in any contract or arrangement subsisting at the date hereof which is unusual in its nature and conditions or significant in relation to the business of the Company.

Mr Siuda, Mr Vedral and Ms Brychcínová are all employees of the Investment Manager.

## **9. Litigation**

The Company is not engaged in any litigation or arbitration proceedings and the Directors are not aware of any litigation or claim pending or threatened by or against the Company since its incorporation.

## **10. Material Contracts**

The following contracts, not being contracts entered into in the ordinary course of business, have been entered into by the Company and are, or may be, material:

- (a) the Investment Management Agreement dated 23 December 2002 between the Company and the Investment Manager as amended;
- (b) the Custodian Agreement dated 31 October 2014 between the Company and the Custodian as amended;
- (c) the Administration Agreement dated 31 October 2014 between the Company and the Administrator as amended

On the 30 December 2015, BNP Paribas Fund Services Dublin Limited merged with BNP Paribas Fund Administration Services (Ireland) Limited pursuant to Chapter 3 of Part 9 of the Companies Act 2014. By virtue of the merger any contract, agreement or instrument to which BNP Paribas Fund Services Dublin Limited was a party must, notwithstanding anything to the contrary contained in that contract, agreement or instrument, be read and have effect as if BNP Paribas Fund Administration Services (Ireland) Limited had been a party thereto instead of BNP Paribas Fund Services Dublin Limited. In addition every contract, agreement or instrument to which BNP Paribas Fund Services Dublin Limited is a party became a contract, agreement or instrument between BNP Paribas Fund Administration Services (Ireland) Limited and the counterparty with the same rights, and subject to the same obligations, liabilities and incidents (including rights of set-off), as would have been applicable thereto if that contract, agreement or instrument had continued in force between BNP Paribas Fund Services Dublin Limited and the counterparty, and any money due and

owing (or payable) by or to BNP Paribas Fund Services Dublin Limited under or by virtue of any such contract, agreement or instrument became due and owing (or payable) by or to BNP Paribas Fund Administration Services (Ireland) Limited instead of BNP Paribas Fund Services Dublin Limited. Therefore, as a consequence of the merger and by operation of law, the Administration Agreement is read as if BNP Paribas Fund Administration Services (Ireland) Limited had been a party thereto instead of BNP Paribas Fund Services Dublin Limited and, thereby, any reference (however worded and whether express or implied) therein to BNP Paribas Fund Services Dublin Limited is by operation of law substituted for a reference to BNP Paribas Fund Administration Services (Ireland) Limited.; and

- (d) the Distribution Agreement dated 19 December 2000 between the Company and the Distributor as amended.

Details of the above contracts are given under the heading “Management and Administration” above.

## **11. Miscellaneous**

- (a) The Company does not have as at the date of this Prospectus any loan capital (including term loans) outstanding or created but unissued, or any outstanding mortgages, charges, debentures or other borrowings or indebtedness in the nature of borrowings, including bank overdraft, liabilities under acceptances or acceptance credits, obligations under finance leases, hire purchase, commitments, guarantees or other contingent liabilities.
- (b) The Company does not have, nor has it had since its incorporation, any employees.
- (c) Save as disclosed in paragraph 9 above, no Director has any interest direct or indirect in the promotion of the Company or in any assets which have been acquired or disposed of by or leased to the Company or are proposed to be acquired by, disposed of or leased to the Company, nor is there any contract or arrangement subsisting at the date of this document in which a Director is materially interested and which is unusual in its nature and conditions or significant in relation to the business of the Company.
- (d) The Company has not and does not intend to purchase or acquire nor agree to purchase or acquire any property.

## **12. Inspection of Documents**

Copies of the following documents will be available for inspection at any time during normal business hours on any day (excluding Saturdays, Sundays and public holidays) free of charge at the registered offices of the Company in Dublin and at the registered office of the Investment Manager in Prague:

- (a) the Memorandum and Articles of Association of the Company (which may also be obtained from the Administrator or the Investment Manager, free of charge);
- (b) the Custodian Agreement;
- (c) the Administration Agreement;

- (d) the Investment Management Agreement;
- (e) the Distribution Agreement;
- (f) the Regulations;
- (g) the relevant Central Bank Notices;
- (h) the Companies Acts, 1963 to 2006; and
- (i) the latest annual and semi-annual reports of the Company (when issued).

## APPENDIX I

### Stock Exchanges and Regulated Markets

With the exception of permitted investment in unlisted securities, investment in securities will be restricted to those stock exchanges and markets in this Prospectus (as may be updated from time to time), as set out below.

1. The following stock exchanges:

- (a) Stock exchanges in any Member State or Australia, Canada, Japan, New Zealand, Switzerland, the United States, Norway, or Hong Kong;
- (b) any of the following regulated stock exchanges:

<u>Country</u>	<u>Exchange</u>
Argentina	Buenos Aires Stock Exchange
Bangladesh	Dhaka Stock Exchange
Brazil	Sao Paulo Stock Exchange Rio de Janeiro Stock Exchange Bolsa de Mercadorias & Futuros
Bulgaria	Bulgarian Stock Exchange Sofia Stock Exchange
Chile	Bolsa de Comercio de Santiago Bolsa Electronica de Santiago Bolsa de Corredores de Valparaiso
China	Shanghai Stock Exchange Schenzhen Stock Exchange
Croatia	Zagreb Stock Exchange
Egypt	Cairo Stock Exchange
Ecuador	Guayaquill Stock Exchange Quito Stock Exchange
India	Bombay Stock Exchange National Stock Exchange Delhi Stock Exchange Madras Stock Exchange
Indonesia	Jakarta Stock Exchange
Israel	Tel Aviv Stock Exchange
Malaysia	Kuala Lumpur Stock Exchange
Mexico	Mexican Stock Exchange
Morocco	Casablanca Stock Exchange
Pakistan	Karachi Stock Exchange Lahore Stock Exchange Islamabad Stock Exchange
Peru	Lima Stock Exchange
Philippines	Philippines Stock Exchange
Romania	Bucharest Stock Exchange
Singapore	Stock Exchange of Singapore Limited
South Africa	Johannesburg Stock Exchange
South Korea	Korea Stock Exchange
Sri Lanka	Colombo Stock Exchange
Taiwan	Taiwan Stock Exchange
Turkey	Istanbul Stock Exchange

<u>Country</u>	<u>Exchange</u>
Thailand	Stock Exchange of Thailand
Uruguay	Montevideo Stock Exchange
Venezuela	Caracas Stock Exchange
	Maracaibo Stock Exchange
	Electronic Stock Exchange
Zimbabwe	Zimbabwe Stock Exchange

2. The following regulated markets:

- (a) the market organised by the International Capital Market Association (ICMA);
- (b) NASDAQ in the United States;
- (c) the market in US Government Securities conducted by primary dealers regulated by the Federal Reserve Bank of New York;
- (d) the over-the-counter market in the United States conducted by primary and secondary dealers regulated by the Securities and Exchanges Commission and by the National Association of Securities Dealers (and by banking institutions regulated by the US Comptroller of the Currency, the Federal Reserve System or Federal Deposit Insurance Corporation);
- (e) the market conducted by “listed money market institutions” as described in the Bank of England publication on “The Regulation of the Wholesale Cash and OTC Derivatives Markets in Sterling, Foreign Exchange and Bullion” dated April 1988 (as amended);
- (f) AIM – the Alternative Investment Market in the UK, regulated and operated by the London Stock Exchange;
- (g) the over-the-counter market in Japan regulated by the Securities Dealers Association of Japan;
- (h) the French market for “Titres de Creance Negotiable” (over-the-counter market in negotiable debt instruments);
- (i) the over-the-counter market in Canadian Government Bonds, regulated by the Investment Dealers Association of Canada;
- (j) the over-the-counter market in Czech government securities traded on the Short-Term Bond Market known as the TKD System.

3. The following regulated markets on which financial derivative instruments may be traded:

Chicago Board of Trade  
Chicago Mercantile Exchange  
Montreal Stock Exchange  
the Stock Exchange of Singapore Limited  
Sydney Futures Exchange  
Tokyo Stock Exchange.

The above markets are set out in the Articles of Association and are listed in accordance with the requirements of the Central Bank, it being noted the Central Bank does not issue a list of approved markets or stock exchanges.

## APPENDIX II

### A. Investments in Financial Derivative Instruments (“FDI”) - Efficient Portfolio Management/Direct Investment

The following provisions apply whenever a Fund proposes to engage in transactions in FDIs where the transactions are for the purposes of efficient portfolio management and, where the intention is disclosed in the Fund’s investment policy, for investment purposes of the Fund. The Company shall employ a risk management process to enable it to monitor and measure, on a continuous basis, the risk of all open derivative positions and their contribution to the overall risk profile of a Fund’s portfolio. The Company will, on request, provide supplemental information to Shareholders relating to the risk management methods employed, including the quantitative limits that are applied and any recent developments in the risk and yield characteristics of the main categories of investment.

The conditions and limits for the use of such techniques and instruments in relation to each Fund are set out at section 6 in Appendix III.

#### Efficient Portfolio Management - Other Techniques and Instruments

In addition to the investments in FDIs noted above, the Company may employ other techniques and instruments relating to transferable securities which it reasonably believes to be economically appropriate to the efficient portfolio management of each Fund in accordance with the investment objectives of each Fund.

Such techniques and instruments are set out below and are subject to the following conditions:

#### Use of Repurchase/Reverse Repurchase and Stocklending Agreements

*For the purposes of this section, "relevant institutions" refers to those institutions which are credit institutions authorised in the EEA or credit institutions authorised within a signatory state (other than an EEA Member State) to the Basle Capital Convergence Agreement of July 1988 or a credit institution authorised in Jersey, Guernsey, the Isle of Man, Australia or New Zealand.*

- (a) Repurchase/reverse repurchase agreements, ("repo contracts") and stocklending agreements may only be effected in accordance with normal market practice.
- (b) Collateral obtained under a repo contract or stock lending arrangement must, at all times, meet with the following criteria:
  - (i) **Liquidity:** Collateral must be sufficiently liquid in order that it can be sold quickly at a robust price that is close to its pre-sale valuation;
  - (ii) **Valuation:** Collateral must be capable of being valued on at least a daily basis and must be marked to market daily;
  - (iii) **Issuer credit quality:** Where the collateral issuer is not rated A-1 or equivalent, conservative haircuts must be applied.

- (c) Until the expiry of the repo contract or stocklending transaction, collateral obtained under such contracts or transactions:
- (i) must equal or exceed, in value, at all times the value of the amount invested or securities loaned;
  - (ii) must be transferred to the Custodian, or its agent; and
  - (iii) must be immediately available to the Fund, without recourse to the counterparty, in the event of a default by that entity.

Paragraph (c)(ii) is not applicable in the event that the Company uses tri-party collateral management services of International Central Securities Depositories or relevant institutions which are generally recognised as specialists in this type of transaction. The Custodian must be a named participant to the collateral arrangements.

**Non-cash collateral:**

- (i) cannot be sold, pledged or re-invested;
- (ii) must be held at the risk of the counterparty;
- (iii) must be issued by an entity independent of the counterparty; and
- (iv) must be diversified to avoid concentration in one issue, sector or country.

**Cash collateral:**

Cash may not be invested other than in the following:

- (i) deposits with relevant institutions;
  - (ii) government or other public securities;
  - (iii) certificates of deposit issued by relevant institutions;
  - (iv) letters of credit with a residual maturity of three months or less, which are unconditional and irrevocable and which are issued by relevant institutions;
  - (v) repurchase agreements, provided collateral received falls under categories (i)-(iv) and (vi) of this paragraph;
  - (vi) daily dealing money market funds which have and maintain a rating of AAA or equivalent. If investment is made in a linked fund, as described in section 3.3 of Appendix III, no subscription, conversion or redemption charge can be made by the underlying money market fund.
- (d) Invested cash collateral held at the credit risk of the Fund, other than cash collateral invested in government or other public securities or money market funds, must be diversified so that no more than 20% of the collateral is invested in the securities of, or placed on deposit with, one institution.

- (e) Invested cash collateral may not be placed on deposit with, or invested in securities issued by a counterparty or a related entity.
- (f) Notwithstanding the provisions of paragraph (c)(ii) (i.e. transfer to Custodian or its agent), a Fund may enter into stocklending programmes organised by generally recognised International Central Securities Depositories Systems provided that the programme is subject to a guarantee from the system operator.
- (g) Without prejudice to the provisions above relating to the use of non-cash and cash collateral, a Fund may be permitted to undertake repo transactions pursuant to which additional leverage is generated through the re-investment of collateral. In this case, the repo transaction must be taken into consideration for the determination of global exposure as required by paragraph 21 of UCITS Notice 10. Any global exposure generated must be added to the global exposure created through the use of derivatives and the total of these must not be greater than 100% of the Fund's Net Asset Value. Where collateral is re-invested in financial assets that provide a return in excess of the risk-free return the Fund must include, in the calculation of global exposure:
  - (i) the amount received if cash collateral is held;
  - (ii) the market value of the instrument concerned if non-cash collateral is held.
- (h) The counterparty to a repo contract or stocklending agreement must have a minimum credit rating of A2 or equivalent, or must be deemed by the Company to have an implied rating of A2. Alternatively, an unrated counterparty will be acceptable where the Company is indemnified against losses suffered as a result of a failure by the counterparty, by an entity which has and maintains a rating of A2 or equivalent.
- (i) The Company must have the right to terminate the stocklending agreement at any time and demand the return of any or all of the securities loaned. The agreement must provide that, once such notice is given, the borrower is obligated to redeliver the securities within 5 business days or other period as normal market practice dictates.
- (j) Repo contracts or stocklending agreements do not constitute borrowing or lending for the purposes of Regulation 103 and Regulation 111 respectively.

### **When Issued, Delayed Delivery and Forward Commitment Securities**

The Company may invest in securities on a when-issued, delayed delivery and forward commitment basis and such securities will be taken into consideration in calculating a Fund's investment restriction limits.

### **B. Risks Related to Efficient Portfolio Management**

The above listed techniques and instruments involve various types and degrees of risk, depending upon the characteristics of the particular instrument and the assets of a Fund as a whole. Use of these instruments may entail investment exposures that are greater than their cost would suggest, meaning that a small investment in derivatives could have a large impact on a Fund's performance.

Put and call options on indexes involve certain risks, because a securities index fluctuates with changes in the market values on the securities included in the index. The effectiveness of the use of securities index options will depend upon the extent to which price movements in the portion of the securities Fund being hedged through the use of the option correlate with price movements in the selected securities index. Perfect correlation is not possible because the securities held by the Fund will not match exactly the securities represented in the securities indexes on which the options are based. Moreover, the purchase of securities index options involves essentially the same risks as the purchase of options on future contracts. The principal risk is that the premium and transaction costs paid by the Fund in purchasing an option will be lost as a result of unanticipated movements in prices of the securities comprising the securities index on which the option is based. Gains or losses on the Fund transactions in securities index options depend on price movements in the securities markets generally, rather than price movements of a particular securities held by the Fund.

The use of futures and futures options also involves risks, including the potential for losses in excess of the amount invested in the futures contract. There can be no guarantee that there will be a correlation between price movements in the instrument used and the securities of the Fund that are being hedged through the use of the instrument. Moreover, there are significant differences between the securities and futures markets that could result in imperfect correlation between the markets, causing the use of a particular technique not to achieve its intended objectives. The degree of imperfection of correlation depends upon circumstances such as variations in speculative market demand, and differences between financial instruments being hedged and instruments underlying the standard contracts available for trading in such respects as interest rate levels, maturities and creditworthiness of issuers. A decision as to whether, when and how to hedge involves exercise of skill and judgement, and even a well-conceived hedge may be unsuccessful to some degree because of market behaviour or unexpected interest rate trends.

Futures exchanges may limit the amount of fluctuation permitted in certain futures contract prices during a single trading day. The daily limit establishes the maximum amount that the price of a futures contract may vary either up or down from the previous day's settlement price at the end of the current trading session. Once the daily limit has been reached in a futures contract subject to such a limit, no more trades may be made on that day at a price beyond that limit. The daily limit governs only price movements during a particular trading day and therefore does not limit potential losses because the limit may work to prevent the liquidation of unfavourable positions.

In addition, the ability to establish and close out positions in options on futures contracts will be subject to the development and maintenance of a liquid market in the options. There can be no assurance that a liquid market on an exchange will exist for any particular option or for any particular time.

Use of forward currency contracts, as a method of protecting the value of the Fund assets against a decline in the value of a currency, establishes a rate of exchange which can be achieved at some future point in time, but does not eliminate fluctuations in the underlying prices of securities. Use of forward currency contracts may also reduce any potential gain which may have otherwise occurred had the currency value increased above the settlement price of the contract. Successful use of forward contracts depends on the investment adviser's skill in analysing and predicting relative currency values. Forward contracts alter the Fund's exposure to currency exchange rate activity and could result in losses to the Fund in the event that the currencies do not perform in the manner that the investment adviser anticipated. The Fund may also incur significant costs when converting assets from one currency to another.

The risks engaging in stock lending involve primarily those relating to the borrower not being in a position to meet any necessary increases in collateral payment or that trades involving securities will not settle resulting in a short market.

## APPENDIX III

### Investment and Borrowing Restrictions

Investment of the assets of the relevant Fund must comply with the Regulations. The Regulations provide:

<b>1</b>	<b>Permitted Investments</b>
	Investments of each Fund are confined to:
<b>1.1</b>	Transferable securities and money market instruments, as prescribed in the Notices, which are either admitted to official listing on a stock exchange in a Member State or non-Member State or which are dealt on a market which is regulated, operates regularly, is recognised and open to the public in a Member State or non-Member State.
<b>1.2</b>	Recently issued transferable securities which will be admitted to official listing on a stock exchange or other market (as described above) within a year.
<b>1.3</b>	Money market instruments, as defined in the Notices, other than those dealt on a regulated market.
<b>1.4</b>	Units of UCITS.
<b>1.5</b>	Units of Non-UCITS as set out in the Central Bank's Guidance Note 2/03.
<b>1.6</b>	Deposits with credit institutions as prescribed in the Notices.
<b>1.7</b>	Financial derivative instruments as prescribed in the Notices.
<b>2</b>	<b>Investment Restrictions</b>
<b>2.1</b>	Each Fund may invest no more than 10% of net assets in transferable securities and money market instruments other than those referred to in paragraph 1.
<b>2.2</b>	Each Fund may invest no more than 10% of net assets in recently issued transferable securities which will be admitted to official listing on a stock exchange or other market (as described in paragraph 1.1) within a year. This restriction will not apply in relation to investment by a Fund in certain US securities known as Rule 144A securities provided that: <ul style="list-style-type: none"> <li>- the securities are issued with an undertaking to register with the US Securities and Exchanges Commission within one year of issue; and</li> <li>- the securities are not illiquid securities i.e. they may be realised by the UCITS within seven days at the price, or approximately at the price, at which they are valued by the Fund.</li> </ul>
<b>2.3</b>	Subject to paragraph 4, each Fund may invest no more than 10% of net assets in transferable securities or money market instruments issued by the same body provided that the total value of transferable securities and money market instruments held in the issuing bodies in each of which it invests more than 5% is less than 40%.
<b>2.4</b>	The limit of 10% (in 2.3) is raised to 25% in the case of bonds that are issued by a credit institution which has its registered office in a Member State and is subject by law to special public supervision designed to protect bond-holders. If a Fund invests more than 5% of its net assets in these bonds issued by one issuer, the total value of these

	<p>investments may not exceed 80% of the net asset value of the Fund. Prior approval will be obtained from the Central Bank before the Company avails of the provisions of this restriction.</p>
<b>2.5</b>	<p>The limit of 10% (in 2.3) is raised to 35% if the transferable securities or money market instruments are issued or guaranteed by a Member State or its local authorities or by a non-Member State or public international body of which one or more Member States are members.</p>
<b>2.6</b>	<p>The transferable securities and money market instruments referred to in 2.4 and 2.5 shall not be taken into account for the purpose of applying the limit of 40% referred to in 2.3.</p>
<b>2.7</b>	<p>Each Fund may not invest more than 20% of net assets in deposits made with the same credit institution.</p> <p>Deposits with any one credit institution, other than credit institutions authorised in the EEA (European Union Member States, Norway, Iceland, Liechtenstein) or credit institutions authorised within a signatory state (other than an EEA Member State) to the Basle Capital Convergence Agreement of July 1988 (Switzerland, Canada, Japan, United States) or a credit institution authorised in Jersey, Guernsey, the Isle of Man, Australia or New Zealand, held as ancillary liquidity, must not exceed 10% of net assets.</p> <p>This limit may be raised to 20% in the case of deposits made with the trustee/custodian.</p>
<b>2.8</b>	<p>The risk exposure of a Fund to a counterparty to an OTC derivative may not exceed 5% of net assets.</p> <p>This limit is raised to 10% in the case of credit institutions authorised in the EEA; a credit institution authorised within a signatory state (other than an EEA Member State) to the Basle Capital Convergence Agreement of July 1988 or a credit institution authorised in Jersey, Guernsey, the Isle of Man, Australia or New Zealand.</p>
<b>2.9</b>	<p>Notwithstanding paragraphs 2.3, 2.7 and 2.8 above, a combination of two or more of the following issued by, or made or undertaken with, the same body may not exceed 20% of net assets:</p> <ul style="list-style-type: none"> <li>- investments in transferable securities or money market instruments;</li> <li>- deposits, and/or</li> <li>- risk exposures arising from OTC derivatives transactions.</li> </ul>
<b>2.10</b>	<p>The limits referred to in 2.3, 2.4, 2.5, 2.7, 2.8 and 2.9 above may not be combined, so that exposure to a single body shall not exceed 35% of net assets.</p>
<b>2.11</b>	<p>Group companies are regarded as a single issuer for the purposes of 2.3, 2.4, 2.5, 2.7, 2.8 and 2.9. However, a limit of 20% of net assets may be applied to investment in transferable securities and money market instruments within the same group.</p>
<b>2.12</b>	<p>Each Fund may invest up to 100% of net assets in different transferable securities and money market instruments issued or guaranteed by any Member State, its local authorities, non-Member States or public international body of which one or more Member States are members.</p>

	<p>The individual issuers must be listed in the prospectus and may be drawn from the following list:</p> <p>OECD Governments (provided the relevant issues are investment grade), Government of Brazil (provided the issues are investment grade), Government of India (provided the issues are investment grade) Government of Singapore, European Investment Bank, European Bank for Reconstruction and Development, International Finance Corporation, International Monetary Fund, Euratom, The Asian Development Bank, European Central Bank, Council of Europe, Eurofima, African Development Bank, International Bank for Reconstruction and Development (The World Bank), The Inter American Development Bank, European Union, Federal National Mortgage Association (Fannie Mae), Federal Home Loan Mortgage Corporation (Freddie Mac), Government National Mortgage Association (Ginnie Mae), Student Loan Marketing Association (Sallie Mae), Federal Home Loan Bank, Federal Farm Credit Bank, Tennessee Valley Authority, Straight-A Funding LLC and Export-Import Bank.</p> <p>Each Fund must hold securities from at least 6 different issues, with securities from any one issue not exceeding 30% of net assets.</p>
<b>3</b>	<b>Investment in Collective Investment Schemes (“CIS”)</b>
<b>3.1</b>	Investments made by a Fund in units of a UCITS or other CIS may not exceed, in aggregate, 10% of the assets of the Fund.
<b>3.2</b>	<p>Notwithstanding the provisions of section 3.1, where the investment policy of a Fund states that it may invest more than 10% of its assets in other UCITS or CIS the following restrictions shall apply instead of the restrictions set out at Section 3.1 above:</p> <p>(a) Each Fund may not invest more than 20% of its Net Asset Value in any one CIS.</p> <p>(b) Investments in non-UCITS CIS may not, in aggregate, exceed 30% of its Net Asset Value.</p>
<b>3.3</b>	The CIS are prohibited from investing more than 10% net assets in other CIS.
<b>3.4</b>	When a Fund invests in the units of other CIS that are managed, directly or by delegation, by the UCITS management company or by any other company with which the Fund’s management company is linked by common management or control, or by a substantial direct or indirect holding, that management company or other company may not charge subscription, conversion or redemption fees on account of the Fund’s investment in the units of such other CIS.
<b>3.5</b>	Where a commission (including a rebated commission) is received by the Fund’s manager/investment manager/investment adviser by virtue of an investment in the units of another CIS, this commission must be paid into the property of the Fund.
<b>4</b>	<b>Index Tracking UCITS</b>
	Intentionally left blank
<b>5</b>	<b>General Provisions</b>
<b>5.1</b>	An investment company, or management company acting in connection with all of the Funds it manages, may not acquire any shares carrying voting rights which would

	enable it to exercise significant influence over the management of an issuing body.
<b>5.2</b>	<p>A Fund may acquire no more than:</p> <ul style="list-style-type: none"> <li>(i) 10% of the non-voting shares of any single issuing body;</li> <li>(ii) 10% of the debt securities of any single issuing body;</li> <li>(iii) 25% of the units of any single CIS;</li> <li>(iv) 10% of the money market instruments of any single issuing body.</li> </ul> <p>NOTE: The limits laid down in (ii), (iii) and (iv) above may be disregarded at the time of acquisition if at that time the gross amount of the debt securities or of the money market instruments, or the net amount of the securities in issue cannot be calculated.</p>
<b>5.3</b>	<p>5.1 and 5.2 shall not be applicable to:</p> <ul style="list-style-type: none"> <li>(i) transferable securities and money market instruments issued or guaranteed by a Member State or its local authorities;</li> <li>(ii) transferable securities and money market instruments issued or guaranteed by a non-Member State;</li> <li>(iii) transferable securities and money market instruments issued by public international bodies of which one or more Member States are members;</li> <li>(iv) shares held by a Fund in the capital of a company incorporated in a non-member State which invests its assets mainly in the securities of issuing bodies having their registered offices in that State, where under the legislation of that State such a holding represents the only way in which the Fund can invest in the securities of issuing bodies of that State. This waiver is applicable only if in its investment policies the company from the non-Member State complies with the limits laid down in 2.3 to 2.11, 3.1, 3.2, 5.1, 5.2, 5.4, 5.5 and 5.6, and provided that where these limits are exceeded, paragraphs 5.5 and 5.6 below are observed.</li> <li>(v) Shares held by an investment company or investment companies in the capital of subsidiary companies carrying on only the business of management, advice or marketing in the country where the subsidiary is located, in regard to the repurchase of units at unit-holders' request exclusively on their behalf.</li> </ul>
<b>5.4</b>	A Fund need not comply with the investment restrictions herein when exercising subscription rights attaching to transferable securities or money market instruments which form part of their assets.
<b>5.5</b>	The Central Bank may allow recently authorised Funds to derogate from the provisions of 2.3 to 2.12, 3.1, 3.2, 4.1 and 4.2 for six months following the date of their authorisation, provided they observe the principle of risk spreading.
<b>5.6</b>	If the limits laid down herein are exceeded for reasons beyond the control of a Fund, or as a result of the exercise of subscription rights, the Fund must adopt as a priority objective for its sales transactions the remedying of that situation, taking due account of the interests of its shareholders.
<b>5.7</b>	<p>Neither an investment company, nor a management company or a trustee acting on behalf of a unit trust or a management company of a common contractual fund, may carry out uncovered sales of:</p> <ul style="list-style-type: none"> <li>- transferable securities;</li> <li>- money market instruments;</li> <li>- units of CIS; or</li> <li>- financial derivative instruments.</li> </ul>
<b>5.8</b>	A Fund may hold ancillary liquid assets.

<b>6</b>	<b>Financial Derivative Instruments ('FDIs')</b>
<b>6.1</b>	Any Fund's global exposure (as prescribed in the UCITS Notices) relating to FDI must not exceed its total Net Asset Value and therefore leverage will be limited to 100% of the Net Asset Value of a Fund. A Fund's global exposure will be calculated using the commitment approach.
<b>6.2</b>	Position exposure to the underlying assets of FDI, including embedded FDI in transferable securities or money market instruments, when combined where relevant with positions resulting from direct investments, may not exceed the investment limits set out in the UCITS Notices. (This provision does not apply in the case of index based FDI provided the underlying index is one which meets with the criteria set out in the UCITS Notices.)
<b>6.3</b>	Any Fund may invest in FDIs dealt in over-the-counter (OTC) provided that the counterparties to over-the-counter transactions (OTCs) are institutions subject to prudential supervision and belonging to categories approved by the Central Bank.
<b>6.4</b>	Investment in FDIs are subject to the conditions and limits laid down by the Central Bank.

### **C. Borrowing Restrictions**

The Regulations provide that the Company in respect of each Fund:

- (a) may not borrow, other than borrowings which in the aggregate do not exceed 10% of the Net Asset Value of the Fund and provided that this borrowing is on a temporary basis. Borrowing may be secured on the assets of the Fund. Credit balances (e.g. cash) may not be offset against borrowings when determining the percentage of borrowings outstanding;
- (b) may acquire foreign currency by means of a back-to-back loan. Foreign currency obtained in this manner is not classed as borrowings for the purpose of the borrowing restriction in paragraph (a), provided that the offsetting deposit: (i) is denominated in the base currency of the Fund and (ii) equals or exceeds the value of the foreign currency loan outstanding. However, where foreign currency borrowings exceed the value of the back-to-back deposit, any excess is regarded as borrowing for the purposes of paragraph (a) above.

---

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

The Directors of Conseq Invest public limited company (the “Company”), whose names appear under the heading “Management and Administration” in the Prospectus of the Company dated 1<sup>st</sup> November 2014 (the “Prospectus”) accept responsibility for the information contained in the Prospectus and in this Supplement. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in the Prospectus and in this Supplement is in accordance with the facts and does not omit anything likely to affect the import of the information.

---

## **CONSEQ INVEST BOND FUND**

**A SHARE CLASS**

**B SHARE CLASS**

**D SHARE CLASS**

*(A Fund of Conseq Invest public limited company  
an investment company with variable capital structured as an umbrella fund  
with segregated liability between sub-funds)*

### **SUPPLEMENT**

---

**This Supplement contains information relating to the A Class of Shares (the “A Class”), the B Class of Shares (the “B Class”) and the D Class of Shares (the “D Class”) of the Conseq Invest Bond Fund (the “Fund”). This Supplement forms part of and should be read in conjunction with the general description of the Company contained in the current Prospectus of the Company.**

The date of this Supplement is 1<sup>st</sup> November 2014.

This Supplement replaces the Supplement for the Conseq Invest Bond Fund dated 30 March 2012.

---

## CONTENTS

<b>DEFINITIONS</b> .....	<b>70</b>
<b>INTRODUCTION</b> .....	<b>71</b>
<b>INVESTMENT OBJECTIVE AND POLICY</b> .....	<b>71</b>
<b>BASE CURRENCY</b> .....	<b>72</b>
<b>INVESTMENT AND BORROWING RESTRICTIONS</b> .....	<b>72</b>
<b>MANAGEMENT AND ADMINISTRATION</b> .....	<b>72</b>
<b>DIVIDEND POLICY</b> .....	<b>72</b>
<b>SUBSCRIPTIONS</b> .....	<b>73</b>
APPLICATION PROCEDURE .....	73
PAYMENT OF SUBSCRIPTION MONIES.....	74
MINIMUM SUBSCRIPTIONS/HOLDINGS.....	75
<b>REDEMPTIONS</b> .....	<b>76</b>
PROCEDURE .....	76
REDEMPTION PRICE .....	77
<b>FEES AND EXPENSES</b> .....	<b>78</b>
INVESTMENT MANAGEMENT FEE.....	78
<b>RISK FACTORS</b> .....	<b>79</b>
<b>SWITCHING</b> .....	<b>80</b>

## DEFINITIONS

“*Bond Fund*”, the Conseq Invest Bond Fund.

“*Business Day*”, a day on which banks are open for business in Dublin and Prague.

“*Central Bank*”, the Central Bank of Ireland or any successor thereof.

“*Dealing Day*”, every Business Day.

“*Net Revenue*”, income from interest, dividends or otherwise, realised and unrealised profits (gains) on the disposal/valuation of the investments and other assets less realised and unrealised losses and the relevant portion of accrued expenses.

“*Regulated Markets*”, the Stock Exchanges and/or regulated markets listed in Appendix I of the Prospectus.

“*Shares*”, shares of whatever Share Class of a Fund as are constituted.

“*Share Class*” or “*Share Classes*”, such class of shares in a Fund as the Directors from time to time designate, the current shares classes in respect of Conseq Invest Bond Fund being the A Class, B Class and D Class.

“*Valuation Point*”, in respect of the assets and liabilities of the Bond Fund shall be the close of business in the relevant market on a Dealing Day.

All other capitalised terms shall bear the same definitions as are set out in the Prospectus.

## INTRODUCTION

Conseq Invest public limited company (the “Company”) is authorised in Ireland by the Central Bank as a UCITS for the purposes of the UCITS Regulations. The Company is structured as an umbrella fund with segregated liability between sub-funds in that the share capital of the Company may be divided into different classes of Shares with one or more classes representing a separate Fund of the Company. Each Fund may have more than one Share Class.

This Supplement contains information relating to the A Class and the B Class of the Bond Fund which were approved by the Central Bank on 30 August 2000 and the D Class which was approved by the Central Bank on 3 December 2001. This Supplement forms part of and should be read in conjunction with the general description of the Company contained in the current Prospectus together with the most recent audited annual report and financial statements and if published after such report, a copy of the latest unaudited semi-annual report.

The Shares of the Bond Fund are registered for distribution in the Czech Republic. In the Czech Republic, the Czech translation of the name of the Bond Fund is the Conseq Invest Dluhopisový fond.

As at the date of this Supplement, there are no other Share Classes in the Bond Fund, but additional Share Classes may be added in the future.

At the date this Supplement, there are three other Funds of the Company, the Conseq Invest Equity Fund, the Conseq Invest Conservative Bond Fund and the Conseq Invest New Europe Bond Fund.

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

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

The Fund is suitable for investors seeking capital appreciation measured in CZK over the medium term (2-4 years) and who are willing to accept a moderate level of volatility.

## INVESTMENT OBJECTIVE AND POLICY

The objective of the Bond Fund is to achieve capital appreciation measured in Czech Crowns by investing in a diversified portfolio of fixed-income securities.

The Bond Fund will aim to outperform its benchmark (the “Benchmark”), the Bloomberg Effas Czech Govt All >1 Yr TR Index. The Bloomberg Effas Czech Govt All >1 Yr TR Index is calculated and published by Bloomberg and is a Czech Crowns denominated government bond index which tracks the complete universe of existing Czech Crowns denominated government bonds with maturities of 1 year and more weighted by their market capitalisation.

Investments will be made primarily in short, medium and long term fixed-income securities listed or traded on Regulated Markets in the Czech Republic, Poland, Hungary and Slovakia or any OECD country, and denominated in Czech Crowns. The Bond Fund may also invest,

less extensively, in short, medium and long term fixed income securities listed or traded on Regulated Markets in the Czech Republic, Poland, Hungary and Slovakia or any other OECD country, but denominated in other currencies. Securities denominated in other currencies will not exceed 30% of the Net Asset Value of the Bond Fund. The Investment Manager will seek to manage the currency exposure in the portfolio with a view to ensuring that this exposure does not exceed 10% of the Net Asset Value of the Bond Fund. For this purpose the Investment Manager may employ forward currency contracts and foreign exchange options for hedging purposes and to provide protection against exchange rate risks. These instruments will be used in accordance with the requirements of the Central Bank.

Such securities including, but not limited to fixed interest debentures, bonds and floating rate notes will primarily be those which are listed or traded on Regulated Markets in OECD countries.

The Investment Manager will seek to reduce the inherent investment risks by concentrating on fixed income securities of high quality, having regard to the financial substance and reputation of the issuer. Accordingly, it is the intention to limit investments to bonds and other fixed income securities issued or guaranteed by the Czech or any OECD country Government, the Czech National Bank or the Central Bank of any OECD country, Czech municipalities, Czech or foreign banks and/or corporations and/or other issuers, which have all been credited with Ba3 or better rating by Moody's or BB-minus or better by Standard & Poor's or which having not applied for such a rating, are, in the opinion of the Investment Manager of equivalent credit status.

The Investment Manager will attempt to add value relative to the Benchmark by qualified duration and yield-curve decisions, active credit, liquidity, option, tax and currency risk management and by using short-term market trends.

### **BASE CURRENCY**

The base currency of the Bond Fund will be the Czech Crown.

### **INVESTMENT AND BORROWING RESTRICTIONS**

The Company is a UCITS and accordingly the Fund is subject to the investment and borrowing restrictions set out in the Regulations and the Notices of the Central Bank. These are set out in detail in the Prospectus.

### **MANAGEMENT AND ADMINISTRATION**

Detailed descriptions of the Directors and service providers to the Company are set out in the Prospectus.

### **DIVIDEND POLICY**

The A Class and B Class of the Bond Fund are accumulating share classes and, therefore, it is not intended to distribute dividends to the Shareholders in these Share Classes. The income and other profits attributable to these Share Classes will be accumulated and

reinvested on behalf of Shareholders. Dividends, if paid on these Share Classes, may be paid out of the Net Revenue attributable to the Share Classes.

The D Class of the Bond Fund is a distributing Share Class. The Fund intends to declare at least semi-annually a dividend that will be determined with the objective of distributing the majority of Net Revenue, if any, attributable to the D Class Shares.

The maximum amount that may be paid as a dividend per Share will be calculated in accordance with the following formula:

$Div = NAVRD - NAVLD$ , if NAVRD is higher than NAVLD, otherwise  $Div = 0$ ; where

Div = Dividend per Share;

NAVRD = NAV per Share on the Dividend record day before distribution of declared dividends.

NAVLD = NAV per Share on the previous Dividend record day;

Dividend record day = Valuation point decisive for the dividend calculation. Shares subscribed for/redeemed on the Dividend record day are issued/redeemed as relevant at ex-dividend NAV per Share.

Dividends are distributed to the Shareholders on the number of Shares held as an opening balance on Dividend record Day.

The dividend will be reinvested automatically on the Dividend record day unless otherwise requested by the Shareholders. Normally these dividends will be paid by the Fund in July and January respectively. The dividend record date will be the last valuation date in June and December respectively. The Directors may also declare interim dividends on such other days within the year as they deem appropriate. Such dividends will be paid within 20 working days of their declaration. No interest will be paid on accrued but unpaid dividend.

## **SUBSCRIPTIONS**

### **Application Procedure**

#### Application Forms.

All applicants must complete (or arrange to have completed under conditions approved by the Directors) the application form prescribed by the Directors from time to time in relation to the Company ("Application Form"). An Application Form accompanies this Supplement and sets out the methods by which and to whom the subscription monies should be sent. Application Forms shall be irrevocable and may be sent by facsimile at the risk of the applicant to the Investment Manager or any relevant distributor for onward transmission to the Administrator. The originals of the Application Forms should be sent to the Investment Manager or any relevant distributor for onward transmission to the Administrator to arrive within three Business Days after the time for receipt of such application.

Failure to provide the original Application Form by such time may, at the discretion of the Directors, result in the compulsory redemption of the relevant Shares on the next Dealing Day at the prevailing Net Asset Value per Share. However, applicants will be unable to redeem Shares on request until the original Application Form has been received.

#### Fractions.

Subscription monies representing less than the subscription price for a Share will not be returned to the applicant. Fractions of Shares will be issued where any part of the subscription monies for Shares represents less than the subscription price for one Share, provided however, that fractions shall not be less than .0001 of a Share.

Subscription monies, representing less than .0001 of a Share will not be returned to the applicant but will be retained by the Company in order to defray administration costs.

#### Offer.

Applications for A Class, B Class and D Class Shares must be received by the Investment Manager or any relevant distributor by 4.00pm (Irish time) two Business Days immediately preceding the relevant Dealing Day for onward transmission to the Administrator. All subscriptions will be dealt on a forward pricing basis, i.e. by reference to the subscription price for Shares calculated as at the Valuation Point for the relevant Dealing Day. Any applications received after that time will normally be held over until the next Dealing Day but, provided they are received prior to the Valuation Point, may be accepted for dealing on the Dealing Day (at the discretion of the Directors in consultation with the Administrator).

#### Subscription Price.

The subscription price per Share of the Share Classes of the Bond Fund shall be ascertained as follows:

- (c) the Net Asset Value per Share of any class of Shares within a Fund will be calculated by calculating the amount of the Net Asset Value of the relevant Fund which is attributable to the relevant class (costs and related liabilities/benefits of specific hedging instruments entered into for the benefit of any particular class of Shares will be allocated exclusively to that class) and adding thereto such sum as the Directors may consider represents an appropriate figure for Duties and Charges and any other amounts necessary to account for actual expenditure on the purchase of the underlying investments;
- (d) dividing the resultant figure under (a) above by the total number of Shares of the relevant class in issue; and
- (e) adding thereto such amount as may be necessary to round the resulting amount to four decimal places using standard rounding.

#### Preliminary Charge

The Directors may impose a preliminary charge on the issue of Shares in the Bond Fund up to a maximum of 5% of the subscription amount, which shall be paid to the Distributor.

### **Payment of Subscription Monies**

#### Method of Payment.

Subscription payments net of all bank charges should be paid by CHAPS, SWIFT or telegraphic transfer to the bank account specified in the Application Form. Other methods of payment are subject to the prior approval of the Directors in consultation with the Custodian. No interest will be paid in respect of payments received in circumstances where the application is held or until a subsequent Dealing Day.

### Timing of Payment.

Payment in respect of subscriptions must be received by the Custodian by 3:00pm (Irish time) on the fourth Business Day following the relevant Dealing Day. If payment in full in cleared funds in respect of a subscription has not been received by the relevant time, the Directors in consultation with the Custodian may instruct the Administrator to cancel the allotment and/or charge the applicant interest at the 7 day Prague Interbank Offer Rate as fixed by the Czech National Bank (PRIBOR) + 1%, together with an administration fee of CZK5,000 which fee is payable to the Company. The Directors may in consultation with the Custodian waive such charge either in whole or in part. In addition, the Company will have the right to sell all or part of the applicant's holding of Shares in the Bond Fund or any other Fund of the Company in order to meet these charges.

### **Minimum Subscriptions/Holdings**

#### Initial Subscriptions.

The minimum initial subscription amount for Shares is as follows:

A Class	-	CZK	10,000
B Class	-	CZK	1,000,000
D Class	-	CZK	500,000

or its foreign currency equivalent (or less at the discretion of the Directors).

#### Subsequent Subscriptions.

Any subsequent subscriptions must be a minimum of:

Class A	-	CZK	2,000
Class B	-	CZK	100,000
D Class	-	CZK	50,000

or its foreign currency equivalent (or less at the discretion of the Directors).

#### Minimum Holdings.

Any Shareholder who redeems or otherwise disposes of part of his holding must maintain an aggregate holding in each Share Class in which he holds Shares as follows:

A Class	-	CZK	10,000
B Class	-	CZK	1,000,000
D Class	-	CZK	500,000

or its foreign currency equivalent (or less at the discretion of the Directors). The Directors have the power to redeem the remaining holding of any Shareholder who redeems his minimum holding of Shares in a Share Class to below the levels set out above or its currency equivalent.

Subscriptions paid in a currency other than the base currency of the Fund will be converted by the Investment Manager or relevant distributor at the prevailing exchange rate.

## REDEMPTIONS

### Procedure

#### Redemption.

Every Shareholder will have the right to require the Company to redeem his Shares in each of the Funds on any Dealing Day (save during any period when the calculation of the Net Asset Value is suspended in the circumstances set out in the Prospectus) on furnishing to the Investment Manager or any relevant distributor for onward transmission to the Administrator a redemption request. Shares may be redeemed only by written application through the Administrator.

All redemption requests are dealt with on a forward pricing basis, ie. by reference to the redemption price for Shares calculated at the Valuation Point on the relevant Dealing Day.

#### Redemption Form.

All applicants must complete (or arrange to have completed under conditions approved by the Directors) the redemption form ("Redemption Form") prescribed by the Directors in relation to the Bond Fund. Redemption Forms may be obtained from the Investment Manager or any relevant distributor. The Redemption Form sets out the methods by which and to whom redemption monies may be sent. Share certificate(s), where issued, must be sent with the Redemption Form. In the case of joint shareholdings, such certificate(s) should be endorsed by all joint shareholders.

Redemption Forms (and Share Certificate(s), where relevant) in respect of the Bond Fund must be received by the Investment Manager or any relevant distributor by 4.00pm (Irish time) two Business Days immediately preceding the relevant Dealing Day for onward transmission to the Administrator. If the Redemption Form (and Share Certificate(s), where relevant) is received after that time it shall (unless otherwise determined by the Directors) be treated as a request for redemption on the Dealing Day following such receipt and Shares will be redeemed at the redemption price for that day. Shares will be redeemed at the redemption price calculated at the Valuation Point on the relevant Dealing Day.

Redemption requests will only be accepted where cleared funds and completed documents are in place from original subscriptions.

Redemption Forms shall (save as determined by the Directors) be irrevocable and may be sent by facsimile to the Investment Manager or any relevant Distributor for onward transmission to the Administrator at the risk of the relevant Shareholder.

In the event that a Share certificate has been lost or destroyed, a Shareholder will be required to give an indemnity in a form satisfactory to the Directors.

#### Fractions.

Apart from circumstances in which a Shareholder is redeeming his entire holding of Shares in the Bond Fund:

- (a) fractions of Shares will be issued where any part of the redemption monies for Shares represents less than the redemption price for one Share, provided however that fractions shall not be less than .0001 of a Share; and

- (b) redemption monies, representing less than .0001 of a Share will not be returned to a Shareholder but will be retained by the Company in order to defray administration costs.

#### Compulsory Redemption.

All the Shares of the Fund may be redeemed at the discretion of the Directors if, after the first anniversary of the first issue of Shares of any of the Funds, the Net Asset Value of the Fund falls below CZK500,000,000 or its foreign currency equivalent for a period of not less than 90 consecutive days.

### **Redemption Price**

The Redemption Price per Share in each class of the Fund shall be ascertained as follows:

- (a) the Net Asset Value per Share of any class of Shares within a Fund will be calculated by calculating the amount of the Net Asset Value of the relevant Fund which is attributable to the relevant class (costs and related liabilities/benefits of specific hedging instruments entered into for the benefit of any particular class of Shares will be allocated exclusively to that class) and deducting therefrom such sums as the Manager may consider represents an appropriate provision for Duties and Charges and any other amounts necessary to account for the actual sale price of underlying investments;
- (b) dividing the resultant figure calculated under (a) above by the total number of Shares of the relevant class in issue; and
- (c) deducting therefrom such amount as may be necessary to round the resulting sum to four decimal places using standard rounding.

The latest Redemption Price for Shares will be available during normal business hours at the office of the Administrator and will be published by the Investment Manager weekly in the *Hospodarske noviny* and on the website [www.conseq.cz](http://www.conseq.cz). Redemption proceeds will be paid by the Custodian in the base currency of the Bond Fund. At the election of the Shareholder redemption proceeds can be paid by the Investment Manager or any relevant distributor in such other currencies as the Directors permit. Any redemption proceeds to be paid in a currency other than the base currency, in respect of Shares being redeemed to the Shareholder, will be paid through the Investment Manager or any relevant distributor and determined on the basis of the exchange rate between the payable currency and the base currency as is available to the Investment Manager or any relevant distributor for transactions for the date of payment less any currency exchange costs.

#### Method of Payment.

Redemption payments will be made to the bank account detailed on the Application Form or as subsequently notified to the Administrator in writing.

#### Timing.

Redemption proceeds in respect of Shares will be paid for value four Business Days following the relevant Dealing Day provided that all the required documentation has been furnished to and received by the Investment Manager or any relevant distributor for onward transmission to the Administrator.

In the case of a partial redemption of a Shareholder's holding, the Administrator will advise the Shareholder of the remaining Shares held by him by way of transaction confirmation.

#### Redemption Fee

It is not currently proposed to charge a redemption fee.

### **FEES AND EXPENSES**

Please see the Prospectus for full details of the fees and expenses which apply to the Bond Fund.

#### **Investment Management Fee**

The Investment Manager is entitled to charge a fee as follows:

- 1% per annum of the Net Asset Value of A Class,
- 0.7% per annum of the Net Asset Value of B Class; and
- 0.7% per annum of the Net Asset Value of D Class.

The fee will be accrued daily based on the daily Net Asset Value of the relevant Share Class of the Bond Fund and will be paid half yearly in arrears.

The Investment Manager shall be entitled to a performance fee (a "Performance Fee") calculated by the Administrator, subject to approval by the Custodian as follows:

- (i) in each successive period ending on the last Dealing Day in January and July respectively, the first of which commenced on August 16, 2010 on which an "Initial NAV" (as defined in paragraph (ii) below) is calculated (each a "Performance Period") in which the "Portfolio Return" (as defined in paragraph (ii) below) exceeds the "Benchmark Return" (as defined in paragraph (iii) below) the Investment Manager shall be entitled to a Performance Fee, payable out of the assets of the Bond Fund, equal to 12% of the amount by which the Portfolio Return exceeds the Benchmark Return in that Performance Period;
- (ii) the "Portfolio Return" in any Performance Period is calculated by deducting the "Initial NAV" (as defined below) of the Bond Fund for that Performance Period, (less redemption monies paid plus subscription monies received less any declared dividends, during that Performance Period) from the "Closing NAV" (as defined below) of the Bond Fund for that Performance Period. For the purposes of such calculation, the "Initial NAV" per Share shall be the Net Asset Value per Share of the Bond Fund (for the avoidance of doubt, after all previously accrued fees have been paid) on the last Dealing Day in the previous Performance Period and the "Closing NAV" per Share shall be the Net Asset Value of the Bond Fund per Share on the last Dealing Day in the relevant Performance Period before any deduction has been made for the relevant Performance Period's Performance Fee (but after deducting all other accrued fees for such Performance Period);
- (iii) the Benchmark Return of the Bond Fund in any Performance Period shall be the sum of:

- A. the notional return which would have accrued in that Performance Period had a sum equal in value to the Initial Net Asset Value been invested at the Benchmark Rate (as described below) for that Performance Period ; and
- B. the notional return which would have accrued in that Performance Period had sums equal in value to subscription monies received during the Performance Period been invested since each relevant Dealing Day at the relevant Benchmark Rate (as described below) less redemption monies paid during such Performance Period up until each relevant Dealing Day at the Benchmark Rate;

The Benchmark Rate is the percentage movement in the Benchmark between the Dealing Day on which the Initial NAV is calculated and the Dealing Day on which the Closing NAV is calculated for any Performance Period, except in the case of subscriptions and redemptions received during such Performance Period when such rate will be calculated by reference to the Dealing Day on which such subscription or redemption is effected and the Dealing Day on which the Closing NAV is calculated.

- (iv) the Performance Fee will only be paid if the Closing NAV is greater than the Closing NAV in the Performance Period when a Performance Fee was last payable;
- (v) once payable pursuant to paragraphs (i) to (iv) above, a Performance Fee for any Performance Period will not be affected by any losses experienced by the Bond Fund in a subsequent Performance Period.

The accrual for the payment of the Performance Fee will be calculated daily and will be paid half yearly in arrears. The accrual will reflect the view of the probability of the condition in (iv) above being satisfied. The probability calculation uses the Fund's 3-year historical volatility and is based on assumption of normal distribution of returns.

Where Performance Fees are payable by the Company these will be based on net realised and net unrealised gains and losses as at the end of each calculation period. As a result, Performance Fees may be paid on unrealised gains which may subsequently never be realised.

## **RISK FACTORS**

Potential investors should consider the risk factors set out in the Prospectus and the additional risk factors set out below before investing in the Funds:

1. the Directors will seek to minimise the volatility of the Net Asset Value of each of the Funds. However, prospective investors should be aware that investments are subject to normal market fluctuations and other risks inherent in investing in securities;
2. depending on an investor's currency of reference, currency fluctuations between that currency and the base currency of the Funds may adversely affect the value of an investment in the Funds;

3. where a Share Class of a Fund is denominated in a currency other than the base currency of the Fund, the Company will attempt to minimise the effect of currency fluctuations between that currency and the Funds' base currency through the use of hedging; however the result cannot be guaranteed.

### **SWITCHING**

Shareholders of any Share Class of the Bond Fund may switch to the corresponding Share Class of any other Fund of the Company, as the Directors may permit.

Shareholders of any Share Class of the Bond Fund may also switch to any other Share Class of the Bond Fund. No switching fee will be imposed.

---

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

The Directors of Conseq Invest public limited company (the “Company”), whose names appear under the heading “Management and Administration” in the Prospectus of the Company dated 1<sup>st</sup> November 2014 (the “Prospectus”) accept responsibility for the information contained in the Prospectus and in this Supplement. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in the Prospectus and in this Supplement is in accordance with the facts and does not omit anything likely to affect the import of the information.

---

## **CONSEQ INVEST CONSERVATIVE BOND FUND**

### **A SHARE CLASS**

### **D SHARE CLASS**

*(A Fund of Conseq Invest public limited company  
an investment company with variable capital  
structured as an umbrella fund with segregated liability  
between sub funds)*

### **SUPPLEMENT**

---

**This Supplement contains information relating to the A Class of Shares (the “A Class”) and the D Class of Shares (the “D Class”) of the Conseq Invest Conservative Bond Fund. This Supplement forms part of and should be read in conjunction with the general description of the Company contained in the current Prospectus of the Company.**

The date of this Supplement is 1<sup>st</sup> November 2014.

This Supplement replaces the Supplement for the Conseq Invest Conservative Bond Fund dated 30 March 2012.

---

## CONTENTS

<b>DEFINITIONS</b> .....	<b>83</b>
<b>INTRODUCTION</b> .....	<b>84</b>
<b>INVESTMENT OBJECTIVE AND POLICY</b> .....	<b>84</b>
<b>BASE CURRENCY</b> .....	<b>86</b>
<b>INVESTMENT AND BORROWING RESTRICTIONS</b> .....	<b>86</b>
<b>MANAGEMENT AND ADMINISTRATION</b> .....	<b>86</b>
<b>DIVIDEND POLICY</b> .....	<b>86</b>
<b>SUBSCRIPTIONS</b> .....	<b>87</b>
APPLICATION PROCEDURE .....	87
PAYMENT OF SUBSCRIPTION MONIES.....	88
MINIMUM SUBSCRIPTIONS/HOLDINGS.....	89
<b>REDEMPTIONS</b> .....	<b>89</b>
PROCEDURE .....	89
REDEMPTION PRICE .....	91
<b>FEES AND EXPENSES</b> .....	<b>91</b>
INVESTMENT MANAGEMENT FEE.....	92
<b>RISK FACTORS</b> .....	<b>93</b>
<b>SWITCHING</b> .....	<b>93</b>

## DEFINITIONS

“*Business Day*”, a day on which banks are open for business in Dublin and Prague.

“*Central Bank*”, the Central Bank of Ireland or any successor thereof.

“*Conservative Bond Fund*”, the Conseq Invest Conservative Bond Fund.

“*Dealing Day*”, every Business Day.

“*Net Revenue*”, income from interest, dividends or otherwise, realised and unrealised profits (gains) on the disposal/valuation of the investments and other assets less realised and unrealised losses and the relevant portion of accrued expenses.

“*Regulated Markets*”, the Stock Exchanges and/or regulated markets listed in Appendix I of the Prospectus.

“*Shares*”, shares of whatever Share Class of a Fund as are constituted.

“*Share Class*” or “*Share Classes*”, such class of shares in a Fund as the Directors from time to time designate, the current shares classes in respect of Conseq Invest Conservative Bond Fund being the A Class and D Class.

“*Valuation Point*”, in respect of the assets and liabilities of the Conservative Bond Fund shall be the close of business in the relevant market on a Dealing Day.

All other capitalised terms shall bear the same definitions as are set out in the Prospectus.

## INTRODUCTION

Conseq Invest public limited company (the “Company”) is authorised in Ireland by the Central Bank as a UCITS. The Company is structured as an umbrella fund with segregated liability between sub-funds in that the share capital of the Company may be divided into different classes of Shares with one or more classes representing a separate Fund of the Company. Each Fund may have more than one Share Class.

This Supplement contains information relating to the A Class and the D Class of the Conservative Bond Fund. This Supplement forms part of and should be read in conjunction with the general description of the Company contained in the current Prospectus together with the most recent audited annual report and financial statements and if published after such report, a copy of the latest unaudited semi-annual report.

The Shares of the Conservative Bond Fund are registered for distribution in the Czech Republic. In the Czech Republic, the Czech translation of the name of the Conservative Bond Fund is the Conseq Invest Konzervativní dluhopisový fond.

As at the date of this Supplement, there are no other Share Classes in the Conservative Bond Fund, but additional Share Classes may be added in the future in accordance with the requirements of the Central Bank. A separate pool of assets is not being maintained for each Share Class.

At the date this Supplement, there are three other Funds of the Company, the Conseq Invest Bond Fund, the Conseq Invest New Europe Bond Fund and the Conseq Invest Equity Fund.

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

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

The Fund is suitable for investors seeking current income and a stable value measured in CZK over the short to medium term (1-3 years).

## INVESTMENT OBJECTIVE AND POLICY

The Conservative Bond Fund’s investment objective is to provide investors with current income and a stable value over the medium term by investing in CZK denominated negotiable fixed-income securities.

The Conservative Bond Fund will aim to outperform the daily average of six month Prague Interbank Offer Rate (6M PRIBOR) as fixed by Czech National Bank (published by Bloomberg under PRIB06M Index) less 0,35, (the “Benchmark”). The formula will be:

$$1+((\text{AVERAGE}(6\text{M PRIBOR})-0,35)/100)*(\text{Days}/365)$$

where:

“6M PRIBOR” are all 6M PRIBOR values published in the current Performance Period

“Days are number” of Valuation points in the current Performance Period

The Conservative Bond Fund will seek to achieve its investment objective by investing normally at least 90% of its net assets in a portfolio of investment grade, transferable, fixed income securities and short term debt securities traded on Regulated Markets principally in the Czech Republic and other European countries which will be either fixed or variable rate, including but not limited to: commercial paper, government obligations, supranational bonds, asset and mortgage-backed securities, certificates of deposit, floating rate notes and short and medium term obligations. Investment grade securities are securities which have ratings of at least BBB by Standard & Poor's or Moody's or the equivalent rating by any other internationally recognised statistical rating organisation or, if unrated by such rating organisations, are determined by investment manager to be of comparable credit quality. A security will be deemed to have met this rating requirement if it receives the minimum required rating from at least one such rating organisation even though it has been rated below the minimum rating by one or more other rating organisations. For purposes of this paragraph, ancillary liquid assets will be included in the calculation of the percentage of the Conservative Bond Fund's Net Assets Value in fixed income securities to the extent that they constitute assets such as interest due on securities held in the Conservative Bond Fund's portfolio or the value of securities pending settlement.

It is intended that the modified duration of the Conservative Bond Fund will not exceed 18 months. As interest rates and bond prices move in different directions, modified duration is a formula that expresses the measurable change in the value of a fixed income security in response to a change in interest rates.

The Conservative Bond Fund may invest in fixed income securities issued by a variety of issuers, in accordance with the Regulations.

The fixed income securities in which the Conservative Bond Fund may invest include: (i) securities issued or guaranteed by the government of an OECD member state, local authorities of an OECD member state; (ii) securities issued or guaranteed by supranational entities (i.e., international organisations designated or supported by governmental entities to promote economic reconstruction or development, such as the World Bank); (iii) debt securities of corporate and other issuers which satisfy the Conservative Bond Fund's rating criteria; (iv) certificates of deposit and bankers' acceptances issued or guaranteed by banks having total assets of more than US\$1 billion; and (v) commercial paper rated A-1 or better by Standard & Poor's, Prime-1 or better by Moody's, or, if not rated by such rating organisations, determined by Investment Manager to be of comparable credit quality.

While the Conservative Bond Fund will invest primarily in CZK denominated fixed income securities or other short-term transferable debt securities, it may invest to a limited degree in fixed income securities denominated in other currencies. In addition, the Conservative Bond Fund may employ techniques and instruments intended to provide protection against exchange rate risks such as forward currency contracts in the context of the management of its assets and liabilities in accordance with the provisions set out under the heading Efficient Portfolio Management in the Prospectus. Where the Conservative Bond Fund invests in fixed income securities denominated other than in CZK, the currency exposure will be hedged back to CZK.

Any alteration of the investment objective of the Conservative Bond Fund or material alteration of the investment policy of the Conservative Bond Fund will be subject to the prior approval by the majority of votes cast by the Conservative Bond Fund's Shareholders. In addition, Shareholders will be sent reasonable notice of any non-material alteration of the Conservative Bond Fund's investment policies as outlined above to enable Shareholders to redeem their shares prior to the implementation of any such alteration.

### **BASE CURRENCY**

The base currency of the Conservative Bond Fund will be the Czech Crown (CZK).

### **INVESTMENT AND BORROWING RESTRICTIONS**

The Company is a UCITS and, accordingly, the Conservative Bond Fund is subject to the investment and borrowing restrictions set out in the Regulations and the Notices of the Central Bank. These are set out in detail in the Prospectus.

### **MANAGEMENT AND ADMINISTRATION**

Detailed descriptions of the Directors and service providers to the Company are set out in the Prospectus.

### **DIVIDEND POLICY**

The A Class of the Conservative Bond Fund is an accumulating share class and, therefore, it is not intended to distribute dividends to the Shareholders in this Share Class. The income and other profits attributable to this Share Class will be accumulated and reinvested on behalf of Shareholders.

The D Class of the Conservative Bond Fund is a distributing Share Class. The Conservative Bond Fund intends to declare at least quarterly a dividend that will be determined with the objective of distributing the majority of Net Revenue, if any, attributable to the D Class Shares.

The amount of any dividend per Share to be paid will be calculated in accordance with the following formula:

$Div = NAVRD - NAVLD$ , if  $NAV RD$  is higher than  $NAV LD$ , otherwise  $Div = 0$ ; where

$Div$  = Dividend per Share;

$NAV RD$  = NAV per Share on the Dividend record day before distribution of declared dividends;

NAVLD = NAV per Share on the previous Dividend record day;

Dividend record day = Valuation point decisive for the dividend calculation. Shares subscribed for/redeemed on the Dividend record day are issued/redeemed as relevant at ex-dividend NAV per Share.

Dividends are distributed to the Shareholders on the number of Shares held as an opening balance on Dividend record Day.

The dividend will be reinvested automatically on the Dividend record day unless otherwise requested by the Shareholders. Normally these dividends will be paid by the Fund in April, July, October and January respectively. The dividend record date will be the last valuation date in March, June, September and December respectively. The Directors may also declare interim dividends on such other days within the year as they deem appropriate. Such dividends will be paid within 20 working days of their declaration. No interest will be paid on accrued but unpaid dividend.

## **SUBSCRIPTIONS**

### **Application Procedure**

#### Application Forms.

All applicants must complete (or arrange to have completed under conditions approved by the Directors) the application form prescribed by the Directors from time to time in relation to the Company ("Application Form"). An Application Form accompanies this Supplement and sets out the methods by which and to whom the subscription monies should be sent. Application Forms shall be irrevocable and may be sent by facsimile at the risk of the applicant to the Investment Manager or any relevant distributor for onward transmission to the Administrator. The originals of the Application Forms should be sent to the Investment Manager or any relevant distributor for onward transmission to the Administrator to arrive within three Business Days after the time for receipt of such application.

Failure to provide the original Application Form by such time may, at the discretion of the Directors, result in the compulsory redemption of the relevant Shares on the next Dealing Day at the prevailing Net Asset Value per Share. However, applicants will be unable to redeem Shares on request until the original Application Form has been received.

#### Fractions.

Subscription monies representing less than the subscription price for a Share will not be returned to the applicant. Fractions of Shares will be issued where any part of the subscription monies for Shares represents less than the subscription price for one Share, provided however, that fractions shall not be less than .0001 of a Share.

Subscription monies, representing less than .0001 of a Share will not be returned to the applicant but will be retained by the Company in order to defray administration costs.

### Offer.

Applications for A Class and D Class Shares must be received by the Investment Manager or any relevant distributor by 4.00pm (Irish time) two Business Days immediately preceding the relevant Dealing Day for onward transmission to the Administrator. All subscriptions will be dealt on a forward pricing basis, i.e. by reference to the subscription price for Shares calculated as at the Valuation Point for the relevant Dealing Day. Any applications received after that time will normally be held over until the next Dealing Day but, provided they are received prior to the Valuation Point, may be accepted for dealing on the Dealing Day (at the discretion of the Directors in consultation with the Administrator and the Custodian).

### Subscription Price.

The subscription price per Share of the Share Classes of the Conservative Bond Fund shall be ascertained as follows:

- (f) the Net Asset Value per Share of any class of Shares within a Fund will be calculated by calculating the amount of the Net Asset Value of the relevant Fund which is attributable to the relevant class (costs and related liabilities/benefits of specific hedging instruments entered into for the benefit of any particular class of Shares will be allocated exclusively to that class) and adding thereto such sum as the Directors may consider represents an appropriate figure for Duties and Charges and any other amounts necessary to account for actual expenditure on the purchase of the underlying investments;
- (g) dividing the resultant figure under (a) above by the total number of Shares of the relevant class in issue; and
- (h) adding thereto such amount as may be necessary to round the resulting amount to four decimal places using standard rounding.

### Preliminary Charge

The Directors may impose a preliminary charge on the issue of Shares in the Conservative Bond Fund up to a maximum of 5% of the subscription amount, which shall be paid to the Distributor.

## **Payment of Subscription Monies**

### Method of Payment.

Subscription payments net of all bank charges should be paid by CHAPS, SWIFT or telegraphic transfer to the bank account specified in the Application Form. Other methods of payment are subject to the prior approval of the Directors in consultation with the Custodian. No interest will be paid in respect of payments received in circumstances where the application is held or until a subsequent Dealing Day.

### Timing of Payment.

Payment in respect of subscriptions must be received by the Custodian by 3:00pm (Irish time) on the fourth Business Day following the relevant Dealing Day. If payment in full in cleared funds in respect of a subscription has not been received by the relevant time, the Directors in consultation with the Custodian may instruct the Administrator to cancel the allotment and/or charge the applicant interest at the 7 day Prague Interbank Offer Rate as fixed by the Czech National Bank (PRIBOR) + 1%, together with an administration fee of

CZK5,000 which fee is payable to the Company. The Directors may in consultation with the Custodian waive such charge either in whole or in part. In addition, the Company will have the right to sell all or part of the applicant's holding of Shares in the Conservative Bond Fund or any other Fund of the Company in order to meet these charges.

### **Minimum Subscriptions/Holdings**

#### Initial Subscriptions.

The minimum initial subscription amount for Shares is as follows:

A Class	-	CZK	10,000
D Class	-	CZK	500,000

or its foreign currency equivalent (or less at the discretion of the Directors).

#### Subsequent Subscriptions.

Any subsequent subscriptions must be a minimum of :

A Class	-	CZK	2,000
D Class	-	CZK	50,000

or its foreign currency equivalent (or less at the discretion of the Directors).

#### Minimum Holdings.

Any Shareholder who redeems or otherwise disposes of part of his holding must maintain an aggregate holding in each Share Class in which he holds Shares as follows:

A Class	-	CZK	10,000
D Class	-	CZK	500,000

or its foreign currency equivalent (or less at the discretion of the Directors). The Directors have the power to redeem the remaining holding of any Shareholder who redeems his minimum holding of Shares in a Share Class to below the levels set out above or its currency equivalent.

Subscriptions paid in a currency other than the base currency of the Conservative Bond Fund will be converted by the Investment Manager or relevant distributor at the prevailing exchange rate.

## **REDEMPTIONS**

### **Procedure**

#### Redemption.

Every Shareholder will have the right to require the Company to redeem his Shares in each of the Funds on any Dealing Day (save during any period when the calculation of the Net Asset Value is suspended in the circumstances set out in the Prospectus) on furnishing to the Investment Manager or any relevant distributor for onward transmission to the Administrator a redemption request. Shares may be redeemed only by written application through the Administrator.

All redemption requests are dealt with on a forward pricing basis, ie. by reference to the redemption price for Shares calculated at the Valuation Point on the relevant Dealing Day.

#### Redemption Form.

All applicants must complete (or arrange to have completed under conditions approved by the Directors) the redemption form ("Redemption Form") prescribed by the Directors in relation to the Conservative Bond Fund. Redemption Forms may be obtained from the Investment Manager or any relevant distributor. The Redemption Form sets out the methods by which and to whom redemption monies may be sent. Share certificate(s), where issued, must be sent with the Redemption Form. In the case of joint shareholdings, such certificate(s) should be endorsed by all joint shareholders.

Redemption Forms (and Share Certificate(s), where relevant) in respect of the Conservative Bond Fund must be received by the Investment Manager or any relevant distributor by 4.00pm (Irish time) two Business Days immediately preceding the relevant Dealing Day for onward transmission to the Administrator. If the Redemption Form (and Share Certificate(s), where relevant) is received after that time it shall (unless otherwise determined by the Directors in consultation with the Administrator and the Custodian) be treated as a request for redemption on the Dealing Day following such receipt and Shares will be redeemed at the redemption price for that day. Shares will be redeemed at the redemption price calculated at the Valuation Point on the relevant Dealing Day.

Redemption requests will only be accepted where cleared funds and completed documents are in place from original subscriptions.

Redemption Forms shall (save as determined by the Directors) be irrevocable and may be sent by facsimile to the Investment Manager or any relevant Distributor for onward transmission to the Administrator at the risk of the relevant Shareholder.

In the event that a Share certificate has been lost or destroyed, a Shareholder will be required to give an indemnity in a form satisfactory to the Directors.

#### Fractions.

Apart from circumstances in which a Shareholder is redeeming his entire holding of Shares in the Conservative Bond Fund:

- (a) fractions of Shares will be issued where any part of the redemption monies for Shares represents less than the redemption price for one Share, provided however that fractions shall not be less than .0001 of a Share; and
- (b) redemption monies, representing less than .0001 of a Share will not be returned to a Shareholder but will be retained by the Company in order to defray administration costs.

#### Compulsory Redemption.

All the Shares of the Conservative Bond Fund may be redeemed at the discretion of the Directors if, after the first anniversary of the first issue of Shares of any of the Funds, the Net Asset Value of the Conservative Bond Fund falls below CZK500,000,000 or its foreign currency equivalent for a period of not less than 90 consecutive days.

## **Redemption Price**

The Redemption Price per Share in each class of the Conservative Bond Fund shall be ascertained as follows:

- (a) the Net Asset Value per Share of any class of Shares within a Fund will be calculated by calculating the amount of the Net Asset Value of the relevant Fund which is attributable to the relevant class (costs and related liabilities/benefits of specific hedging instruments entered into for the benefit of any particular class of Shares will be allocated exclusively to that class) and deducting therefrom such sums as the Manager may consider represents an appropriate provision for Duties and Charges and any other amounts necessary to account for the actual sale price of underlying investments;
- (b) dividing the resultant figure calculated under (a) above by the total number of Shares of the relevant class in issue; and
- (c) deducting therefrom such amount as may be necessary to round the resulting sum to four decimal places using standard rounding.

The latest Redemption Price for Shares will be available during normal business hours at the office of the Administrator and will be published by the Investment Manager weekly in the *Hospodarske noviny* and on the website [www.conseq.cz](http://www.conseq.cz). Redemption proceeds will be paid by the Custodian in the base currency of the Conservative Bond Fund. At the election of the Shareholder redemption proceeds can be paid by the Investment Manager or any relevant distributor in such other currencies as the Directors permit. Any redemption proceeds to be paid in a currency other than the base currency, in respect of Shares being redeemed to the Shareholder, will be paid through the Investment Manager or any relevant distributor and determined on the basis of the exchange rate between the payable currency and the base currency as is available to the Investment Manager or any relevant distributor for transactions for the date of payment less any currency exchange costs.

### Method of Payment.

Redemption payments will be made to the bank account detailed on the Application Form or as subsequently notified to the Administrator in writing.

### Timing.

Redemption proceeds in respect of Shares will be paid for value four Business Days following the relevant Dealing Day provided that all the required documentation has been furnished to and received by the Investment Manager or any relevant distributor for onward transmission to the Administrator.

In the case of a partial redemption of a Shareholder's holding, the Administrator will advise the Shareholder of the remaining Shares held by him by way of transaction confirmation.

### Redemption Fee

It is not currently proposed to charge a redemption fee.

## **FEES AND EXPENSES**

### Establishment Expenses

All fees and expenses relating to the establishment of the Conservative Bond Fund and the fees of the legal advisers to the Company in the establishment of the Conservative Bond Fund, the cost of printing the Supplement and other promotional expenses all in aggregate not exceeding €30,000 will be borne by the Conservative Bond Fund. These fees and expenses will be amortised over the first five years of the lifetime of the Conservative Bond Fund or such other period as the Directors may determine and, at the discretion of the Directors, charged within the amortisation period on such terms and in such manner as the Directors deem fair and equitable.

The Conservative Bond Fund shall bear its attributable proportion of the organisational expenses of the Company. These are set out in detail under the heading “Fees and Expenses” in the Prospectus.

### **Investment Management Fee**

The Investment Manager is entitled to charge a fee which may be from time to time revised by the Directors not exceeding the maximum fee set as follows:

- 0.65% per annum of the Net Asset Value of A Class,
- 0.65% per annum of the Net Asset Value of D Class.

The fee will be accrued daily based on the daily Net Asset Value of the relevant Share Class of the Conservative Bond Fund and will be paid monthly in arrears.

The Investment Manager shall be entitled to a performance fee (a “Performance Fee”) calculated by the Administrator, subject to approval by the Custodian as follows:

- (i) in each successive period ending on the last Dealing Day in January and July respectively, the first of which commenced on July 7, 2010 on which an “Initial NAV” (as defined in paragraph (ii) below) is calculated (each a “Performance Period”) in which the “Portfolio Return” (as defined in paragraph (ii) below) exceeds the “Benchmark Return” (as defined in paragraph (iii) below) the Investment Manager shall be entitled to a Performance Fee, payable out of the assets of the Conservative Bond Fund, equal to 12% of the amount by which the Portfolio Return exceeds the Benchmark Return in that Performance Period;
- (ii) the “Portfolio Return” in any Performance Period is calculated by deducting the “Initial NAV” (as defined below) of the Conservative Bond Fund for that Performance Period, (less redemption monies paid plus subscription monies received less any declared dividends, during that Performance Period) from the “Closing NAV” (as defined below) of the Conservative Bond Fund for that Performance Period. For the purposes of such calculation, the “Initial NAV” shall be the total Net Asset Value of the Conservative Bond Fund (for the avoidance of doubt, after all previously accrued Performance Fees have been paid) on the last Dealing Day in the previous Performance Period and the “Closing NAV” shall be the Net Asset Value of the Conservative Bond Fund on the last Dealing Day in the relevant Performance Period before any deduction has been made for the relevant Performance Period’s Performance Fee (but after deducting all other accrued fees for such Performance Period);
- (iii) the Benchmark Return of the Conservative Bond Fund in any Performance Period shall be the sum of:

- A. the notional return which would have accrued in that Performance Period had a sum equal in value to the Initial NAV been invested at the Benchmark Rate (as described below) for that Performance Period ; and
- B. the notional return which would have accrued in that Performance Period had sums equal in value to subscription monies received during the Performance Period been invested since each relevant Dealing Day at the relevant Benchmark Rate (as described below) less redemption monies paid during such Performance Period up until each relevant Dealing Day at the Benchmark Rate;

The Benchmark Rate is the daily average of six month Prague Interbank Bid Rate (6M PRIBOR) as fixed by Czech National Bank, (the “Benchmark”) calculated from daily values as at each Dealing Day in the Performance Period, except in the case of subscriptions and redemptions received during such Performance Period when such rate will be calculated by reference to the Dealing Day on which such subscription or redemption is effected and the Dealing Day on which the Closing NAV is calculated.

- (iv) once payable pursuant to paragraphs (i) to (iii) above, a Performance Fee for any Performance Period will not be affected by any losses experienced by the Conservative Bond Fund in a subsequent Performance Period.

The accrual for the payment of the Performance Fee will be calculated daily and will be paid half yearly in arrears.

Where Performance Fees are payable by the Company these will be based on net realised and net unrealised gains and losses as at the end of each calculation period. As a result, Performance Fees may be paid on unrealised gains which may subsequently never be realised.

## **RISK FACTORS**

Potential investors should consider the risk factors set out in the Prospectus and the additional risk factors set out below before investing in the Funds:

1. the Directors will seek to minimise the volatility of the Net Asset Value of each of the Funds. However, prospective investors should be aware that investments are subject to normal market fluctuations and other risks inherent in investing in securities;
2. depending on an investor’s currency of reference, currency fluctuations between that currency and the base currency of the Funds may adversely affect the value of an investment in the Funds;
3. where a Share Class of a Fund is denominated in a currency other than the base currency of the Fund, the Company will attempt to minimise the effect of currency fluctuations between that currency and the Funds’ base currency through the use of hedging; however the result cannot be guaranteed.

## **SWITCHING**

Shareholders of any Share Class of the Conservative Bond Fund may switch to the corresponding Share Class of any other Fund of the Company, as the Directors may permit.

Shareholders of any Share Class of the Conservative Bond Fund may also switch to any other Share Class of the Conservative Bond Fund. No switching fee will be imposed.

---

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

The Directors of Conseq Invest public limited company (the “Company”), whose names appear under the heading “Management and Administration” in the Prospectus of the Company dated 30 March 2012 as amended by the Addendum dated 20 December 2012 (the “Prospectus”) accept responsibility for the information contained in the Prospectus and in this Supplement. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in the Prospectus and in this Supplement is in accordance with the facts and does not omit anything likely to affect the import of the information.

---

## **CONSEQ INVEST EQUITY FUND**

**A SHARE CLASS**

**B SHARE CLASS**

**D SHARE CLASS**

*(A Fund of Conseq Invest public limited company  
an investment company with variable capital structured as an umbrella fund  
with segregated liability between sub-funds)*

**SUPPLEMENT**

---

**This Supplement contains information relating to the A Class of Shares (the “A Class”), the B Class of Shares (the “B Class”) and the D Class of Shares (the “D Class”) of the Conseq Invest Equity Fund (the “Fund”). This Supplement forms part of and should be read in conjunction with the general description of the Company contained in the current Prospectus of the Company.**

The date of this Supplement is 23 September 2013.

This Supplement replaces the Supplement for the Conseq Invest Equity Fund dated 30 March 2012.

---

## CONTENTS

<b>DEFINITIONS</b> .....	<b>97</b>
<b>INTRODUCTION</b> .....	<b>98</b>
<b>INVESTMENT OBJECTIVE AND POLICY</b> .....	<b>98</b>
<b>BASE CURRENCY</b> .....	<b>99</b>
<b>INVESTMENT AND BORROWING RESTRICTIONS</b> .....	<b>99</b>
<b>MANAGEMENT AND ADMINISTRATION</b> .....	<b>99</b>
<b>DIVIDEND POLICY</b> .....	<b>99</b>
<b>SUBSCRIPTIONS</b> .....	<b>100</b>
APPLICATION PROCEDURE .....	100
PAYMENT OF SUBSCRIPTION MONIES.....	101
MINIMUM SUBSCRIPTIONS/HOLDINGS.....	102
<b>REDEMPTIONS</b> .....	<b>102</b>
PROCEDURE .....	102
REDEMPTION PRICE .....	103
<b>FEES AND EXPENSES</b> .....	<b>104</b>
INVESTMENT MANAGEMENT FEE.....	104
<b>RISK FACTORS</b> .....	<b>106</b>
<b>SWITCHING</b> .....	<b>106</b>

## DEFINITIONS

“*Business Day*”, a day on which banks are open for business in Dublin and Prague.

“*Central Bank*”, the Central Bank of Ireland or any successor thereof.

“*Dealing Day*”, every Business Day.

“*Equity Fund*”, the Conseq Invest Equity Fund.

“*Net Revenue*”, income from interest, dividends or otherwise, realised and unrealised profits (gains) on the disposal/valuation of the investments and other assets less realised and unrealised losses and the relevant portion of accrued expenses.

“*Regulated Markets*”, the Stock Exchanges and/or regulated markets listed in Appendix I of the Prospectus.

“*Shares*”, shares of whatever Share Class of a Fund as are constituted.

“*Share Class*” or “*Share Classes*”, such class of shares in a Fund as the Directors from time to time designate, the current shares classes in respect of Conseq Invest Equity Fund being the A Class, the B Class and the D Class.

“*Valuation Point*”, in respect of the assets and liabilities of the Equity Fund shall be the close of business in the relevant market on a Dealing Day.

All other capitalised terms shall bear the same definitions as are set out in the Prospectus.

## INTRODUCTION

Conseq Invest public limited company (the “Company”) is authorised in Ireland by the Central Bank as a UCITS for the purposes of the UCITS Regulations. The Company is structured as an umbrella fund with segregated liability between sub-funds in that the share capital of the Company may be divided into different classes of Shares with one or more classes representing a separate Fund of the Company. Each Fund may have more than one Share Class.

This Supplement contains information relating to the A Class and the B Class of the Equity Fund, which were approved by the Central Bank on 30 August 2000 and the D Class of the Equity Fund which was approved by the Central Bank on 3 December 2001. This Supplement forms part of and should be read in conjunction with the general description of the Company contained in the current Prospectus together with the most recent audited annual report and financial statements and if published after such report, a copy of the latest unaudited semi-annual report.

The Shares of the Equity Fund are registered for distribution in the Czech Republic. In the Czech Republic, the Czech translation of the name of the Equity Fund is Conseq Invest Akciový fond.

As at the date of this Supplement, there are no other Share Classes in the Equity Fund, but additional Share Classes may be added in the future.

At the date of this Supplement, there are three other Funds of the Company, the Conseq Invest Bond Fund, the Conseq Invest Conservative Bond Fund and the Conseq Invest New Europe Bond Fund.

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

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

The Fund is suitable for investors seeking long-term (over 5 years) capital appreciation measured in CZK and who are willing to accept a high level of volatility.

## INVESTMENT OBJECTIVE AND POLICY

The objective of the Equity Fund is to achieve long-term capital appreciation measured in Czech Crowns by investing principally in a diversified portfolio of Czech and/or other Central European equity securities listed or traded on Regulated Markets.

The Equity Fund will aim to outperform the benchmark composed from four indices being 28% of the PX Index and 38% of the WIG 30 Index, 28% of the BUX Index and 6% of the SBI Top Index (the “Benchmark”). All indexes are measured in CZK. The benchmark composition may need to be revised by the Directors from time to time where, in the opinion of the Directors, the evolution of the market would require it so as to include substantial new stocks entering the market or substantial changes in market capitalisations or liquidity. Such changes will be valid from the next performance period and notification of such changes will be contained in the next set of financial statements and published by the Investment Manager in the Czech newspaper Hospodarske Noviny and on the website pages [www.conseq.cz](http://www.conseq.cz) and such other publications as the Directors may decide.

The PX Index is the Prague Stock Exchange Equity Index comprised of the most liquid stocks listed on the Prague Stock Exchange. The WIG 30 Index is the Warsaw Stock Exchange Equity Index comprised of the most liquid stocks on the Warsaw Stock Exchange. The BUX Index is the Budapest Stock Exchange Equity Index comprised of the most liquid stocks listed on the Budapest Stock Exchange. The SBI Top Index is the Ljubljana Stock Exchange Equity Index comprised of the most liquid stocks on the Ljubljana Stock Exchange.

Investments will be made in Czech and other Central European equity securities.

Such securities shall include, but not be limited to, common stocks, preference shares, convertible debt securities and subscription rights which are issued by a Company to allow holders to subscribe for additional securities issued by that Company and warrants to purchase common stock. These will be listed on Regulated Markets and will primarily be those in the Czech Republic, Poland, Hungary, Slovenia and Slovakia. The Equity Fund may in addition, invest in depository receipts, T-bills and in open-ended collective investment schemes the underlying securities of which are listed or traded on the markets referred to above in compliance with the limits allowed under the Regulations.

### **BASE CURRENCY**

The base currency of the Equity Fund will be the Czech Crown.

### **INVESTMENT AND BORROWING RESTRICTIONS**

The Company is a UCITS and accordingly the Fund is subject to the investment and borrowing restrictions set out in the Regulations and the Notices of the Central Bank. These are set out in detail in the Prospectus.

### **MANAGEMENT AND ADMINISTRATION**

Detailed descriptions of the Directors and service providers to the Company are set out in the Prospectus.

### **DIVIDEND POLICY**

The A Class and B Class Shares of the Equity Fund are accumulating Share Classes and, therefore, it is not intended to distribute dividends to the Shareholders in these Classes. The income and other profits attributable to these Share Classes will be accumulated and reinvested on behalf of Shareholders. Dividends, if paid on these Shares Classes, may be paid out of the Net Revenue attributable to the Share.

The D Class of the Equity Fund is a distributing Share Class. The Fund intends to declare at least annually a dividend that will be determined with the objective of distributing the majority of Net Revenue, if any, attributable to the D Class Shares.

The maximum amount that may be paid as a dividend per Share will be calculated in accordance with the following formula:

$Div = NAVRD - NAVLD$ , if  $NAV RD$  is higher than  $NAV LD$ , otherwise  $Div = 0$ ; where

$Div =$  Dividend per Share;

NAVRD = NAV per Share on the Dividend record day before distribution of declared dividends.

NAVLD = NAV per Share on the previous Dividend record day;

Dividend record day = Valuation point decisive for the dividend calculation. Shares subscribed for/redeemed on the Dividend record day are issued/redeemed as relevant at ex-dividend NAV per Share.

Dividends are distributed to the Shareholders on the number of Shares held as an opening balance on Dividend record Day.

The dividend will be reinvested automatically on the Dividend record day unless otherwise requested by the Shareholders. Normally these dividends will be paid by the Fund in January. The dividend record date will be the last valuation date in December. The Directors may also declare interim dividends on such other days within the year as they deem appropriate. Such dividends will be paid within 20 working days of their declaration. No interest will be paid on accrued but unpaid dividend.

## **SUBSCRIPTIONS**

### **Application Procedure**

#### Application Forms.

All applicants must complete (or arrange to have completed under conditions approved by the Directors) the application form prescribed by the Directors from time to time in relation to the Company ("Application Form"). An Application Form accompanies this Supplement and sets out the methods by which and to whom the subscription monies should be sent. Application Forms shall be irrevocable and may be sent by facsimile at the risk of the applicant to the Investment Manager or any relevant distributor for onward transmission to the Administrator. The originals of the Application Forms should be sent to the Investment Manager or any relevant distributor for onward transmission to the Administrator to arrive within three Business Days after the time for receipt of such application.

Failure to provide the original Application Form by such time may, at the discretion of the Directors, result in the compulsory redemption of the relevant Shares on the next Dealing Day at the prevailing Net Asset Value per Share. However, applicants will be unable to redeem Shares on request until the original Application Form has been received.

#### Fractions.

Subscription monies representing less than the subscription price for a Share will not be returned to the applicant. Fractions of Shares will be issued where any part of the subscription monies for Shares represents less than the subscription price for one Share, provided however, that fractions shall not be less than .0001 of a Share.

Subscription monies, representing less than .0001 of a Share will not be returned to the applicant but will be retained by the Company in order to defray administration costs.

#### Offer.

Applications for A Class, B Class and D Class Shares must be received by the Investment Manager or any relevant distributor by 4.00pm (Irish time) two Business Days immediately preceding the relevant Dealing Day for onward transmission to the Administrator. All

subscriptions will be dealt on a forward pricing basis, i.e. by reference to the subscription price for Shares calculated as at the Valuation Point on the relevant Dealing Day. Any applications received after that time will normally be held over until the next Dealing Day but, provided they are received prior to the Valuation Point, may be accepted for dealing on the Dealing Day (at the discretion of the Directors in consultation with the Administrator).

#### Subscription Price.

The subscription price per Share of the Share Classes of the Equity Fund shall be ascertained as follows:

- (a) the Net Asset Value per Share of any class of Shares within a Fund will be calculated by calculating the amount of the Net Asset Value of the relevant Fund which is attributable to the relevant class (costs and related liabilities/benefits of specific hedging instruments entered into for the benefit of any particular class of Shares will be allocated exclusively to that class) and adding thereto such sum as the Directors may consider represents an appropriate figure for Duties and Charges and any other amounts necessary to account for actual expenditure on the purchase of the underlying investments;
- (b) dividing the resultant figure under (a) above by the total number of Shares of the relevant class in issue; and
- (c) adding thereto such amount as may be necessary to round the resulting amount to four decimal places using standard rounding.

#### Preliminary Charge

The Directors may impose a preliminary charge on the issue of Shares in the Equity Fund up to a maximum of 5% of the subscription amount, which shall be paid to the Distributor.

### **Payment of Subscription Monies**

#### Method of Payment.

Subscription payments net of all bank charges should be paid by CHAPS, SWIFT or telegraphic transfer to the bank account specified in the Application Form. Other methods of payment are subject to the prior approval of the Directors in consultation with the Custodian. No interest will be paid in respect of payments received in circumstances where the application is held over until a subsequent Dealing Day.

#### Timing of Payment.

Payment in respect of subscriptions must be received by the Custodian by 3:00pm (Irish time) on the fourth Business Day following the relevant Dealing Day. If payment in full in cleared funds in respect of a subscription has not been received by the relevant time, the Directors in consultation with the Custodian may instruct the Administrator to cancel the allotment and/or charge the applicant interest at the 7 day Prague Interbank Offer Rate as fixed by the Czech National Bank (PRIBOR) + 1%, together with an administration fee of CZK5000 which fee is payable to the Company. The Directors may in consultation with the Custodian waive such charge either in whole or in part. In addition, the Company will have the right to sell all or part of the applicant's holding of Shares in the Equity Fund or any other Fund of the Company in order to meet these charges.

## **Minimum Subscriptions/Holdings**

### Initial Subscriptions.

The minimum initial subscription amount for Shares is as follows:

A Class	-	CZK	10,000
B Class	-	CZK	1,000,000
D Class	-	CZK	500,000

or its foreign currency equivalent (or less at the discretion of the Directors).

### Subsequent Subscriptions.

Any subsequent subscriptions must be a minimum of:

A Class	-	CZK	2,000
B Class	-	CZK	100,000
D Class	-	CZK	50,000

or its foreign currency equivalent (or less at the discretion of the Directors).

### Minimum Holdings.

Any Shareholder who redeems or otherwise disposes of part of his holding must maintain an aggregate holding in each Share Class in which he holds Shares as follows:

A Class	-	CZK	10,000
B Class	-	CZK	1,000,000
D Class	-	CZK	500,000

or its foreign currency equivalent (or less at the discretion of the Directors). The Directors have the power to redeem the remaining holding of any Shareholder who redeems his minimum holding of Shares in a Share Class to below the levels set out above or its currency equivalent.

Subscriptions paid in a currency other than the base currency of the Fund will be converted by the Investment Manager or relevant distributor at the prevailing exchange rate.

## **REDEMPTIONS**

### **Procedure**

#### Redemption.

Every Shareholder will have the right to require the Company to redeem his Shares in each of the Funds on any Dealing Day (save during any period when the calculation of the Net Asset Value is suspended in the circumstances set out in the Prospectus) on furnishing to the Investment Manager or any relevant distributor for onward transmission to the Administrator a redemption request. Shares may be redeemed only by written application through the Administrator.

All redemption requests are dealt with on a forward pricing basis, ie. by reference to the redemption price for Shares calculated at the Valuation Point on the relevant Dealing Day.

### Redemption Form.

All applicants must complete (or arrange to have completed under conditions approved by the Directors) the redemption form ("Redemption Form") prescribed by the Directors in relation to the Equity Fund. Redemption Forms may be obtained from the Investment Manager or any relevant distributor. The Redemption Form sets out the methods by which and to whom redemption monies may be sent. Share certificate(s), where issued, must be sent with the Redemption Form. In the case of joint shareholdings, such certificate(s) should be endorsed by all joint shareholders.

Redemption Forms (and Share Certificate(s), where relevant) in respect of the Equity Fund must be received by the Investment Manager or any relevant distributor by 4.00pm (Irish time) two Business Days immediately preceding the relevant Dealing Day for onward transmission to the Administrator. If the Redemption Form (and Share Certificate(s), where relevant) is received after that time it shall (unless otherwise determined by the Directors) be treated as a request for redemption on the Dealing Day following such receipt and Shares will be redeemed at the redemption price for that day. Shares will be redeemed at the redemption price calculated at the Valuation Point on the relevant Dealing Day.

Redemption requests will only be accepted where cleared funds and completed documents are in place from original subscriptions.

Redemption Forms shall (save as determined by the Directors) be irrevocable and may be sent by facsimile to the Investment Manager or any Relevant distributor for onward transmission to the Administrator at the risk of the relevant Shareholder.

In the event that a Share certificate has been lost or destroyed, a Shareholder will be required to give an indemnity in a form satisfactory to the Directors.

### Fractions.

Apart from circumstances in which a Shareholder is redeeming his entire holding of Shares in the Equity Fund:

- (a) fractions of Shares will be issued where any part of the redemption monies for Shares represents less than the redemption price for one Share, provided however that fractions shall not be less than .0001 of a Share; and
- (b) redemption monies, representing less than .0001 of a Share will not be returned to a Shareholder but will be retained by the Company in order to defray administration costs.

### Compulsory Redemption.

All the Shares of the Equity Fund may be redeemed at the discretion of the Directors if, after the first anniversary of the first issue of shares of any of the Funds, the Net Asset Value of the Fund or the Company falls below CZK 500,000,000 or its foreign currency equivalent for a period of not less than 90 consecutive days.

### **Redemption Price**

The Redemption Price per Share in each class of the Fund shall be ascertained as follows:

- (a) the Net Asset Value per Share of any class of Shares within a Fund will be calculated by calculating the amount of the Net Asset Value of the relevant Fund which is attributable to the relevant class (costs and related liabilities/benefits of specific hedging instruments entered into for the benefit of any particular class of Shares will be allocated exclusively to that class) and deducting therefrom such sums as the Directors may consider represents an appropriate provision for Duties and Charges and any other amounts necessary to account for the actual sale price of underlying investments;
- (b) dividing the resultant figure calculated under (a) above by the total number of Shares of the relevant class in issue; and
- (c) deducting therefrom such amount as may be necessary to round the resulting sum to four decimal places using standard rounding.

The latest Redemption Price for Shares will be available during normal business hours at the office of the Administrator and will be published by the Investment Manager weekly in the *Hospodarske Noviny* and on the website [www.conseq.cz](http://www.conseq.cz). Redemption proceeds will be paid by the Custodian in the base currency of the Equity Fund. At the election of the Shareholder redemption proceeds can be paid by the Investment Manager or any relevant distributor in such other currencies as the Directors permit. Any redemption proceeds to be paid in a currency other than the base currency, in respect of Shares being redeemed by the Shareholder, will be paid through the Investment Manager or the relevant distributor and determined on the basis of the exchange rate between the payable currency and the base currency as is available to the Investment Manager or any relevant distributor for transactions for the date of payment less any currency exchange costs.

#### Method of Payment.

Redemption payments will be made to the bank account detailed on the Application Form or as subsequently notified to the Administrator in writing.

#### Timing.

Redemption proceeds in respect of Shares will be paid for value four Business Days following the relevant Dealing Day provided that all the required documentation has been furnished to and received by the Investment Manager or any relevant distributor for onward transmission to the Administrator.

In the case of a partial redemption of a Shareholder's holding, the Administrator will advise the Shareholder of the remaining Shares held by him by way of transaction confirmation.

#### Redemption Fee

It is not currently intended to charge a redemption fee.

### **FEES AND EXPENSES**

Please see the Prospectus for full details of the fees and expenses which apply to the Equity Fund.

#### **Investment Management Fee**

The Investment Manager is entitled to charge a fee as follows:

- 1.15% per annum of the Net Asset Value of A Class;
- 0.75% per annum of the Net Asset Value of B Class; and
- 0.75% per annum of the Net Asset Value of D Class.

The fee will be accrued daily based on the daily Net Asset Value of the relevant Share Class of the Equity Fund and will be paid half yearly in arrears.

The Investment Manager shall be entitled to a performance fee (a "Performance Fee") calculated by the Administrator, subject to the approval by the Custodian as follows:

- (i) in each successive period ending on the last Dealing Day in January and July respectively, the first of which commenced on August 16, 2010 on which an "Initial NAV" (as defined in paragraph (ii) below) is calculated (each a "Performance Period") in which the "Portfolio Return" (as defined in paragraph (ii) below) exceeds the "Benchmark Return" (as defined in paragraph (iii) below) the Investment Manager shall be entitled to a Performance Fee, payable out of the assets of the Equity Fund, equal to 12% of the amount by which the Portfolio Return exceeds the Benchmark Return in that Performance Period;
- (ii) the "Portfolio Return" in any Performance Period is calculated by deducting the "Initial NAV" (as defined below) of the Equity Fund for that Performance Period, (less redemption monies paid plus subscription monies received less any declared dividends, during that Performance Period) from the "Closing NAV" (as defined below) of the Equity Fund for that Performance Period. For the purposes of such calculation, the "Initial NAV" per Share shall be the Net Asset Value per Share of the Equity Fund (for the avoidance of doubt, after all previously accrued fees have been paid) on the last Dealing Day in the previous Performance Period and the "Closing NAV" per Share shall be the Net Asset Value per Share of the Equity Fund on the last Dealing Day in the relevant Performance Period before any deduction has been made for the relevant Performance Period's Performance Fee (but after deducting all other accrued fees for such Performance Period);
- (iii) the Benchmark Return of the Equity Fund in any Performance Period shall be the sum of:
  - A. the notional return which would have accrued in that Performance Period had a sum equal in value to the Initial Net Asset Value been invested at the Benchmark Rate (as described below) for that Performance Period; and
  - B. the notional return which would have accrued in that Performance Period had sums equal in value to subscription monies received during the Performance Period been invested since each relevant Dealing Day at the relevant Benchmark Rate (as described below) less redemption monies paid during such Performance Period up until each relevant Dealing Day at the Benchmark Rate;

The Benchmark Rate is the percentage movement in the Benchmark between the Dealing Day on which the Initial NAV is calculated and the Dealing Day on which the Closing NAV is calculated for any Performance Period, except in the case of subscriptions and redemptions received during such Performance Period when such rate will be calculated by reference to the Dealing Day on which such

subscription or redemption is effected and the Dealing Day on which the Closing NAV is calculated.

- (iv) the Performance Fee will only be paid if the Closing NAV is greater than the Closing NAV in the Performance Period when a Performance Fee was last payable.
- (v) once payable pursuant to paragraphs (i) to (iv) above, a Performance Fee for any Performance Period will not be affected by any losses experienced by the Equity Fund in a subsequent Performance Period.

The accrual for the payment of the Performance Fee will be calculated daily and will be paid half yearly in arrears. The accrual will reflect the view of the probability of the condition in (iv) above being satisfied. The probability calculation uses the Fund's 3-year historical volatility and is based on assumption of normal distribution of returns.

Where Performance Fees are payable by the Company these will be based on net realised and net unrealised gains and losses as at the end of each calculation period. As a result, Performance Fees may be paid on unrealised gains which may subsequently never be realised.

## **RISK FACTORS**

Potential investors should consider the risk factors set out in the Prospectus and the additional risk factors set out below before investing in the Funds:

1. the Directors will seek to minimise the volatility of the Net Asset Value of each of the Funds. However, prospective investors should be aware that investments are subject to normal market fluctuations and other risks inherent in investing in securities;
2. depending on an investor's currency of reference, currency fluctuations between that currency and the base currency of the Funds may adversely affect the value of an investment in the Funds;
3. where a Share Class of a Fund is denominated in a currency other than the base currency of the Fund, the Company will attempt to minimise the effect of currency fluctuations between that currency and the Funds' base currency through the use of hedging; however the result cannot be guaranteed.

## **SWITCHING**

Shareholders of any Share Class of the Equity Fund may switch to the corresponding Share Class of any other Fund of the Company, as the Directors may permit.

Shareholders of any Share Class of the Equity Fund may also switch to any other Share Class of the Equity Fund. No switching fee will be imposed.

---

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

The Directors of Conseq Invest public limited company (the “Company”), whose names appear under the heading “Management and Administration” in the Prospectus of the Company dated 1<sup>st</sup> November 2014 (the “Prospectus”) accept responsibility for the information contained in the Prospectus and in this Supplement. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in the Prospectus and in this Supplement is in accordance with the facts and does not omit anything likely to affect the import of the information.

---

## **CONSEQ INVEST NEW EUROPE BOND FUND**

### **A SHARE CLASS**

### **D SHARE CLASS**

*(A Fund of Conseq Invest public limited company  
an investment company with variable capital  
structured as an umbrella fund with segregated liability  
between sub funds)*

### **SUPPLEMENT**

---

**This Supplement contains information relating to the A Class of Shares (the “A Class”) and the D Class of Shares (the “D Class”) of the Conseq Invest New Europe Bond Fund. This Supplement forms part of and should be read in conjunction with the general description of the Company contained in the current Prospectus of the Company.**

The date of this Supplement is 1<sup>st</sup> November 2014.

This Supplement replaces the Supplement for the Conseq Invest New Europe Bond Fund dated 30 March 2012.

---

## CONTENTS

<b>DEFINITIONS</b> .....	<b>109</b>
<b>INTRODUCTION</b> .....	<b>110</b>
<b>INVESTMENT OBJECTIVE AND POLICY</b> .....	<b>110</b>
<b>BASE CURRENCY</b> .....	<b>111</b>
<b>INVESTMENT AND BORROWING RESTRICTIONS</b> .....	<b>111</b>
<b>MANAGEMENT AND ADMINISTRATION</b> .....	<b>111</b>
<b>DIVIDEND POLICY</b> .....	<b>111</b>
<b>SUBSCRIPTIONS</b> .....	<b>112</b>
APPLICATION PROCEDURE .....	112
PAYMENT OF SUBSCRIPTION MONIES.....	113
MINIMUM SUBSCRIPTIONS/HOLDINGS.....	114
<b>REDEMPTIONS</b> .....	<b>114</b>
PROCEDURE .....	114
REDEMPTION PRICE .....	115
<b>FEEES AND EXPENSES</b> .....	<b>116</b>
INVESTMENT MANAGEMENT FEE.....	117
<b>RISK FACTORS</b> .....	<b>118</b>
<b>SWITCHING</b> .....	<b>118</b>

## DEFINITIONS

*“Business Day”*, a day on which banks are open for business in Dublin and Prague.

*“Central Bank”*, the Central Bank of Ireland or any successor thereof.

*“Dealing Day”*, every Business Day.

*“Net Revenue”*, income from interest, dividends or otherwise, realised and unrealised profits (gains) on the disposal/valuation of the investments and other assets less realised and unrealised losses and the relevant portion of accrued expenses.

*“New Europe Bond Fund”*, the Conseq Invest New Europe Bond Fund.

*“New Europe Countries”*, the following countries: Bulgaria, Croatia, Cyprus, the Czech Republic, Estonia, Greece, Hungary, Latvia, Lithuania, Malta, Poland, Romania, the Slovak Republic, Slovenia and Turkey, Ukraine, Serbia, Bosnia and Herezegovina, Montenegro, Macedonia and other countries geographically belonging to central and eastern Europe region and as per relevant economic indicators are, in the opinion of the Investment Manager, in the long-run convergence process toward western Europe standards and also, are either new members of or target to become members of European Union in the future.

*“Shares”*, shares of whatever Share Class of a Fund as are constituted.

*“Share Class” or “Share Classes”*, such class of shares in a Fund as the Directors from time to time designate, the current shares classes in respect of New Europe Bond Fund being the A Class and D Class.

*“Valuation Point”*, in respect of the assets and liabilities of the New Europe Bond Fund shall be the close of business in the relevant market on a Dealing Day.

All other capitalised terms shall bear the same definitions as are set out in the Prospectus.

## INTRODUCTION

The Company is authorised in Ireland by the Central Bank as a UCITS for the purposes of the Regulations. The Company is structured as an umbrella fund with segregated liability between sub-funds in that the share capital of the Company may be divided into different classes of Shares with one or more classes representing a separate Fund of the Company. Each Fund may have more than one Share Class.

This Supplement contains information relating to the A Class and the D Class of the New Europe Bond Fund. This Supplement forms part of and should be read in conjunction with the general description of the Company contained in the current Prospectus together with the most recent audited annual report and financial statements and if published after such report, a copy of the latest unaudited semi-annual report.

The Shares of the New Europe Bond Fund are registered for distribution in the Czech Republic. In the Czech Republic, the Czech translation of the name of the New Europe Bond Fund is the Conseq Invest Fond dluhopisů nové Evropy.

As at the date of this Supplement, there are no other Share Classes in the New Europe Bond Fund, but additional Share Classes may be added in the future in accordance with the requirements of the Central Bank.

As at the date this Supplement, there are three other Funds of the Company, namely the Conseq Invest Bond Fund, the Conseq Invest Equity Fund and the Conseq Invest Conservative Bond Fund.

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

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

The Fund is suitable for investors seeking capital appreciation measured in CZK over the medium to long term (3-5 years) and who are willing to accept medium to high level of volatility.

## INVESTMENT OBJECTIVE AND POLICY

The objective of the New Europe Bond Fund is to maximise total investment return through a combination of interest income, capital appreciation and currency gains by investing in a diversified portfolio of fixed and floating rate debt securities denominated in the currencies of the New Europe Countries. The total investment return will be measured in the base currency of the New Europe Bond Fund which is currently Czech Crowns.

Investments of the New Europe Bond Fund will be made primarily in short, medium and long term fixed and floating rate debt securities and debt obligations of governments, government-related, municipal or corporate issuers in the New Europe Countries denominated in domestic currencies of the New Europe Countries or in any major currencies. The New Europe Bond Fund may also invest in fixed or floating rate debt securities issued by supranational entities or corporate issuers in the European Union denominated in any major currencies or in currencies of the New Europe Countries. Such securities will primarily be listed or traded on Regulated Markets.

The New Europe Bond Fund may invest in investment grade and non-investment grade debt securities, subject to a 30% maximum allocation of the New Europe Bond Fund's total net assets in debt issued by issuers which have all been credited with B1 or lower rating by Moody's or B-plus or lower rating by Standard & Poor's.

The Investment Manager will attempt to maximise total investment return measured in the Fund's base currency by selecting securities for the New Europe Bond Fund based on qualified duration and yield-curve trends, active credit, liquidity, tax and currency risk and short-term market trends.

### **BASE CURRENCY**

The base currency of the New Europe Bond Fund will be the Czech Crown ("CZK").

### **INVESTMENT AND BORROWING RESTRICTIONS**

The Company is a UCITS and accordingly the New Europe Bond Fund is subject to the investment and borrowing restrictions set out in the Regulations and the Notices of the Central Bank. These are set out in detail in the Prospectus.

### **MANAGEMENT AND ADMINISTRATION**

Detailed descriptions of the Directors and service providers to the Company are set out in the Prospectus.

### **DIVIDEND POLICY**

The A Class of the New Europe Bond Fund is an accumulating share class and, therefore, it is not intended to distribute dividends to the Shareholders in this Share Class. The income and other profits attributable to this Share Class will be accumulated and reinvested on behalf of Shareholders.

The D Class of the New Europe Bond Fund is a distributing share class. The New Europe Bond Fund intends to declare a dividend at least semi-annually that will be determined with the objective of distributing the majority of Net Revenue, if any, attributable to the D Class Shares.

The maximum amount that may be paid as a dividend per Share will be calculated in accordance with the following formula:

$Div = NAVRD - NAVLD$ , if NAVRD is higher than NAVLD, otherwise  $Div = 0$ ; where

Div = Dividend per Share;

NAV RD = NAV per Share on the Dividend record day before distribution of declared dividends.

NAV LD = NAV per Share on the previous Dividend record day;

Dividend record day = Valuation point decisive for the dividend calculation. Shares subscribed for/redeemed on the Dividend record day are issued/redeemed as relevant at ex-dividend NAV per Share.

Dividends are distributed to the Shareholders on the number of Shares held as an opening balance on Dividend record Day.

The dividend will be reinvested automatically on the Dividend record day unless otherwise requested by the Shareholders. Normally these dividends will be paid by the New Europe Bond Fund in July and January respectively. The Dividend record day will be the last Valuation Point in June and December respectively. The Directors may also declare interim dividends on such other days within the year as they deem appropriate. Such dividends will be paid within 20 working days of their declaration. No interest will be paid on accrued but unpaid dividend.

## **SUBSCRIPTIONS**

### **Application Procedure**

#### Application Forms

All applicants must complete (or arrange to have completed under conditions approved by the Directors) the application form prescribed by the Directors from time to time in relation to the Company ("Application Form"). An Application Form accompanies this Supplement and sets out the methods by which and to whom the subscription monies should be sent. Application Forms shall be irrevocable and may be sent by facsimile at the risk of the applicant to the Investment Manager or any relevant distributor for onward transmission to the Administrator. The originals of the Application Forms should be sent to the Investment Manager or any relevant distributor for onward transmission to the Administrator to arrive within three Business Days after the time for receipt of such application.

Failure to provide the original Application Form by such time may, at the discretion of the Directors, result in the compulsory redemption of the relevant Shares on the next Dealing Day at the prevailing Net Asset Value per Share. However, applicants will be unable to redeem Shares on request until the original Application Form has been received.

#### Fractions

Subscription monies representing less than the subscription price for a Share will not be returned to the applicant. Fractions of Shares will be issued where any part of the subscription monies for Shares represents less than the subscription price for one Share, provided however, that fractions shall not be less than .0001 of a Share.

Subscription monies, representing less than .0001 of a Share will not be returned to the applicant but will be retained by the Company in order to defray administration costs.

#### Offer

Applications for the A Class and D Class must be received by the Investment Manager or any relevant distributor by 4.00pm (Irish time) two Business Days immediately preceding the relevant Dealing Day for onward transmission to the Administrator. All subscriptions will be dealt on a forward pricing basis, i.e. by reference to the subscription price for Shares calculated as at the Valuation Point for the relevant Dealing Day. Any applications received after that time will normally be held over until the next Dealing Day but, provided they are

received prior to the Valuation Point, may be accepted for dealing on the Dealing Day (at the discretion of the Directors in consultation with the Administrator and the Custodian).

### Subscription Price

The subscription price per Share of the Share Classes of the New Europe Bond Fund shall be ascertained as follows:

- (d) the Net Asset Value per Share of any class of Shares within a Fund will be calculated by calculating the amount of the Net Asset Value of the relevant Fund which is attributable to the relevant class (costs and related liabilities/benefits of specific hedging instruments entered into for the benefit of any particular class of Shares will be allocated exclusively to that class) and adding thereto such sum as the Investment Manager may consider represents an appropriate figure for Duties and Charges and any other amounts necessary to account for actual expenditure on the purchase of the underlying investments;
- (e) dividing the resultant figure under (a) above by the total number of Shares of the relevant class in issue; and
- (f) adding thereto such amount as may be necessary to round the resulting amount to four decimal places using standard rounding.

### Preliminary Charge

The Directors may impose a preliminary charge on the issue of Shares in the New Europe Bond Fund up to a maximum of 5% of the subscription amount, which shall be paid to the Distributor.

## **Payment of Subscription Monies**

### Method of Payment

Subscription payments net of all bank charges should be paid by CHAPS, SWIFT or telegraphic transfer to the bank account specified in the Application Form. Other methods of payment are subject to the prior approval of the Directors in consultation with the Custodian. No interest will be paid in respect of payments received in circumstances where the application is held or until a subsequent Dealing Day.

### Timing of Payment

Payment in respect of subscriptions must be received by the Custodian by 3:00pm (Irish time) on the fourth Business Day following the relevant Dealing Day. If payment in full in cleared funds in respect of a subscription has not been received by the relevant time, the Directors in consultation with the Custodian may instruct the Administrator to cancel the allotment and/or charge the applicant interest at the 7 day Prague Interbank Offer Rate as fixed by the Czech National Bank (PRIBOR) + 1%, together with an administration fee of CZK5,000 which fee is payable to the Company. The Directors may in consultation with the Custodian waive such charge either in whole or in part. In addition, the Company will have the right to sell all or part of the applicant's holding of Shares in the New Europe Bond Fund or any other Fund of the Company in order to meet these charges.

## **Minimum Subscriptions/Holdings**

### Initial Subscriptions

The minimum initial subscription amount for Shares is as follows:

A Class	-	CZK	10,000
D Class	-	CZK	500,000

or its foreign currency equivalent (or less at the discretion of the Directors).

### Subsequent Subscriptions

Any subsequent subscriptions must be a minimum of :

Class A	-	CZK	2,000
D Class	-	CZK	50,000

or its foreign currency equivalent (or less at the discretion of the Directors).

### Minimum Holdings

Any Shareholder who redeems or otherwise disposes of part of his holding must maintain an aggregate holding in each Share Class in which he holds Shares as follows:

A Class	-	CZK	10,000
D Class	-	CZK	500,000

or its foreign currency equivalent (or less at the discretion of the Directors). The Directors have the power to redeem the remaining holding of any Shareholder who redeems his minimum holding of Shares in a Share Class to below the levels set out above or its currency equivalent.

Subscriptions paid in a currency other than the base currency of the New Europe Bond Fund will be converted by the Investment Manager or relevant distributor at the prevailing exchange rate.

## **REDEMPTIONS**

### **Procedure**

#### Redemption

Every Shareholder will have the right to require the Company to redeem his Shares in each of the Funds on any Dealing Day (save during any period when the calculation of the Net Asset Value is suspended in the circumstances set out in the Prospectus) on furnishing to the Investment Manager or any relevant distributor for onward transmission to the Administrator a redemption request. Shares may be redeemed only by written application through the Administrator.

All redemption requests are dealt with on a forward pricing basis, ie. by reference to the redemption price for Shares calculated at the Valuation Point on the relevant Dealing Day.

## Redemption Form

All applicants must complete (or arrange to have completed under conditions approved by the Directors) the redemption form ("Redemption Form") prescribed by the Directors in relation to the New Europe Bond Fund. Redemption Forms may be obtained from the Investment Manager or any relevant distributor. The Redemption Form sets out the methods by which and to whom redemption monies may be sent. Share certificate(s), where issued, must be sent with the Redemption Form. In the case of joint shareholdings, such certificate(s) should be endorsed by all joint shareholders.

Redemption Forms (and Share Certificate(s), where relevant) in respect of the New Europe Bond Fund must be received by the Investment Manager or any relevant distributor by 4.00pm (Irish time) two Business Days immediately preceding the relevant Dealing Day for onward transmission to the Administrator. If the Redemption Form (and Share Certificate(s), where relevant) is received after that time it shall (unless otherwise determined by the Directors in consultation with the Administrator and the Custodian) be treated as a request for redemption on the Dealing Day following such receipt and Shares will be redeemed at the redemption price for that day. Shares will be redeemed at the redemption price calculated at the Valuation Point on the relevant Dealing Day.

Redemption requests will only be accepted where cleared funds and completed documents are in place from original subscriptions.

Redemption Forms shall (save as determined by the Directors) be irrevocable and may be sent by facsimile to the Investment Manager or any relevant Distributor for onward transmission to the Administrator at the risk of the relevant Shareholder.

In the event that a Share certificate has been lost or destroyed, a Shareholder will be required to give an indemnity in a form satisfactory to the Directors.

## Fractions

Apart from circumstances in which a Shareholder is redeeming his entire holding of Shares in the New Europe Bond Fund:

- (a) fractions of Shares will be redeemed where any part of the redemption monies for Shares represents less than the redemption price for one Share, provided however that fractions shall not be less than .0001 of a Share; and
- (b) redemption monies, representing less than .0001 of a Share will not be returned to a Shareholder but will be retained by the Company in order to defray administration costs.

## Compulsory Redemption

All the Shares of the New Europe Bond Fund may be redeemed at the discretion of the Directors if, after the first anniversary of the first issue of Shares of any of the Funds, the Net Asset Value of the New Europe Bond Fund falls below CZK500,000,000 or its foreign currency equivalent for a period of not less than 90 consecutive days.

## **Redemption Price**

The Redemption Price per Share in each class of the New Europe Bond Fund shall be ascertained as follows:

- (a) the Net Asset Value per Share of any class of Shares within a Fund will be calculated by calculating the amount of the Net Asset Value of the relevant Fund which is attributable to the relevant class (costs and related liabilities/benefits of specific hedging instruments entered into for the benefit of any particular class of Shares will be allocated exclusively to that class) and deducting therefrom such sums as the Investment Manager may consider represents an appropriate provision for Duties and Charges and any other amounts necessary to account for the actual sale price of underlying investments;
- (b) dividing the resultant figure calculated under (a) above by the total number of Shares of the relevant class in issue; and
- (c) deducting therefrom such amount as may be necessary to round the resulting sum to four decimal places using standard rounding.

The latest Redemption Price for Shares will be available during normal business hours at the office of the Administrator and will be published by the Investment Manager weekly in the *Hospodarske noviny* and on the website [www.conseq.cz](http://www.conseq.cz). Redemption proceeds will be paid by the Custodian in the base currency of the New Europe Bond Fund. At the election of the Shareholder redemption proceeds can be paid by the Investment Manager or any relevant distributor in such other currencies as the Directors permit. Any redemption proceeds to be paid in a currency other than the base currency, in respect of Shares being redeemed to the Shareholder, will be paid through the Investment Manager or any relevant distributor and determined on the basis of the exchange rate between the payable currency and the base currency as is available to the Investment Manager or any relevant distributor for transactions for the date of payment less any currency exchange costs.

#### Method of Payment

Redemption payments will be made to the bank account detailed on the Application Form or as subsequently notified to the Administrator in writing.

#### Timing

Redemption proceeds in respect of Shares will be paid for value four Business Days following the relevant Dealing Day provided that all the required documentation has been furnished to and received by the Investment Manager or any relevant distributor for onward transmission to the Administrator.

In the case of a partial redemption of a Shareholder's holding, the Administrator will advise the Shareholder of the remaining Shares held by him by way of transaction confirmation.

#### Redemption Fee

It is not currently proposed to charge a redemption fee.

## **FEES AND EXPENSES**

#### Establishment Expenses

All fees and expenses relating to the establishment of the New Europe Bond Fund and the fees of the legal advisers to the Company in the establishment of the New Europe Bond Fund, the cost of printing the Supplement and other promotional expenses all in aggregate not exceeding €30,000 will be borne by the New Europe Bond Fund. These fees and

expenses will be amortised over the first five years of the lifetime of the New Europe Bond Fund or such other period as the Directors may determine and, at the discretion of the Directors, charged within the amortisation period on such terms and in such manner as the Directors deem fair and equitable.

The New Europe Bond Fund shall bear its attributable proportion of the organisational expenses of the Company. These are set out in detail under the heading “Fees and Expenses” in the Prospectus.

### **Investment Management Fee**

The Investment Manager is entitled to charge a fee which may from time to time be revised by the Directors not exceeding the maximum fee set as follows:

1% per annum of the Net Asset Value of A Class,

0.7% per annum of the Net Asset Value of D Class.

The fee will be accrued daily based on the daily Net Asset Value of the relevant Share Class of the New Europe Bond Fund and will be paid half yearly in arrears.

The Investment Manager shall be entitled to a performance fee (a “Performance Fee”) which shall be calculated by the Administrator and shall be verified by the Custodian. The following definitions shall apply to this section:

“*Closing NAV*”, the Net Asset Value of the New Europe Bond Fund on the last Dealing Day in the relevant Performance Period adjusted for subscriptions, redemptions and declared dividends during that Performance Period before any deduction has been made for the relevant Performance Period’s Performance Fee (but after deducting all other accrued fees for such Performance Period).

“*Performance Period*”, the period beginning on 22 November 2010 and ending on the last dealing day in July 2011 and thereafter each successive period ending on the last Dealing Day in January and July respectively.

“*Previous Highest Closing NAV*”, the highest Closing NAV achieved by the New Europe Bond Fund for any previous performance period adjusted for subscriptions and redemptions since the last Performance Fee was earned (or since the close of the Initial Offer Period if no performance fee has ever been earned) and less all previously accrued fees. In the case of the first Performance Period, the Previous Highest Closing NAV shall be the Net Asset Value of the New Europe Bond Fund on the first Business Day after the Initial Offer Period.

“*Total Return*”, the return calculated by deducting the Previous Highest Closing NAV of the New Europe Bond Fund from the Closing NAV of the New Europe Bond Fund for the Performance Period.

The Performance fee shall be calculated as follows:

- (i) in each Performance Period in which the Total Return is positive, the Investment Manager shall be entitled to a Performance Fee, payable out of the assets of the New Europe Bond Fund, equal to 8% of the amount of the Total Return;
- (ii) once payable pursuant to paragraph (i) above, a Performance Fee for any Performance Period will not be affected by any losses experienced by the New Europe Bond Fund in a subsequent Performance Period.

The Performance Fee will accrue daily and will be paid half yearly in arrears.

Where Performance Fees are payable by the Company these will be based on net realised and net unrealised gains and losses as at the end of each calculation period. As a result, Performance Fees may be paid on unrealised gains which may subsequently never be realised.

## **RISK FACTORS**

Potential investors should consider the risk factors set out in the Prospectus and the additional risk factors set out below before investing in the Funds:

4. the Directors will seek to minimise the volatility of the Net Asset Value of each of the Funds. However, prospective investors should be aware that investments are subject to normal market fluctuations and other risks inherent in investing in securities;
2. depending on an investor's currency of reference, currency fluctuations between that currency and the base currency of the Funds may adversely affect the value of an investment in the Funds;
3. where a Share Class of a Fund is denominated in a currency other than the base currency of that Fund, the Company will attempt to minimise the effect of currency fluctuations between that currency and that Funds' base currency through the use of hedging; however the result cannot be guaranteed;
4. **the difference at any one time between subscription and redemption prices for Shares means that any investment should be viewed as medium to long term.**

## **SWITCHING**

Shareholders of any Share Class of the New Europe Bond Fund may switch to the corresponding Share Class of any other Fund of the Company, as the Directors may permit.

Shareholders of any Share Class of the New Europe Bond Fund may also switch to any other Share Class of the New Europe Bond Fund. No switching fee will be imposed.