

## **Shiller Barclays CAPE US Sector Fund**

### **Supplement to the Prospectus**

This Supplement contains information in relation to the Shiller Barclays CAPE US Sector Fund (the “**Fund**”), a sub-fund of Celsius International Funds plc (the “**Company**”), an umbrella type investment company with variable capital governed by the laws of Ireland and authorised by the Central Bank of Ireland (the “**Central Bank**”) as a Qualifying Investor Alternative Investment Fund.

**This Supplement forms part of and must be read in conjunction with the Prospectus of the Company dated 1 March 2021 (the “Prospectus”), and may not be distributed (other than to prior recipients of the Prospectus) unless accompanied by the Prospectus.**

### **Celsius International Funds plc**

An umbrella fund with segregated liability between its sub-funds

**Dated 1 March 2021**

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## **IMPORTANT INFORMATION**

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**THIS DOCUMENT IS IMPORTANT. BEFORE YOU PURCHASE ANY OF THE SHARES IN THE FUND DESCRIBED IN THIS SUPPLEMENT YOU SHOULD ENSURE THAT YOU FULLY UNDERSTAND THE NATURE OF SUCH AN INVESTMENT, THE RISKS INVOLVED AND YOUR OWN SPECIFIC INVESTMENT NEEDS AND YOUR APPETITE FOR RISK.**

The Fund intends to invest primarily in US equities and may also invest in currencies and FDIs for efficient portfolio management purposes. The risks attached to investments in an FDI are set out in the Prospectus under "Risk Factors" as well as in this document under the section "Other Information – Risk Factors". The Directors of the Company expect that the Net Asset Value of the Fund will have medium to high volatility.

Although the Fund aims to provide you with medium-to-long-term growth and can give better returns than putting your money in a bank account, you should understand that there is no assurance that the Fund will achieve its investment objective and you may not get back the money that you originally invested.

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

### **Suitability of Investment**

Investment in the Fund may not be suitable for all investors. Neither the Company nor Barclays Bank PLC has considered the suitability or appropriateness of this investment for your personal circumstances. If you are in any doubt about the suitability of this Fund to your needs you should seek appropriate professional advice.

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

The contents of this document are not intended to contain and should not be regarded as containing advice relating to legal, taxation, investment or any other matters.

### **Responsibility**

Subject to the disclaimers in the section "OTHER INFORMATION", the Investment Manager and the Directors accept full responsibility for the accuracy of the information contained in the Prospectus and this Supplement. To the best of the knowledge and belief of the Directors (who have taken all reasonable care and have made all reasonable enquiries to ensure that such is the case) and the Investment Manager, the information contained in this Supplement when read together with the Prospectus (as complemented, modified or supplemented by this Supplement) is in accordance with the facts as at the date of this Supplement and does not omit anything likely to affect the import of such information that would make any statement misleading.

### **General**

This Supplement sets out information in relation to each Class of Shares and the Fund. You must also refer to the Prospectus which is separate to this document and describes the Company and provides general information about offers of Shares in the Company. You should not take any action in respect of the Shares unless you have received a copy of the Prospectus. Should there be any inconsistency between the contents of the Prospectus and this Supplement, the contents of this

Restricted - External

Supplement will, to the extent of any such inconsistency, prevail. This Supplement and the Prospectus should both be carefully read in their entirety before any investment decision with respect to Shares is made.

Copies of the Prospectus are available from the Administrator of the Fund, Northern Trust International Fund Administration Services (Ireland) Limited at George's Court, 54-62 Townsend Street, Dublin 2, Ireland.

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

Distribution of this Supplement is not authorised unless accompanied by a copy of the Prospectus (other than to prior recipients of the Prospectus). The distribution of this Supplement and the offering or purchase of any Class of Shares may be restricted in certain jurisdictions.

Neither the Prospectus nor this Supplement constitutes an offer or an offer to the public, an invitation to offer or a recommendation to enter into any transaction, to participate in any trading strategy or to invest in the Fund or any other financial instrument in any jurisdiction in which such offer or solicitation is not permitted by the laws and regulations of such jurisdiction or in which the person making such offer or solicitation is not qualified to do so or to anyone to whom it is not permitted by the laws and regulations of such jurisdiction to make such offer.

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## **DEFINITIONS**

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

**Approved Counterparty** means for the purposes of this Fund one or more entities selected by the Investment Manager provided always that any such entity is, in relation to FDIs, an entity falling within a category permitted by the Central Bank and applicable regulations. For the avoidance of doubt, Barclays Bank PLC or any affiliate of Barclays Bank PLC may be an Approved Counterparty.

**Business Day** means a day, other than a Saturday or a Sunday, on which (i) the Trans-European Automated Real-time Gross Settlement Express Transfer (TARGET) system is open; and (ii) commercial banks and foreign exchange markets are open and settle payments (including dealings in foreign exchange and foreign currency deposits) in London, Dublin and New York.

**Disruption Event** means either a Market Disruption Event or a Force Majeure Event.

**Equity Sector** means any of the sectors included in the Equity Sector Universe.

**Equity Sector ETF**, and collectively Equity Sector ETFs means an exchange-traded fund or funds (as the context requires as listed in Appendix 2).

**Equity Sector Index**, and collectively Equity Sector Indices mean an index to which an Equity Sector ETF gains exposure.

**Equity Sector Universe** means the collection of all 9 US sectors as listed in Appendix 2.

**Equity Share** and collectively **Equity Shares** means, any ordinary shares (excluding shares of any REITs or companies organized as master limited partnerships or limited liability companies or American depository receipts ("**ADRs**")) listed on the exchanges as specified in Appendix 1 for the Index.

**FDI** means a financial derivative instrument, i.e. a transaction entered into by the Fund with an Approved Counterparty where the exposure is linked to the performance of a financial asset class, including but not limited to forwards, futures, options, swaps (including Funded Swaps and Unfunded Swaps (as defined in the Prospectus), swaptions and contracts for difference. FDI may be transacted on an exchange or over the counter.

**Force Majeure Event** means an event or circumstance (including, without limitation, a system failure, natural or man-made disaster, act of God, armed conflict, act of terrorism, riot or labour disruption or any similar intervening circumstance) that is beyond the reasonable control of the Investment Manager and that the Investment Manager (in its sole and absolute discretion) determines that such event or circumstance affects the Fund or any Fund Asset.

**Fund Assets** means any assets of the Fund, including any FDI and ancillary cash held by the Fund.

**General Banking Moratorium** means the declaration of a general moratorium in respect of banking activities in London, New York or Dublin.

**Index** means the Shiller Barclays CAPE US Sector TR USD Net Index (Bloomberg Code: BXIICSTN Index).

**Index Business Day** mean each such day in respect of which the Index is calculated and published in accordance with the rules of the Index.

**Index Constituents** means, in respect of the Index, each Equity Sector ETF corresponding to each of the Equity Sectors in the Equity Sector Universe.

**Index Level** means, in respect of the Index, the level of such Index on any Business Day as determined in accordance with its respective index rules.

**Index Licensing Agreement** means the index licensing agreement between the Index Sponsor and the Investment Manager pursuant to which the Index Sponsor provides the Index Notifications.

**Index Market Disruption Event** means, with respect to any Index Constituent, the occurrence of one or more of the following events if the Index Sponsor determines that such event is material:

- (i) a suspension, absence or limitation of trading in (1) such Index Constituent in its primary market, as determined by the Index Sponsor, or (2) futures or options contracts relating to such Index Constituent in the primary market for those contracts, as determined by the Index Sponsor, in either case for more than two hours of trading or at any time during the one-half hour period preceding the close of the regular trading session in such market or, if the relevant valuation time is not the close of the regular trading session in such market, the relevant valuation time;
- (ii) any event that disrupts or impairs, as determined by the Index Sponsor, the ability of market participants in general to (1) effect transactions in, or obtain market values for, such Index Constituent in its primary market, or (2) effect transactions in, or obtain market values for, futures or options contracts relating to such Index Constituent in the primary market for those contracts, in either case for more than two hours of trading or at any time during the one-half hour period preceding the close of the regular trading session in such market or, if the relevant valuation time is not the close of the regular trading session in such market, the relevant valuation time;
- (iii) the closure on any Scheduled Trading Day of the primary market for such Index Constituent prior to the scheduled weekday closing time of that market (without regard to after hours or any other trading outside of the regular trading session hours) unless the earlier closing time is announced by the primary market at least one hour prior to the earlier of (1) the actual closing time for the regular trading session on such primary market on such Scheduled Trading Day for such primary market and (2) the submission deadline for orders to be entered into the relevant exchange system for execution at the close of trading on such Scheduled Trading Day for such primary market;
- (iv) any Scheduled Trading Day on which (1) the primary market for such Index Constituent or (2) the exchanges or quotation systems, if any, on which futures or options contracts relating to such Index Constituent are traded, fails to open for trading during its regular trading session;
- (v) General Banking Moratorium; or
- (vi) the occurrence of an event that makes it impossible or not reasonably practicable on any Index Business Day for the Index Sponsor to obtain the price of such Index Constituent, or any other price for the purposes of calculating the level of the Index in a manner acceptable to the Index Sponsor.

**Index Owner** means Barclays Bank PLC in its capacity as the owner of the intellectual property and licensing rights relating to the Index.

**Index Sponsor** means the entity that (a) is responsible for setting and reviewing the rules and procedures and the methods of calculation and adjustment, if any, related to the Index, (b) is ultimately responsible for determinations in respect of the Index, and (c) announces (directly or through an agent) the Index Level for each day, such entity currently being Barclays Bank PLC, or any successor thereto. The Index Owner may appoint a successor Index Sponsor, subject to reasonable announcement of such appointment.

**Investment Manager** means Barclays Bank PLC or any successor thereto duly appointed in accordance with the requirements of the AIF Rulebook as investment manager of the Fund.

**Market Disruption Event** means one or more of the following events which occur in relation to any Fund Asset and such event is material as determined by the Investment Manager in its sole and absolute discretion:

Restricted - External

- (i) it is not possible to obtain a price or value (or an element of such price or value) of any Fund Asset according to the rules or normal accepted procedures for the determination of such price or value (whether due to the non-publication of such price or value or otherwise);
- (ii) it is impracticable or impossible to make the calculation of the price or value of any Fund Asset at the relevant time;
- (iii) there is a reduction in liquidity in any Fund Asset;
- (iv) any suspension of, or limitation is imposed on, trading on any exchange, quotation system or over-the-counter market where any Fund Asset or any underlying component is traded; and/or a general moratorium is declared in respect of banking activities in the country in which any such exchange, quotation system or over-the-counter market is located; and/or there exists an event or circumstance that prevents or materially limits transactions in any Fund Asset or any underlying component. For the purpose of this definition, a limitation on the hours and number of days of trading will not constitute a Market Disruption Event if it results from an announced change in the regular business hours of the relevant exchange, provided however that a limitation on trading imposed during the course of the day by reason of movements in price otherwise exceeding levels permitted by the relevant exchange may constitute a Market Disruption Event;
- (v) where the Fund Asset or any underlying component is not traded on any exchange, quotation system or other similar system, the Investment Manager is unable to obtain from dealers in such Fund Asset or underlying component firm quotations in respect thereof and/or liquidity in the market for the Fund Asset or underlying component (or any constituent thereof) is otherwise reduced or impaired;
- (vi) the occurrence of any event that generally makes it impossible or impractical to convert the currency of the country of issue and/or country of payment of any Fund Assets into the Base Currency through customary legal channels;
- (vii) the occurrence of any event that generally makes it impossible or impractical to deliver or transfer (a) the currency from accounts inside the country of issue and/or country of payment of any Fund Asset to accounts outside such country of issue and/or country of payment or (b) the currency of the country of issue and/or country of payment of any Fund Asset between accounts inside such country of issue and/or country of payment, or to a party that is a non-resident of the country of issue and/or country of payment;
- (viii) a general moratorium is declared in respect of banking activities in London, Dublin or New York;
- (ix) the imposition of any limitation on investment into any Fund Asset or the trading of such Fund Asset on the relevant exchange due to a change in law or regulation, or a change in the rules of such exchange on which the Fund Asset is traded.
- (x) a change is made to the methodology, or the Index is modified in a manner which is detrimental to the interests of the Fund; and
- (xi) the Index is suspended, cancelled or terminated by the Index Sponsor, or is no longer publicly available and the Investment Manager has not identified a suitable replacement.

**Markets** means the stock exchanges and regulated markets set out in Appendix 1.

**Model Portfolio** means the portfolio of Index Constituents whose composition and corresponding Model Portfolio Weights are based on the Index Methodology and communicated to the Investment Manager as Index Notifications, as described in "General Description of the Underlying".

**Model Portfolio Weights** means the set of weights applicable to the Index Constituents within the Model Portfolio and communicated as Index Notifications by the Index Sponsor.

**New Index Constituents** means, during a Rebalancing Period, the Equity Sector ETFs selected on the immediately preceding Selection Date, with respect to the first Rebalancing Date of the current Rebalancing Period.

**Portfolio Rebalancing Date** means a day on which the Investment Manager rebalances the Portfolio's composition, based on the Model Portfolio and Model Portfolio Weights communicated by the Index Sponsor as Index Notifications and subject to applicable regulatory, and/or operational limitations.

**Portfolio Weights** means the set of weights applied to the Equity Sector Indices and/or Equity Sector ETFs within the Portfolio by the Investment Manager based on the Index Notifications, subject to rules and regulations applicable to the Investment Manager or the Fund, and the Investment Manager's fiduciary duty.

**Old Index Constituents** means, during a Rebalancing Period, the current Index Constituent as selected on the Selection Date immediately preceding the most recent Selection Date

**Rebalancing Date** means each Index Business Day included in the Rebalancing Period.

**Rebalancing Period** means a period of 4 consecutive Index Business Days starting from and including the first Rebalancing Date.

**Scheduled Trading Day** means (i) with respect to an Index Constituent, any day on which the primary market for such Index Constituent is scheduled to be open for trading for its regular trading session, (ii) trading is generally conducted on the markets on which the relevant underlying assets are traded, as determined by the Index Sponsor.

**Selection Business Day** means a business day as set out in the calendar defined by and sourced from FactSet, as set out in Appendix 1.

**Selection Date** means in respect of the Index, the Index Business Day on which New Index Constituents are selected, as set out in the table in Appendix 1.

**Securities Financing Transactions** means repurchase agreements, reverse repurchase agreements, securities lending agreements and any other transactions within the scope of SFTR that a Fund is permitted to engage in.

**SFT Regulations** or **SFTR** means Regulation 2015/2365 of the European Parliament and of the Council of 25 November 2015 on transparency of securities financing transactions and of reuse and amending Regulation (EU) No 648/2012 as may be amended, supplemented, consolidated, substituted in any form or otherwise modified from time to time.

**Tax** means any applicable tax, levy, charge or duty which may be imposed by any governmental or regulatory body.

**Total Return Swap** means a derivative (and a transaction within the scope of SFTR) whereby the total economic performance of a reference obligation is transferred from one counterparty to another counterparty.

**Tracking Error** means the standard deviation of the difference in return between the Fund and the Index.

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

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### **Investment Objective**

The Investment Objective of the Fund is to provide Shareholders with exposure to the Index by investing in the Underlying (as further described under the “General Description of the Underlying” section below).

### **Investment Policy**

In order to achieve the Investment Objective, the Fund will predominantly gain exposure to Equity Sector ETFs either by investing in the portfolio of Equity Sector Indices underlying such Equity Sector ETFs or by investing in the Equity Sector ETF or by investing in funded and/or unfunded swaps referencing Equity Sector Indices. The Portfolio is constructed and rebalanced by the Investment Manager based on the compositions and weightings in respect of the Index Constituents provided periodically by the Index Sponsor in accordance with the terms of an index licensing agreement (the “**Index Notifications**”).

In addition, in creating the Portfolio, the Fund may seek exposure to Equity Shares in the form of common shares, preference shares, equity-linked notes (unleveraged debt securities linked to the performance of equities) of companies listed or traded on a Market and convertible securities, which are convertible into, or exchangeable for, common shares. The Investment Manager will create the Portfolio based on the Index Notifications which are formulated on the basis of the Index Methodology described below. Please refer to the "General Description of the Underlying" section below for further detail in respect of the Portfolio.

The Fund may also invest in money market instruments and exchange traded notes or certificates as further described in the “General Description of the Underlying” section below. Money market instruments include, but are not limited to, short term fixed and floating rate government bonds, deposits, commercial paper and certificates of deposit.

The Fund may also invest or use FDIs to gain long or short exposure to the assets in which the Fund may invest where the Investment Manager determines that the use of FDI is more efficient or cost effective than direct investment. Eligible FDIs include, but are not limited to, swaps (including swaps linked to indices), futures, forwards, and options, as are more fully described under “Use of FDIs” below. The Fund may also invest in currencies and FDIs for the purposes of efficient portfolio management as further described below, and may also hold ancillary cash positions. The purpose of investing in these instruments is to obtain exposure to the Underlying or part thereof (as defined below).

### **General Description of the Underlying**

#### **(A) The Portfolio**

The Portfolio may consist (i) Equity Sector ETFs, (ii) Equity Shares underlying the Equity Sector Indices referenced by the Equity Sector ETFs, (iii) and/or funded and/or unfunded swaps on such Equity Sector Indices. The allocation to the Equity Sector ETFs and/or Equity Sector Indices is based on the Index Notifications provided by the Index Sponsor to the Investment Manager from time to time where such Index Notifications comprise the Model Portfolio and the Model Portfolio Weights. The Equity Sector ETFs and or Equity Sector Indices comprised in the Portfolio are based on the Index Notifications. The Investment Manager gains exposure to the Index Constituents on a best efforts basis and in its sole and absolute discretion, where such exposure is based on the Index Notifications.

Restricted - External



The Portfolio's composition is expected to be rebalanced by the Investment Manager, based on the Index Notifications and subject to applicable regulatory, and/or operational limitations.

The Investment Manager reserves the unilateral right to modify the exposure to any component of the Portfolio in order to remain in compliance with the investment restrictions or regulatory obligations. Should exposure to an Equity Sector ETF and/or Equity Sector Index within the Portfolio breach investment restrictions, the Investment Manager will seek to, as soon as reasonably practicable, increase or decrease the allocation of the Portfolio to any component within the Portfolio in order to be in compliance with the investment restrictions. As a result, the the Portfolio Weights may differ materially from the Model Portfolio Weights.

Due to certain constraints (including, but not limited to, adverse financial market conditions) or for any other reason it deems appropriate in the interests of the Fund and its Shareholders, the Investment Manager may also, at any time between successive Portfolio Rebalancing Dates, modify the composition of the Portfolio, including putting in place hedging arrangements with respect to some or all of the constituents of the Portfolio, or even by having no allocation to the constituents of the Model Portfolio. Where the exposure to some or all of the constituents of the Portfolio is reduced, the Fund may invest the balance in money market instruments and/or fixed income securities in the form of deposits or instruments linked to indices, the returns of which are linked to a short term money market benchmark and/or short-dated fixed and floating rate government bonds (rated at least "A-" by Standard and Poor's or equivalent issued by OECD Member States. In such circumstances the Fund may also invest in transferable securities in the form of exchange traded notes or certificates (collateralised securities linked to indices and traded on exchanges). The relevant exchange traded notes or certificates may not necessarily be admitted to official listing on an EU Member State or OECD Member State listed stock exchange and/or regulated markets but on Markets in non-OECD Member States.

Any such reduction in exposure to the Index Constituents shall be on a temporary basis, while such constraints are continuing (as determined by the Investment Manager in its sole discretion).

#### **(B) The Model Portfolio and Model Portfolio Weights**

The Fund will be actively managed by the Investment Manager based on the Index Notifications provided by the Index Sponsor to the Investment Manager from time to time, where such Index Notifications comprise the Model Portfolio and the corresponding Model Portfolio Weights.

Such Model Portfolio and Model Portfolio Weights are determined by the Index Methodology, as further detailed in the following sections.

#### **(C) Overview of Index Methodology**

The Index aims to incorporate the principles of long term investing distilled by Dr. Robert Shiller. The Index aims to provide an alternative to market capitalization weighted indices by gaining exposure to sectors that are undervalued using the Relative CAPE® Indicator (as defined below), combining with price momentum to reduce the index's potential exposure to "value traps".

#### **(D) Index Methodology**

The Index systematically invests in undervalued US Equity Sector Indices through the Equity Sector ETFs using the Relative CAPE® Indicator, which is a modified version of the classic Shiller CAPE® ratio. The Shiller CAPE® ratio is similar to the price/earnings ratio and uses 10 years of inflation-adjusted earnings rather than current earnings to account for mean reversion of earnings and long term earnings cycles. The Relative CAPE® Indicator is a ratio of the current classic Shiller CAPE® Ratio for a sector to its historical rolling twenty year average classic Shiller CAPE® Ratio (with the top 5% and bottom 5% of historical values removed and replaced by values corresponding to the 95<sup>th</sup> and 5<sup>th</sup> percentiles, respectively, in order to mitigate the effects of extreme or unusual events of the history of the applicable sector). Certain sectors tend to exhibit lower classic Shiller CAPE® ratios than others; in using the Relative CAPE® Indicator, it prevents repeated selection of sectors with lower classic Shiller CAPE® Ratios and exclusion of sectors with higher classic Shiller CAPE® Ratios.

Restricted - External

Additionally, the one year price momentum is used to avoid value traps by removing the Equity Sector from the five most undervalued Equity Sectors with the weakest price momentum that may be cheap due to fundamental reasons, as well as investing in the Sectors with the most positive momentum, herein, the "favoured Equity Sectors". The Index takes an equal weighted position in 4 favoured Equity Sectors with the most positive momentum.

#### **(E) Index Publication**

The Index Sponsor will make available the value of the Index in respect of each Index Business Day as soon as reasonably practicable on or after each such Index Business Day on the Index Sponsor's website: <http://indices.barclays> (or any successor thereto).

The Index Sponsor will publish any adjustments made to the Index on the Index Sponsor's website: <http://indices.barclays> (or any successor thereto).

#### **Investment Restrictions**

The general investment restrictions set out under the heading "Investment Restrictions" in the Prospectus apply to the Fund.

#### **Leverage**

The Fund will not be leveraged for the purpose of investment.

The AIFM on behalf of the Fund maintains a risk management policy which enables it to measure, monitor and manage the various risks associated with the use of FDIs (as disclosed in the Prospectus).

#### **Use of FDIs and Securities Financing Transactions**

##### Use of FDIs

The Fund may gain exposure to the Underlying through FDIs. They may also be used for efficient portfolio management purposes, as further detailed under "Currency Hedging" below.

When the Fund enters into an FDI over-the-counter with an Approved Counterparty, each Approved Counterparty will be required to provide collateral to the Company so that the Company's risk exposure to the relevant Approved Counterparty is reduced to the extent required by the applicable laws and regulations. The cost associated with providing such collateral may be charged to the Fund by such Approved Counterparty through the value of the FDI.

FDIs entered into with an Approved Counterparty may be terminated early on the occurrence of certain events with respect to either the Fund or an Approved Counterparty including, but not limited to, an event of default (such as a failure to pay, breach of agreement or bankruptcy) or a termination event (which is not the fault of either party, for example, illegality or a tax event) or a disruption event. In such case the FDI will be settled for an amount as set out in the relevant ISDA Master Agreement.

Other risks associated with the use of FDIs and Securities Financing Transactions are further set out in the section "Risk Factors" below and in the Prospectus.

The value of the FDIs may vary due to restrictions imposed on the hedging instruments and changes or modifications in the hedging instrument and may be terminated or otherwise cancelled in each case in accordance with its terms.

##### Securities Financing Transactions

The Fund may use Securities Financing Transactions and Total Return Swaps in accordance with the requirements of SFTR and the requirements of the Central Bank. Any type of assets that may

Restricted - External

be held by the Fund in accordance with its investment objective and policies may be subject to such Securities Financing Transactions and Total Return Swaps. There is no restriction on the proportion of assets that may be subject to Securities Financing Transactions and Total Return Swaps which at any given time is expected to be up to 100% of the Fund's assets. In any case the most recent annual report of the Company will express as an absolute amount and as a percentage of the Fund's assets, the amount of the Fund's assets subject to Securities Financing Transactions and Total Return Swaps.

Collateral or margin may be passed by the Fund to an Approved Counterparty or broker in respect of OTC derivative transactions or Securities Financing Transactions. Please refer to the section of the Prospectus entitled "Collateral" for further details.

## **Efficient Portfolio Management**

### *Currency Hedging*

The Fund intends to utilise FDIs, including but not limited to currency forwards, to mitigate the impact of fluctuations in currency exchange or FX rates where Fund Assets are in currencies different to the currency of the respective Share Classes. All such FDIs will be attributable to a specific Share Class. Any FDI could expose the Fund to Approved Counterparty credit risk. The Investment Manager intends to hedge fully the exposure of each such Share Class. However over-hedged or under-hedged positions may arise.

## **Consequences of Disruption Events**

Upon the occurrence of a Disruption Event (and without limitation to the Directors' general powers as further described in the Prospectus):

- (i) the Directors may, with the approval of the Depositary and with care and in good faith, make adjustments to determine the value of any of the Fund Assets. The Net Asset Value of the Fund may be affected by such adjustment; and/or
- (ii) the Directors may temporarily suspend the calculation of the Net Asset Value of the Fund and any subscription, redemption and exchange of Shares in accordance with the provisions of the Prospectus under the section "Suspension of Calculation of the Net Asset Value" and/or
- (iii) the Directors may, in certain circumstances as set out in the Prospectus, terminate the Fund.

## **Valuation**

The Administrator determines the Net Asset Value of the Fund as at the Valuation Point for each Dealing Day in accordance with the procedure provided for under the heading "**Calculation of Net Asset Value/Valuation of Assets**" in the Prospectus.

## **Issue Price and Redemption Price**

The issue price and the redemption price of a Share on a Dealing Day is the Net Asset Value per Share of the relevant Class on the relevant Dealing Day as adjusted by any applicable Preliminary Charge, Exchange Charge or Redemption Charge (as set out in the table below) and by other fees and expenses as set out below.

The Net Asset Value per Share will differ on each Dealing Day due to: (a) the value of the Fund Assets increasing or decreasing over time; (b) accrual of fees and expenses in relation to the Fund over time; (c) dealing charges, taxes and other similar costs and spreads from buying and selling prices of the Fund Assets; and (d) payments of any dividend.

The issue price or the redemption price of a Share may be adjusted as set out under the headings "**Issue Price**" and "**Redemption Price**" in the Prospectus. Where there is no dealing in the Fund or a specific Class of Share on the relevant Dealing Day, the issue price or the redemption price

Restricted - External

will be the unadjusted Net Asset Value per Share of the relevant Share Class rounded off to such number of decimal places as the Directors deem appropriate.

### **Limited Recourse**

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

The ISDA master agreement which governs each over-the-counter FDI contains limited recourse provisions under which the recourse against the Company in respect of any claims arising under or in relation to the FDIs are expressed to be limited to the Fund Assets, and the Approved Counterparty will have no recourse to any other assets of the Company. If following the realisation of the Fund Assets and the payment of such sale proceeds of all claims of the Approved Counterparty relating to the Fund and all other liabilities (if any) of the Company ranking *pari passu* with or senior to such claims which have recourse to the Fund, such claims are not paid in full, (a) the amount outstanding in respect of such claims will be automatically extinguished, (b) the Approved Counterparty will have no further right of payment in respect thereof and (c) the Approved Counterparty will not be able to petition for any winding-up, insolvency or liquidation procedure of the Company as a consequence of any such shortfall.

### **Voting Rights**

Voting rights are attached to the Shares of all Classes.

### **Borrowings**

The Company on behalf of the Fund may borrow up to 10% of the Net Asset Value of the Fund on a temporary basis. The Fund will not borrow for investment purposes.

### **Dividend Policy**

The Fund will not pay any dividends in respect of any Share Class.

### **Listing**

No application has been made to list the Shares on any stock exchange. The Directors may, however, seek listing of the Shares on one or more stock exchanges following the Launch Date.

### **Investment Manager**

The AIFM has delegated the performance of certain investment management functions of the Fund to Barclays Bank PLC of 1 Churchill Place, London E14 5HP, UK, or any successor thereto in accordance with the requirements of the AIF Rulebook, as may be amended from time to time. The principal activity of Barclays Bank PLC is the provision of financial services. Barclays Bank PLC is authorised by the PRA and regulated by PRA and the FCA.

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## Key Information for Buying and Selling

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### General Information Relating to the Fund

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|--------------------------------------|--|
| <b>Base Currency</b>                 | US Dollar ("USD").   |
| <b>Type</b>                          | Open-ended.  |
| <b>Dealing Day</b>                   | Each Business Day.   |
| <b>Dealing Deadline</b>              | 11 a.m. (Dublin time) on the Business Day immediately prior to the relevant Dealing Day.   |
| <b>Subscriptions and Redemptions</b> | All subscriptions and redemption requests should be received by the Administrator on or prior to the Dealing Deadline for the relevant Dealing Day.  |
| <b>Launch Date</b>                   | 27 July 2018   |
| <b>Minimum Fund Size</b>             | USD 50,000,000   |
| <b>Valuation Point</b>               | The close of business (New York time) on the relevant Dealing Day by reference to which the Net Asset Value per Class of Share of the Fund is determined.  |
| <b>Settlement Date</b>               | Two (2) Business Days after the relevant Dealing Day or such other Business Day as the Directors shall from time to time at their discretion decide.<br><br>Payment of the proceeds of redemption will only be paid on receipt by the Administrator of any relevant redemption documentation and all applicable anti-money laundering documentation. |

### Description of the Shares

|                                      |                         |
|--------------------------------------|-------------------------|
| <b>Share Classes</b>                 | "A"                     |
| <b>ISIN Code</b>                     | IE00BG43NQ39            |
| <b>Initial Issue Price per Share</b> | USD 100.00              |
| <b>Investor Type</b>                 | Institutional investors |

#### Initial Offer Period

The Initial Offer Period in respect of the Class A Shares has closed.

#### Minimum Initial Investment Amount

USD 1,000,000 or its equivalent in the relevant currency or such greater or lesser amounts as the Directors may, in their absolute discretion, decide provided the Minimum Initial Investment Amount in the Company as a whole is equal to or greater than USD 1,000,000 or its equivalent in the relevant currency at the prevailing spot rate.

Restricted - External

For Accredited Investors there is no Minimum Initial Investment Amount.

Other than for Accredited Investors, the Directors shall not accept applications for Shares unless the applicant's (who must be a Qualifying Investor or an Accredited Investor) initial subscription to the Company as a whole (which may be through one or more classes or Funds) is equal to or greater than USD 1,000,000 or its equivalent in the relevant currency.

#### Minimum Fund Size

The Company may compulsorily redeem all of the Shares of the Fund if the Net Asset Value falls below the Minimum Fund Size.

#### Minimum Additional Investment Amount

USD 1,000,000 or the currency equivalent thereof at the prevailing spot rate, subject to the discretion of the Directors to allow lesser amounts.

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## Charges and Expenses

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### Fees and Expenses

The following fees will be incurred on each subscription and redemption of Shares by Shareholders (which accordingly will not affect the Net Asset Value of the Fund) for each Share Class of the Fund:

|                           |           |
|---------------------------|-----------|
| <b>Exchange Charge</b>    | No charge |
| <b>Preliminary Charge</b> | No charge |
| <b>Redemption Charge</b>  | No charge |

The following fees and expenses will be incurred by the Fund and will reduce the Net Asset Value of each Share Class of the Fund.

### AIFM Fees

A percentage of the Net Asset Value of the relevant Share Class (plus value added tax, if any), up to 0.57% of Net Asset Value per Share per annum, is payable by the Company out of the Fund Assets on a quarterly basis to the AIFM as an AIFM Fee. The AIFM Fee will accrue daily and be calculated on each Dealing Day. The AIFM will also be entitled to be reimbursed out of the Fund for its out-of-pocket expenses. The AIFM may instruct the Company to pay any fees and out-of-pocket expenses payable to the index licensor, Investment Manager, Distributor or Sub-Distributor, directly out of the assets of the Company. In such case, the AIFM Fee due to the AIFM will be reduced accordingly.

### Fixed Fees

A percentage of the Net Asset Value of the relevant Share Class is payable by the Company for the Fund in respect of the ordinary fees, expenses and costs incurred by the Fund (including the Administrator's fees, the Depositary's fees, and other fees and expenses as set out in the Prospectus) (the "**Fixed Fee**"). The Fixed Fee is separate from the Investment Management Fee, the Transaction Fees and Extraordinary Expenses as well as any costs in respect of the termination of the Fund. The Fixed Fee is payable on a quarterly basis by the Company out of the Fund in respect of the ordinary fees, expenses and costs incurred by the Fund that include the Setting Up

Restricted - External

Costs as further described in the Prospectus. The Fixed Fee will not exceed 0.15% of the Net Asset Value of the Fund (plus VAT, if any, and reasonable out of pocket expenses).

### **Transaction Fees**

In this Fund, Transaction Fees shall mean any costs in respect of buying and selling any of the Fund Assets, including, but not limited to, all trading and administrative costs of entering into the FDIs, purchasing the fixed income instruments transactional charges, management and performance fees of any collective investment schemes in which the Fund may invest. collateral costs, brokerage charges, commissions, bid-offer spreads and licensing fees. The Net Asset Value per Share of the Fund will be calculated net of such costs, which may affect the performance of the Fund.

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

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### **How to Buy Shares**

Application for Shares should be made on the Application Form and be submitted in accordance with the provisions set out in the Prospectus to be received by the Administrator on or prior to the Dealing Deadline for the relevant Dealing Day.

Unless the Administrator otherwise agrees, payment for Shares must be received by the relevant Settlement Date by electronic transfer in cleared funds in the currency of the relevant Shares (net of handling charges and fees).

This section should be read in conjunction with the section entitled "**Subscription for Shares**" in the Prospectus.

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### **How to Sell Shares**

Requests for the sale of Shares should be made by submitting a duly completed Redemption Form to the Company, care of the Administrator, in accordance with the provisions set out in the Prospectus. Requests received on or prior to a Dealing Deadline will be dealt with on the relevant Dealing Day. A redemption request once given will not be capable of revocation without the consent of the Administrator.

The amount due on the redemption of Shares of any class in the Fund will be paid by the Settlement Date by electronic transfer to an account in the name of the Shareholder. Payment of the proceeds of redemption will only be paid on receipt by the Administrator of any relevant redemption documentation and all applicable anti-money laundering documentation.

No Shareholder shall be entitled to realise part only of his holding of Shares of any class in the Fund if such realisation would result in his holding of Shares of such class after such realisation being below the Minimum Shareholding.

The Directors are entitled to limit the number of Shares of the Fund redeemed on any Dealing Day to Shares representing ten per cent of the total Net Asset Value of that Fund on that Dealing Day.

The Articles contain special provisions where a redemption request received from a Shareholder would result in more than 5 per cent of the Net Asset Value of Shares in issue in the Fund being redeemed on any Dealing Day which provisions are summarised under "**Redemption of Shares**" in the Prospectus.

Restricted - External

This section should be read in conjunction with the section entitled "**Redemption of Shares**" in the Prospectus.

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## **OTHER INFORMATION**

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### **Risk Factors**

Certain risks relating to the Shares are set out under the heading "Risk Factors" in the Prospectus. In addition, Shareholders should note below.

**AN INVESTMENT IN THE SHARES OF THE FUND IS SPECULATIVE AND INVOLVES A DEGREE OF RISK. ACCORDINGLY, PROSPECTIVE INVESTORS SHOULD READ AND CONSIDER THE RISK FACTORS SET OUT IN THE PROSPECTUS AND THOSE SET OUT BELOW BEFORE DECIDING WHETHER TO INVEST IN THE FUND. THESE RISK FACTORS MAY NOT BE A COMPLETE LIST OF ALL RISK FACTORS ASSOCIATED WITH AN INVESTMENT IN THE FUND.**

### **General Market Risks**

- (a) The Net Asset Value of Shares in the Fund may fluctuate from time to time. **Investors may sustain complete loss on the invested capital.**
- (b) The Fund's Assets are exposed to general market movements and trends, which may be affected by irrational factors. Such factors may lead to a significant and continuous decline in prices in respect of the Fund Assets.
- (c) The return that Shareholders of a particular Share Class will receive will be dependent on the performance of the Fund Assets including any ancillary cash held by the Fund and the exchange rate movements between the Base Currency of the Fund and the currency of the relevant Share Class.

### **Risks related to Fund Assets**

- (a) The value of investments in the Fund may fall as well as rise and investors may get back less than they originally invested. Investors should also be aware that the value of any investments in the Fund may be extremely volatile and subject to sudden fluctuations.
- (b) Certain types of assets such may be or may become illiquid, particularly during adverse market conditions, and this may indirectly affect the Net Asset Value per Share.
- (c) The performance of the Fund Assets will be net of costs associated with trading the Fund Assets including, but not limited to, dealing charges, bid/offer spreads, funding spreads, unwinding costs related to derivatives and similar costs associated with getting exposure to the Fund Assets.
- (d) The Fund Assets includes an exposure to equities and is therefore exposed to general market movements and trends in the equities markets, which are partially attributable to irrational factors. Such factors may lead to a more significant and longer lasting decline in prices affecting the entire market.

Restricted - External



### **Exchange Rate Risk**

- (a) The Investment Manager intends to hedge the risks associated with foreign currency exposures arising from investment in the Fund Assets, it will not be able to eliminate the exposure completely and consequently the Fund will remain exposed to these risks which may have a negative impact on the performance of the Fund.

### **Other Risks**

- (a) The Shares may be compulsorily redeemed in the circumstances and manner described under the section headed "Mandatory Redemptions" in the Prospectus. In such circumstance, neither the Company nor the Investment Manager is under any obligation to redeem the Shares of the Fund at the price at which they were issued.
- (b) The right of Shareholders to require the redemption or exchange of Shares may from time to time be temporarily suspended in the circumstances and manner described on pages in accordance with the provisions of the Prospectus under the section "Suspension of Calculation of the Net Asset Value". Such suspension may be a result of a Disruption Event (which may include, without limitation, a Force Majeure Event or Market Disruption Event in respect of an index).
- (c) The sub-funds of the Company are segregated as a matter of Irish law and as such in Ireland, the assets of one sub-fund will not be available to satisfy the liabilities of another sub-fund. However, it should be noted that the Company is a single legal entity which may operate or have assets held on its behalf or be subject to claims in other jurisdictions which may not necessarily recognise such segregation. There can be no guarantee that the courts of any jurisdiction outside Ireland will respect the limitations on liability as set out above.
- (d) The Fund may provide leverage. While leverage presents opportunities for increasing the Fund's total return, it also has the effect of potentially increasing losses should the return be negative.
- (e) FDIs may be used in the Fund, which, when used to implement an investment policy, may increase the volatility of a Fund's Share price.

### **Miscellaneous**

The Company has the following other Funds established as at the date of this Supplement:

- (i) Barclays Enhanced US Equities Fund;
- (ii) Structured Income Fund – Dual Index Series 1; and
- (iii) Barclays Global Rates Adjusted Carry (GRACE) Fund.

## Disclaimers

NEITHER THE DIRECTORS OF THE COMPANY NOR THE INVESTMENT MANAGER (TOGETHER THE "RESPONSIBLE PARTIES") GUARANTEE THE ACCURACY AND/OR THE COMPLETENESS OF ANY DESCRIPTION RELATING TO ANY INDEX OR ANY DATA INCLUDED THEREIN AND THE RESPONSIBLE PARTIES SHALL HAVE NO LIABILITY FOR ANY ERRORS, OMISSIONS, OR INTERRUPTIONS THEREIN. THE RESPONSIBLE PARTIES MAKE NO WARRANTY, EXPRESS OR IMPLIED, AS TO THE FUND, ANY SHAREHOLDER IN THE FUND, OR TO ANY OTHER PERSON OR ENTITY IN RESPECT OF THE INDEX DESCRIBED HEREIN.

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THIS IS NOT AN OFFER OR SOLICITATION OF AN OFFER TO BUY OR SELL ANY SECURITY OR INVESTMENT. PAST PERFORMANCE OF THE INDEX OR THE REFERENCE INDEX IS NOT NECESSARILY INDICATIVE OF FUTURE RESULTS.

## Barclays Bank PLC Indices

Barclays Bank PLC ("**Barclays**") makes no representation or warranty, express or implied, to the owners of the Fund Shares or any member of the public regarding the advisability of investing in securities generally or other instruments or related derivatives or in the Fund particularly or the ability of the Barclays Indices, including without limitation, the Index, to track the performance of any market. Barclays has no obligation to take the needs of the Shareholders of the Fund into consideration in determining, composing or calculating the Index.

BARCLAYS DOES NOT GUARANTEE AND SHALL HAVE NO LIABILITY TO THE SHAREHOLDERS OF THE FUND OR TO THIRD PARTIES FOR THE QUALITY, ACCURACY AND/OR COMPLETENESS OF THE BARCLAYS INDICES, OR ANY DATA INCLUDED THEREIN OR FOR INTERRUPTIONS IN THE DELIVERY OF THE BARCLAYS INDICES. BARCLAYS MAKES NO EXPRESS OR IMPLIED WARRANTIES, AND HEREBY EXPRESSLY DISCLAIMS ALL WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE WITH RESPECT TO THE INDICES, INCLUDING WITHOUT LIMITATION, THE APPROVED INDICES, OR ANY DATA INCLUDED THEREIN. WITHOUT LIMITING ANY OF THE FOREGOING, IN NO EVENT SHALL BARCLAYS HAVE ANY LIABILITY FOR ANY SPECIAL, PUNITIVE, INDIRECT, OR CONSEQUENTIAL DAMAGES (INCLUDING LOST PROFITS), EVEN IF NOTIFIED OF THE POSSIBILITY OF SUCH DAMAGES.

## Index Disclaimers

The Shiller Barclays CAPE® Index Family has been developed in part by RSBB-I, LLC, the research principal of which is Robert J. Shiller. RSBB-I, LLC is not an investment advisor, and does not guarantee the accuracy or completeness of the Shiller Barclays CAPE® Index Family, or any data or methodology either included therein or upon which it is based. Neither RSBB-I, LLC nor Robert J. Shiller shall have any liability for any errors, omissions, or interruptions therein, and makes no warranties, express or implied, as to performance or results experienced by any party from the use of any information included therein or upon which it is based, and expressly disclaims all warranties of merchantability or fitness for a particular purpose with respect thereto, and shall not be liable for any claims or losses of any nature in connection with the use of such information, including but not limited to, lost profits or punitive or consequential damages, even if RSBB-I, LLC is advised of the possibility of same.

Appendix 1 – Shiller Barclays CAPE US Sector TR Index

| Exchange Universe | First Rebalancing Date  | Selection Date  | Selection Business Day        | Number of Index Constituents |
|-------------------|---|---|-------------------------------|------------------------------|
| NYSE, NASDAQ      | 1 <sup>st</sup> Index Business Day immediately following the Selection Date | Last Index Business Day of each month or the date determined by the Index Sponsor in its discretion | NYSE and NASDAQ Business Days | 4                            |

Appendix 2 – Equity Sector ETFs

| Equity Sector          | Exchange Traded Fund Name                       | Bloomberg Ticker |
|------------------------|---|------------------|
| Utilities              | Utilities Select Sector SPDR® Fund              | XLU UP Equity    |
| Consumer Staples       | Consumer Staples Sector SPDR® Fund              | XLP UP Equity    |
| Financials             | Financials Select Sector SPDR® Fund             | XLF UP Equity    |
| Materials              | Materials Select Sector SPDR® Fund              | XLB UP Equity    |
| Technology             | Technology Select Sector SPDR® Fund             | XLK UP Equity    |
| Healthcare             | Health Care Select Sector SPDR® Fund            | XLV UP Equity    |
| Energy                 | Energy Select Sector SPDR® Fund                 | XLE UP Equity    |
| Consumer Discretionary | Consumer Discretionary Select Sector SPDR® Fund | XLY UP Equity    |
| Industrial             | Industrial Select Sector SPDR® Fund             | XLI UP Equity    |
| Real Estate            | iShares® Dow Jones US Real Estate Index Fund    | IYR UP Equity    |

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