CATALYST INTERNATIONAL INCOME OPPORTUNITIES FUND

An open-ended sub-fund of

Catalyst International UCITS ICAV

Supplement to the Prospectus

This Supplement contains specific information in relation to the Catalyst International Income Opportunities Fund (the **Fund**), a sub-fund of the Catalyst International UCITS ICAV (the **ICAV**) an umbrella fund with segregated liability between sub-funds governed by the laws of Ireland and an open-ended investment fund authorised as a UCITS pursuant to the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011 (as amended) by the Central Bank of Ireland (the **Central Bank**).

This Supplement forms part of and should be read in conjunction with the Prospectus dated 7 January 2025.

An investment in the Fund should only be made by those persons who could sustain a loss on their investment. It should not constitute a substantial portion of an investment portfolio and may not be appropriate for all investors.

The Directors of the ICAV, whose names appear under the section entitled **Directors of the ICAV** in the Prospectus, accept responsibility for the information contained in the Prospectus and this Supplement. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) such information is in accordance with the facts and does not omit anything likely to affect the import of such information. The Directors accept responsibility accordingly.

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

Dated: 7 January 2025

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The investment objective of the Fund is to seek total return consisting of capital appreciation and income.

2 INVESTMENT POLICY

2.1 *Overview*

The Fund is actively managed and will seek to achieve its investment objective by primarily investing in Fixed Income Securities (as defined below) that may, based on ESM Management LLC's (the **Sub-Investment Manager**) analysis, present market opportunities, in particular agency and non-agency U.S. residential and commercial mortgage-backed securities (**MBS**), as well as other asset-backed securities (**ABS**) (as further described under the *Asset Class Description* section below).

The Fund will maintain an emphasis on senior, seasoned (i.e. higher homeowner equity) non-agency U.S. residential mortgage-backed securities in order to seek to provide protection to the Fund from downside risks arising from potential defaults of the underlying borrowers.

The Fund may also invest in other fixed income securities, namely government bonds, corporate bonds, municipal bonds and convertible bonds (which together with MBS and ABS in which the Fund may invest are collectively referred to as **Fixed Income Securities**), including where the MBS and ABS in which the Fund typically invests are undergoing market volatility or in circumstances where, in the opinion of the Sub-Investment Manager, the MBS and ABS no longer offer the Fund a reasonable risk-adjusted return relative to such other types of Fixed Income Securities in which the Fund may invest.

The Fixed Income Securities in which the Fund may invest may have fixed or floating rates and may be rated investment grade, below investment grade or unrated, provided however that the Sub-Investment Manager will maintain an emphasis on higher seniority bonds which generally possess lower risk characteristics than junior bonds, and will invest predominantly in Fixed Income Securities which the Sub-Investment Manager considers to have credit risk profiles comparable to investment grade securities where such securities are unrated or not rated investment grade. A credit rating for seasoned (i.e. higher homeowner equity) non-agency MBS may not provide insight into or be indicative of the actual credit quality of the security, as the credit rating may not have been updated since the period following the U.S. housing market collapse in 2007 - 2008, despite there having been material, fundamental improvements in both the U.S. housing market and the credit quality of the debt securities, as demonstrated by the payment history on the underlying loans and the increase in homeowner equity arising from repayments and a recovery in the housing market which is available to meet the risks of any default of the underlying borrowers. It is expected that the Fund will typically have a significant proportion of its assets (typically 70%, and which may be up to in the region of 90% of Net Asset Value) invested in Fixed Income Securities that, for the reasons described above, either have no rating or are rated below investment grade irrespective of the current fundamentals of the securities.

The Fund will allocate investments to the Fixed Income Securities that the Sub-Investment Manager views as offering the best risk adjusted values in the marketplace relative to the expected value of other investment options. In determining the risk adjusted value, the Sub-Investment Manager will evaluate the potential returns of an asset class along with its inherent risks relative to the cost. The Fund seeks to invest in undervalued securities in order to seek to capitalise on the potential for returns identified in accordance with the investment process described below.

While the Fund will typically seek to take direct exposure to the above Fixed Income Securities, the Sub-Investment Manager may also seek indirect exposure to such investments by investing up to 10% of Net Asset Value of the Fund in collective investment schemes investing in similar investments, where permitted under the Regulations and the requirements of the Central Bank.

All of the Fixed Income Securities (other than permitted unlisted investments) acquired by the Fund will be listed or traded on the Markets referred to in Appendix I of the Prospectus.

The Fund may use both spot and forward foreign exchange contracts in respect of the Hedged Share Classes as further described below in the sections entitled **Derivatives and Efficient Portfolio Management** below and **Share Class Hedging** in the Prospectus.

2.2 *Investment Process*

The Sub-Investment Manager seeks to identify, through its own proprietary research and analysis summarised below, direct investments that it believes have strong credit fundamentals, can demonstrate credit quality through a strong payment history, and are undervalued and/or have the potential to achieve an above-market yield over the longer term.

The Fund will focus on legacy ABS and MBS that are backed by mortgages with 13+ years of payment history and that survived U.S. housing market collapse in 2007 - 2008. The Sub-investment Manager believes the longer payment history and track record of the mortgages underlying legacy ABS and MBS provides increased evidence and substantiation of its view of the credit quality of such securities as compared to newly issued ABS and MBS that have little or no payment history. The Sub-Investment Manager assesses the quality of tranches of these securities by reviewing (i) the current seniority of the securities; (ii) the current position of the securities in terms of underlying credit support from other securities; (iii) the collateral of the securities, which includes an assessment of the current loan to value ratios of the underlying mortgages and the current mortgage performance metrics; and (iv) valuing the securities using conservative loss assumptions as well as conservative expected recoveries.

The Sub-Investment Manager’s process is designed to manage several risks associated with traditional fixed income investments. The process tends to focus on floating rate, more senior, seasoned, high homeowner equity, highly liquid investments. Floating rate features tend to mitigate the negative impact of rising interest rates. Senior, seasoned, high homeowner equity investments generally provide a reduced level of credit risk as the investments have a higher priority for payment and can demonstrate a long payment history and higher equity available to meet the risks of any default of the underlying borrowers all of which the Sub-Investment Manager can consider as part of its investment and credit risk evaluation process. Highly liquid investments are representative of an active market that can facilitate large transactions in the investments during various market environments.

As detailed above, the Fund may have significant allocations to unrated debt securities and/or below investment grade debt securities. Investors should note however that the credit rating or lack of a credit rating of debt securities in which the Fund invests may provide little indication of the actual credit risk of such debt securities. The Sub-Investment Manager generally invests in debt securities that it believes to possess strong credit fundamentals despite the credit rating or the lack of a credit rating for such debt securities and which the Sub-Investment Manager considers to have credit risk profiles comparable to investment grade securities. Below investment grade securities include those rated, at the time of purchase, below Baa3 by Moody's Investor Services or equivalently by another nationally recognized statistical rating organization (**NRSRO**), as well as non-rated securities determined by the Sub-Investment Manager to be of comparable quality. The Sub-Investment Manager will also take into account the security’s potential credit risk relative to where the market is pricing the security when evaluating the security for investment by the Fund. In the case of legacy non-agency residential mortgage-backed securities, which were issued prior to the U.S. housing market collapse of 2007, the Sub-Investment Manager will look at other factors such as the seniority of the fixed income securities in order to evaluate the credit risk attaching to these securities. The Fund will primarily invest in fixed income securities that have a higher priority ranking for repayment, i.e. senior securities. For these legacy bonds, the NRSRO’s often withdrew or downgraded their ratings after the housing market collapse without any subsequent evaluation since then. Thus, a credit rating or absence of a credit rating may not be indicative of the actual credit risk of the investment. The Sub-Investment Manager's investment process may include a component which seeks to identify securities where the Sub-Investment Manager's believes the rating or lack thereof of such securities is generally not reflective of the then current creditworthiness of such securities or where the pricing of such securities is not reflective of the strong credit fundamentals underlying those securities (for example, higher priority for payment, long payment history and higher homeowner equity within the collateral underlying such securities).

In some cases, the Sub-Investment Manager’s process identifies investments that provide the potential for an asymmetric upside return, meaning that if certain events occur the investment would yield above-market returns while the absence of the event would likely result in the security earning market returns.

In managing the Fund’s investments, the Sub-Investment Manager seeks to construct an investment portfolio with a weighted average maturity that ranges between 1 and 30 years and a weighted average effective duration that ranges between -9 and 9 years. Duration measures the price sensitivity of a fixed income security to changes in interest rates. Effective duration is a measure of the Fund’s portfolio duration adjusted for the anticipated effect of interest rate changes on bond and mortgage pre-payment rates. Certain U.S. mortgage-related securities in which the Fund may invest such as interest-only securities have “negative duration”. This means that the value of these instruments normally increases as interest rates increase, unlike most other debt instruments. This generally allows some portion of the portfolio’s market risk to be hedged with a purchase and allows the portfolio to realize positive cash flows on the hedge as a result of interest received with respect to that security.

While the Fund will primarily invest directly in ABS and MBS, indirect exposure to these asset classes may be sought by way of investment in collective investment schemes where in the best interests of the Fund to do so. Factors leading to indirect investments include where the Sub-Investment Manager believes that this will allow it to achieve greater diversification, reduce costs or access to investment opportunities which are either not available or not efficiently accessible through direct investments. In such cases, the Sub-Investment Manager will balance security specific risk/reward characteristics with the overall risk profile of the Fund when determining whether to make such an investment. The Sub-Investment Manager may consider a variety of factors as part of the investment selection process for collective investment schemes, including historic performance of the collective investment scheme (e.g. in relation to a benchmark against which the collective investment scheme is managed), cost, reputation of the fund manager and fit with the other investments included in the Fund's portfolio. The performance of the collective investment schemes in which the Fund invests will be regularly monitored and reviewed by the Sub-Investment Manager.

2.3 *Sub-Investment Manager’s Research Process*

The Sub-Investment Manager's research process leverages the Sub-Investment Manager’s unique combination of expertise in fixed income fundamentals, modelling and governing document analysis, which has historically allowed the Sub-Investment Manager to identify investment opportunities often overlooked or missed by other market participants. An example of such an opportunity would be where the market has failed to assign value to certain features of a debt security, such as the recoupment of a loss which has added incremental value to the debt security but has not been priced into the value of that debt security by the market. Another example may be where the Sub-Investment Manager has identified a debt security providing above average market yields for the assumed risks, due to the fact that the security carries a non-indicative credit rating simply because it has not been re-evaluated since 2008.

The Sub-Investment Manager performs an in-depth analysis of a security's payment history, prospectus, pooling and servicing agreements and/or bond indentures, allowing the Sub-Investment Manager to identify weaknesses or opportunities which have not been appropriately priced by the broader market. The Sub-Investment Manager will assess many aspects of each security's documentation, terms and payment mechanics including its cash flow waterfall, how the security trustee is remunerated, the manner in which loss recoveries are addressed in the security's documentation, and the manner in which the over-collateralisation account is operated and ultimately dispersed. These matters inform the Sub-Investment Manager's analysis of a security, and may enable the Sub-Investment Manager to identify issues that may result in a devaluation of the bond in the future, or positive features of a security's terms that may enhance the investment opportunity represented by that security, in either case which may have been overlooked by other market participants who do not conduct the same depth of analysis.

The Sub-Investment Manager's evaluation of the credit quality of the security, its anticipated return, potential upside, probability of upside scenario and investment horizon will include a comparison by the Sub-Investment Manager of these factors against similar factors of previous investments it has made. Based on this analysis and the market opportunity in terms of outstanding issue size and ability to source the security, the Fund's investment will be sized using the Sub-Investment Manager's discretion.

2.4 *Asset Class Description*

The Fund may have exposure to a range of asset classes as outlined below.

2.4.1 Fixed Income Securities

The Fund will have exposure to ABS which are investments that entitle their holders to receive payments that depend primarily on the cash flow from a specific pool of assets that convert into cash within a finite time period, together with rights or other assets designated to assure the servicing or timely distribution of proceeds to their holders.

The Fund will primarily invest in Non-agency U.S. residential MBS which are a type of ABS. Non-agency U.S. residential mortgage-backed securities are a type of ABS or "collateralized mortgage obligation" (**CMO**) and are collateralized by pools of residential mortgages which are not insured by U.S. government sponsored enterprises or agencies (such as Federal National Mortgage Association (FNMA), Federal Home Loan Mortgage Corporation (FHLMC) and Government National Mortgage Association (GNMA). Because the Fund will primarily invest in non-agency U.S. residential MBS, a significant portion of the Fund's assets (70% or more) will thus be invested in ABS and CMOs. The Fund will not invest more than 20% of Net Asset Value in CMOs issued within 24 months of the date of acquisition by the Fund.

Examples of underlying collateral to other types of ABS the Fund may invest in includes (but is not limited to) credit card receivables, student loans, other commercial or consumer receivables, residential property, real estate, project finance, infrastructure receivables, receivables or cash flows. ABS generally are created by the transfer of assets and/or collateral to a special purpose entity.

The Fund may also invest in other Fixed Income Securities, namely government bonds, corporate bonds, municipal bonds and convertible bonds (which together with MBS and ABS, are collectively referred to as Fixed Income Securities).

These securities will be identified and managed by the Sub-Investment Manager in accordance with the investment process described in the *Investment Process* section. The Fund may also invest in U.S. Treasury securities. The Fund will not invest in contingent convertible bonds (**CoCos**).

2.4.2 Collective Investment Schemes

The Fund may also seek indirect exposure to the fixed income securities described above by investing up to 10% of the Net Asset Value of the Fund in collective investment schemes where it is considered in the best interest of the Fund to do so and where permitted under the Regulations and the requirements of the Central Bank. The collective investment schemes in which the Fund invests may be UCITS or may be AIFs which are eligible for investment by UCITS in accordance with the Regulations and requirements of the Central Bank and are established in Ireland, other member states of the EEA, the United States, Jersey, Guernsey or the Isle of Man.

The Fund will not invest in a collective investment scheme where the annual management fee charged to the Fund (excluding any performance fee) would be greater than 2%. The collective investment scheme may also incur depositary fees, administration fees and other operational fees. The Fund will not invest in other collective investment schemes which themselves invest more than 10% of their assets in other collective investment schemes.

2.4.3 Ancillary Liquid Assets

The Fund may also, for ancillary liquidity purposes, hold and invest in cash, bank deposits and listed or traded short term paper including treasury bills. Notwithstanding the foregoing, the Fund reserves the right to invest without limitation in short-term debt instruments which may be fixed or floating rate instruments, including but not limited to commercial paper, floating rate notes, certificates of deposit, freely transferable promissory notes and debentures for temporary, defensive purposes, during, for example, periods of extreme market stress or where required to cover derivative positions.

2.5 *Disclosure under Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector (the SFDR)*

The Fund has been classified as an Article 6 fund for the purposes of the SFDR.

Article 6 of the SFDR requires disclosure of the manner in which sustainability risks are integrated into the investment decisions of the Sub-Investment Manager with respect to the Fund and the results of the assessment of the likely impacts of sustainability risks on the returns of the Fund, and where the Manager, in conjunction with the Investment Manager and Sub-Investment Manager, deems sustainability risks not to be relevant, the description shall include a clear and concise explanation of the reasons for this.

A **sustainability risk** is defined in the SFDR as an environmental, social or governance (**ESG**) event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of the investment. **Sustainability factors** are defined in the SFDR as environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

The Sub-Investment Manager will seek to identify through its proprietary research and analysis investments that it believes are under-valued and/or have the potential to achieve an above market yield over the longer term. The Sub-Investment Manager has deemed it not relevant that the consideration of sustainability risks is integrated into these investment decisions, as that may detract from the strategy of seeking to identify investments that are under-valued or have the potential to achieve an above market yield over the longer term. The consideration of such risks is not a significant feature in the Sub-Investment Manager's proprietary research and credit evaluation process involved in its approach to making investment decisions, and so is not a significant component of the investment decision-making process in respect of the Fund.

The Manager, in conjunction with the Investment Manager and Sub-Investment Manager does not currently consider the adverse impacts of the Fund's investment decisions on sustainability factors due to the absence of sufficient data for the performance of an adequate assessment due in part to the lack of relevant disclosures from target investments. However, this will be kept under review, and following 30 December, 2022, further information will be provided on whether and how the adverse impacts of the Fund's investment decisions on sustainability factors are considered.

The investments underlying this Fund do not take into account the EU criteria for environmentally sustainable economic activities within the meaning of Regulation EU 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending the SFDR.

3 THE SUB-INVESTMENT MANAGER

ESM Management LLC has been appointed as sub-investment manager in respect of the Fund by the Investment Manager and is responsible for providing discretionary investment management and advisory services to the Investment Manager in respect of the Fund.

ESM Management LLC is a limited liability company, formed in Delaware, United States of America, with its principal place of business at 100 Westchester Road Newton, MA 02458 United States. The Sub-Investment Manager is registered with the U.S. Securities and Exchange Commission as an investment adviser.

The Sub-Investment Manager is appointed pursuant to a sub-investment management agreement dated 16 December 2021 between the ICAV, Investment Manager and the Sub-Investment Manager (the **Sub-Investment Management Agreement**). The Sub-Investment Agreement shall continue in force until terminated by any party giving not less than 90 days' notice in writing to the other parties, although in certain circumstances the agreement may be terminated forthwith by notice in one party to the other. Under the Sub-Investment Management Agreement, the ICAV shall indemnify the Sub-Investment Manager out of the assets of the Fund from and against all actions proceedings, claims and against all loss, costs, demands and expenses (including reasonable legal expenses) which may be brought against, suffered or incurred by the Sub-Investment Manager, by reason of the performance of its obligations (other than by reference to any negligence, fraud, bad faith, recklessness or wilful default) in the performance or non-performance by the Sub-Investment Manager of its obligations or duties under the Sub-Investment Management Agreement.

4 PROFILE OF TYPICAL INVESTOR

The Fund may be suitable for investors who are willing to tolerate medium to high risk and is appropriate for investors with a minimum time horizon of at least 6 years.

5 DERIVATIVES AND EFFICIENT PORTFOLIO MANAGEMENT

The Fund may use both spot and forward foreign exchange contracts in respect of the Hedged Share Classes for hedging purposes in accordance with the section entitled **Share Class Hedging** in the Prospectus and as further described below.

The Investment Manager employs a risk management process on behalf of the UCITS which enables it to accurately measure, monitor and manage the various risks associated with forward foreign exchange contracts. The Investment Manager will use the commitment approach to calculate the Fund's daily global exposure, being the incremental exposure and leverage generated through the use of FDI in accordance with its risk management process and the requirements of the Central Bank.

The use of FDI may result in the creation of leverage calculated using the commitment method and accordingly the Fund's global exposure would not exceed 100% of the Net Asset Value of the Fund.

The Fund may buy and sell currencies on a spot and forward basis, subject to the limits and restrictions adopted by the Central Bank from time to time to reduce the risks of adverse changes in exchange rates. A forward contract locks in the price an index or asset may be purchased or sold at on a future date. In currency forward contracts (forward foreign exchange contracts), the contract holders are obligated to buy or sell a specified amount of one currency at a specified price with another currency on a specified future date. Forward contracts may be cash settled between the parties. These contracts cannot be transferred but they can be “closed out” by entering into a reverse contract. These contracts can be used for hedging against exchange risks.

6 INVESTMENT RESTRICTIONS

Please see the investment restrictions outlined in the Prospectus.

The Fund will not invest more than 10% of its Net Asset Value in other collective investment schemes.

The Fund will not invest in other collective investment schemes which themselves invest more than 10% of their assets in other collective investment schemes.

7 HEDGED SHARE CLASSES

The “GBP (Hedged)”, “EUR (Hedged)” and “CHF (Hedged)” Currency Share Classes of each of the Founder Class, Founder Class (Income), Institutional Class, Institutional Class (Income), Retail Class and Retail Class (Income) Share Classes are denominated in a different currency to the Base Currency (each a **Hedged Share Class**") and are subject to currency hedging.

The Fund will seek to hedge against exchange rate fluctuation risks between the denominated currency of the Hedged Share Class and the Base Currency of the Fund.

Investors should note that the Hedged Share Classes will not completely eliminate currency risk, or provide a precise hedge, and as such, investors may have exposures to currencies other than the currency of the Hedged Share Class.

8 RISK FACTORS

The general risk factors set out in the **Risk Factors** section of the Prospectus apply to the Fund.

AN INVESTMENT IN THE SHARES OF THE FUND IS SPECULATIVE AND INVOLVES A DEGREE OF RISK. ACCORDINGLY, PROSPECTIVE INVESTORS SHOULD CONSIDER THE RISK FACTORS. THESE RISK FACTORS MAY NOT BE A COMPLETE LIST OF ALL RISK FACTORS ASSOCIATED WITH AN INVESTMENT IN THE FUND.

BEFORE DETERMINING WHETHER TO INVEST IN THE FUND, PROSPECTIVE INVESTORS SHOULD EVALUATE WHETHER THEY ACCEPT THE RISKS WHICH THEY WILL ASSUME BY BUYING SHARES OF THE FUND. THE LIST OF RISK FACTORS DOES NOT PURPORT TO BE A COMPLETE EXPLANATION OF THE RISKS INVOLVED IN THIS OFFERING.

PROSPECTIVE INVESTORS SHOULD READ THE ENTIRE PROSPECTUS AND THIS SUPPLEMENT AND FULLY EVALUATE ALL OTHER INFORMATION THAT THEY DEEM TO BE NECESSARY BEFORE DETERMINING TO INVEST IN THE FUND. AN INVESTMENT IN THE FUND MAY NOT BE APPROPRIATE FOR ALL INVESTORS.

In addition to the risk factors set out in the Prospectus, the following risk factors are specific to the Fund:

8.1 Mortgage-Backed Securities Risk

Mortgage-backed securities represent participating interests in pools of residential mortgage loans, some of which mortgage loans are guaranteed by the U.S. government, its agencies or instrumentalities. These guarantees are made at the “loan level” and relate only to the payment of principal and interest on the underlying mortgage loans. These loan-level governmental guarantees do not cover the payment of principal and interest on, or fluctuations in the market values of, the related mortgage-backed securities, and do not apply to investors’ purchase of shares of the Fund.

Mortgage-backed securities issued or guaranteed by governmental agencies or instrumentalities such as Ginnie Mae, or government-sponsored entities such as Fannie Mae and Freddie Mac, are generally known as “agency mortgage-backed securities.” Agency mortgage-backed securities are backed by mortgage loans that satisfy the underwriting and other criteria published by the applicable governmental entity. The payment of interest and principal on these mortgage-backed securities is generally guaranteed by the applicable governmental entity.

Mortgage-backed securities issued by private issuers are also known as “non-agency” mortgage-backed securities. Non-agency mortgage-backed securities are not subject to the same stringent underwriting requirements as agency mortgage-backed securities and, therefore, the mortgage loans underlying privately issued mortgage-backed securities may have less favorable collateral, credit risk or other underwriting characteristics, and wider variances in interest rate, term, size, purpose and borrower characteristics. The market for non-agency mortgage-backed securities is smaller and less liquid than the market for agency mortgage-backed securities.

Mortgage-backed securities do not have a fixed maturity and their expected maturities may vary as interest rates rise or fall. An increased rate of prepayments on the Fund’s mortgage-backed securities will result in an unforeseen loss of interest income to the Fund as the Fund may be required to reinvest assets at a lower interest rate. A decreased rate of prepayments lengthens the expected maturity of a mortgage-backed security. The prices of mortgage-backed securities may decrease more than prices of other fixed-income securities when interest rates rise. The liquidity of mortgage-backed securities may change over time.

8.2 **Real Estate Risk**

Through its investments in mortgage-related securities, the Fund is subject to the risks of the real estate market as a whole, such as taxation, regulations and economic and political factors that negatively impact the real estate market and the direct ownership of real estate. These may include decreases in real estate values, overbuilding, rising operating costs, interest rates and property taxes. In addition, some real estate-related investments are not fully diversified and are subject to the risks associated with financing a limited number of projects.

8.3 **Fixed Income Securities Risk**

The value of the Fund’s fixed income securities will fluctuate with changes in interest rates. Typically, a rise in interest rates causes a decline in the value of fixed income securities owned by the Fund. In general, the market price of fixed income securities with longer maturities will increase or decrease more in response to changes in interest rates than shorter-term securities. Other risk factors include credit risk (the risk that the debtor may default), extension risk (an issuer may exercise its right to repay principal on a fixed rate obligation held by the Fund later than expected), and prepayment risk (the risk that the debtor may pay its obligation early, reducing the amount of interest payments). These risks could affect the value of a particular investment by the Fund, possibly causing the Fund's share price and total return to be reduced and fluctuate more than other types of investments.

The Fund’s distributions to Shareholders may decline when prevailing interest rates fall, when the Fund experiences deterioration of the underlying debt securities it holds, or when the Fund realizes a loss upon the sale of a debt security.

8.4 **Interest Rate Risk**

Interest rate risk is the risk that bond prices overall, including the prices of securities held by the Fund, will decline over short or long periods of time due to rising interest rates. Bonds with longer maturities tend to be more sensitive to interest rates than bonds with shorter maturities. The maturity and effective duration of the Fund’s investment portfolio may vary materially, from time to time, and there is no assurance that the Fund will achieve or maintain any particular target maturity or effective duration of its investment portfolio.

8.5 **Credit Risk**

Credit risk is the risk that an issuer of a security will fail to pay principal and interest in a timely manner, reducing the Fund’s total return. In addition, the credit quality of fixed income securities held by the Fund may be lowered if an issuer's financial condition changes. The issuer of a fixed income security may also default on its obligations. The Sub-Investment Manager’s credit evaluation process seeks to reduce the risk of the Fund to the default of the underlying borrowers by focusing on investments with strong credit fundamentals (such as seniority or higher ranking in order of priority for repayment, long payment history and higher homeowner equity within the collateral underlying such securities).

8.6 **Prepayment and Extension Risk**

Prepayment risk is the risk that principal on a debt obligation may be repaid earlier than anticipated. Extension risk is the risk that an issuer will exercise its right to repay principal on a fixed rate obligation held by the Fund later than expected. Both prepayment and extension risks may impact the Fund's profits and/or require it to pay higher yields than were expected.

8.7 **Junk Bond Risk**

Lower-quality bonds, known as "high-yield" or "junk" bonds, are considered to be speculative with respect to the issuer’s ability to pay interest and principal when due and present greater risk than bonds of higher quality, including an increased risk of default. An economic downturn or period of rising interest rates could adversely affect the market for these bonds and reduce the Fund's ability to sell the bonds in its portfolio. The lack of a liquid market for these bonds could decrease the value of the Fund's portfolio and net asset value per share.

8.8 **Liquidity Risk**

Liquidity risk exists when particular investments of the Fund would be difficult to purchase or sell, possibly preventing the Fund from selling such illiquid securities at an advantageous time or price, or possibly requiring the Fund to dispose of other investments at unfavorable times or prices in order to timely meet its redemption obligations. Liquid securities can become illiquid due to political, economic or issuer specific events; supply/demand imbalances; changes in a specific market’s size or structure, including the number of participants; or overall market disruptions.

8.9 **Concentration Risk**

Where the Fund concentrates its investments in a sector, industry or group of industries, the Fund may be more vulnerable to adverse market, economic, regulatory, political or other developments affecting such sector, industry or group of industries than a fund that invests its assets more broadly.

8.10 **Asset-Backed Securities Risk**

Issuers of asset-backed securities may have limited ability to enforce the security interest in the underlying assets, and credit enhancements provided to support the securities, if any, may be inadequate to protect investors in the event of default. Asset-backed securities are subject to prepayment risk, which is the risk that a borrower's payments may be received earlier or later than expected due to changes in prepayment rates on underlying loans. Asset-backed securities are also subject to extension risk, which is the risk that a rise in interest rates could reduce the rate of prepayments, causing the price of the asset-backed securities and the Fund's share price to fall.

8.11 U.S. Government Obligations Risk

The Fund may invest in U.S. government or agency obligations. Securities issued or guaranteed by federal agencies and U.S. government-sponsored entities may not be backed by the full faith and credit of the U.S. government.

8.12 Security Risk

The value of the Fund may decrease in response to the activities and financial prospects of an individual security in the Fund's portfolio.

9 DIVIDEND POLICY

The Fund offers Classes of Shares that pay regular dividends out of net current income or, on occasion, make payments out of capital, net realised gains or net realised and unrealised gains (**Income Classes**). The distribution of dividends is not guaranteed and is subject to the sole discretion of the Directors.

Distributing Classes

Subject to the discretion of the Directors, dividends (if any) on Income Classes described below will be declared quarterly with dividend dates of the first Business Day of January, April, July and October and ordinarily paid within four months of such dates. Shareholders will have the option to either receive the declared dividend (if any) or re-invest in the purchase of Shares of the relevant class.

In the event that the net distributable income attributable to the relevant Class during the relevant period is insufficient to pay dividends as declared, the Directors may in their discretion determine such dividends be paid from capital.

Investors should refer to their tax advisors in relation to the implications of these Income Share Classes obtaining such status and any payment of dividends.

This section should be read in conjunction with the **Dividend Policy** section of the Prospectus.

If the Directors propose to change the dividend policy of the Fund full details will be provided in an updated Supplement and all Shareholders will be notified in advance.

10 KEY INFORMATION FOR SUBSCRIBING AND REDEEMING

10.1 Share Classes

The ICAV may issue Shares in each of the Share Classes set out in the table below.

Share Class	Currency	Initial Offer Price (in the currency unit of the relevant Share Class)	Minimum Initial Investment* (in the currency unit of the relevant Share Class)	Minimum Shareholding* (in the currency unit of the relevant Share Class)	Investment Management Fee	Performance Fee
Founder Class A	USD GBP (Hedged) EUR (Hedged) CHF (Hedged)	100.00	1,000,000	1,000,000	0.66%	10%
Founder Class B	USD GBP (Hedged) EUR (Hedged) CHF (Hedged)	100.00	1,000,000	1,000,000	0.66%	10%
Founder Class (Income) A	USD GBP (Hedged) EUR (Hedged) CHF (Hedged)	100.00	1,000,000	1,000,000	0.66%	10%
Founder Class (Income) B	USD GBP (Hedged)	100.00	1,000,000	1,000,000	0.66%	10%

	EUR (Hedged) CHF (Hedged)					
Institutional Class A	USD GBP (Hedged) EUR (Hedged) CHF (Hedged)	100.00	1,000,000	1,000,000	1.00%	15%
Institutional Class B	USD GBP (Hedged) EUR (Hedged) CHF (Hedged)	100.00	1,000,000	1,000,000	1.00%	15%
Institutional Class (Income) A	USD GBP (Hedged) EUR (Hedged) CHF (Hedged)	100.00	1,000,000	1,000,000	1.00%	15%
Institutional Class (Income) B	USD GBP (Hedged) EUR (Hedged) CHF (Hedged)	100.00	1,000,000	1,000,000	1.00%	15%
Retail Class A	USD	100.00	100	100	1.50%	15%

	GBP (Hedged) EUR (Hedged) CHF (Hedged)					
Retail Class B	USD GBP (Hedged) EUR (Hedged) CHF (Hedged)	100.00	100	100	1.50%	15%
Retail Class (Income) A	USD GBP (Hedged) EUR (Hedged) CHF (Hedged)	100.00	100	100	1.50%	15%
Retail Class (Income) B	USD GBP (Hedged) EUR (Hedged) CHF (Hedged)	100.00	100	100	1.50%	15%

*or such greater or lesser amounts as the Directors may, in their sole discretion decide.

Base Currency means USD.

Business Day means a day (other than Saturday or Sunday) on which banks in Dublin and New York are open for business.

Class A Shares means Founder Class A, Founder Class (Income) A, Institutional Class A, Institutional Class (Income) A, Retail Class A and Retail Class (Income) A.

Class B Shares means Founder Class B, Founder Class (Income) B, Institutional Class B, Institutional Class (Income) B, Retail Class B and Retail Class (Income) B.

Dealing Day means every Business Day.

Dealing Deadline means 4.30pm Irish time on the Business Day prior to the relevant Dealing Day or such other day or time as the Directors may determine and notify to Shareholders in advance provided it is prior to the relevant Valuation Point.

Exchange Charge: Nil.

Issue Price means during the Initial Offer Period of the class in question, the Initial Offer Price for the class in question and thereafter, subject as provided for in the Prospectus and this Supplement, the Net Asset Value per Share of the relevant class.

Initial Offer Period means, in respect of each Share Class, from 9.00am (Irish time) on 8 January 2025 to 5.30pm (Irish time) on 7 July 2025 or such shorter or longer period for each class as the Directors may determine on behalf of the Fund and notify to the Central Bank as required.

Preliminary Charge: Nil.

Redemption Charge: Nil.

Settlement Date means four Business Days after the relevant Dealing Day in the case of subscriptions. In the case of redemptions, proceeds will usually be paid (by wire transfer to a specified account at the Shareholder's risk and expense) within four Business Days of the Dealing Day and should not exceed ten Business Days after the relevant Dealing Deadline provided the supporting documentation in relation to money laundering prevention checks and any documentation deemed necessary for regulatory or taxation purposes has been received and the anti-money laundering procedures have been completed.

Valuation Point means 4pm New York time on the Business Day prior to the relevant Dealing Day or such other day or time as the Directors may determine and notify to Shareholders in advance.

11 HOW TO SUBSCRIBE FOR SHARES

11.1 Applications for Shares should 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.

11.2 The Minimum Shareholding (as set out in the table above) must be maintained by each Shareholder in the Fund (subject to the discretion of the Directors) following any partial repurchase, exchange or transfer of Shares.

11.3 Payment in respect of the issue of Shares must be made by the relevant Settlement Date by wire transfer in cleared funds in the currency denomination of the relevant Shares.

11.4 After the applicable Initial Offer Period closes, the subscription price for Shares is calculated by ascertaining the Net Asset Value per Share of the relevant Class referable to the relevant Dealing Day, plus any Anti-Dilution Levy (if applicable) or duties and charges, subject to any Performance Fee adjustment as referenced in 13.7. The Net Asset Value per Share will be determined by means of the method of valuation of assets and liabilities described in the sections of the Prospectus headed **Calculation of Net Asset Value** and **Valuation of Assets.**

12 HOW TO REDEEM SHARES

12.1 Requests for the sale of Shares should be submitted to the Administrator in accordance with the provisions set out in the Prospectus on or prior to the Dealing Deadline. Requests received on or prior to a Dealing Deadline will normally be dealt with on the relevant Dealing Day.

12.2 The Directors or the Administrator may decline to effect a redemption request which would have the effect of reducing the value of any holding of Shares relating to any Fund below the Minimum Shareholding for that Class of Shares of that Fund. Any redemption request having such an effect may be treated by the ICAV as a request to redeem the Shareholder’s entire holding of that Class of Shares.

12.3 The redemption price per Share is based on the Net Asset Value per Share in the relevant Class referable to the relevant Dealing Day. The Net Asset Value will be determined in accordance with the method of valuation of assets and liabilities described in the section of the Prospectus headed **Calculation of Net Asset Value** and **Valuation of Assets.**

12.4 No redemption payment may be made to a Shareholder until all supporting documentation required by the Administrator, including any document in connection with the AML Legislation or other requirements and any documentation deemed necessary for regulatory or taxation purposes and/or any anti-money laundering procedures have been completed, sent to and received by the Administrator.

12.5 Requests for the redemption of Shares should be made in accordance with the provisions set out in the section entitled **Redemption of Shares** in the Prospectus.

13 FEES AND EXPENSES

The following section on fees and expenses should be read in conjunction with the section entitled **Fees and Expenses** in the Prospectus.

13.1 Manager

13.1.1 The Manager shall be paid a fee out of the assets of the Fund, calculated and accrued on each Dealing Day and payable monthly in arrears, of an amount up to 0.05% of the Net Asset Value of the Fund (plus VAT, if any), subject to a monthly minimum fee up to €6,000 (plus VAT, if any) (the **Management Fee**).

13.1.2 The Manager shall also be entitled to be reimbursed for its reasonable out-of-pocket expenses, payable out of the assets of the Fund (with value added tax thereon, if applicable).

13.2 Administrator

13.2.1 The Administrator shall be entitled to receive out of the assets of the Fund (with value added tax thereon, if applicable) an annual fee of up to 0.06% of the Net Asset Value of the Fund, subject to a minimum fee of USD3,500 per month. Such fees will accrue on each Dealing Day and be payable monthly in arrears.

13.2.2 The Administrator is also entitled to be repaid all of its reasonable agreed upon transaction and other charges (which will be at normal commercial rates) and other reasonable out-of-pocket expenses, payable out of the assets of the Fund (with value added tax thereon, if applicable).

13.3 Depositary

13.3.1 The Depositary shall be entitled to receive out of the assets of the Fund (with value added tax thereon, if applicable) an annual fee of up to 0.02% of the Net Asset Value of the Fund, subject to a minimum fee of USD1,500 per month. Such fees will accrue on each Dealing Day and be payable monthly in arrears.

13.3.2 The Depositary will also be entitled to be reimbursed for its reasonable out-of-pocket expenses, and transaction and account costs at normal commercial rates, from the assets of the Fund. The Depositary is further entitled to be reimbursed from the assets of the Fund for any sub-custodian fees and expenses, at normal commercial rates.

13.4 **Investment Management Fee**

13.4.1 The Investment Manager shall be paid a fee in respect of each Share Class at an annual rate as set out in section 9.1 above (plus VAT thereon, if any) out of the assets of the Fund, calculated and accrued on each Dealing Day and payable monthly in arrears (the **Investment Management Fee**). The Investment Manager may, from time to time at its sole discretion, waive any or all of its fees in respect of any particular payment period, provided that Shareholders in the same Share Classes are treated equally and all Shareholders are treated fairly. The Investment Manager may also, from time to time at its sole discretion and out of the Investment Manager's own resources, reimburse the Fund for certain operating expenses.

13.4.2 The Investment Manager shall also be entitled to be reimbursed out of the assets of the Fund for reasonable out of pocket costs and expenses incurred by the Investment Manager in the performance of its duties (plus VAT thereon, if any).

13.4.3 The Sub-Investment Manager shall be entitled to receive from the ICAV such portion of the Investment Management Fees payable out of the assets of the Fund to the Investment Manager as may be agreed with the Investment Manager from time to time and notified to the ICAV. The Sub-Investment Manager shall also be entitled to be reimbursed out of the assets of the Fund for all reasonable out of pocket expenses incurred by the Sub-Investment Manager in the performance of its duties (plus VAT thereon, if any).

13.4.4 The Investment Manager and/or the Sub-Investment Manager may from time to time and in their sole discretion and out of their own resources decide to pay rebates/retrocessions out of the fees they each receive. The holders of the same Classes of Shares will be treated fairly.

13.5 **Performance Fee**

13.5.1 The Investment Manager will be entitled to receive out of the assets of the Fund a performance fee in respect of each Share Class (the **Performance Fee**). The Sub-Investment Manager shall be entitled to receive from the ICAV such portion of the Performance Fee payable to the Investment Manager as may be agreed with the Investment Manager from time to time and notified to the ICAV.

13.5.2 **Where a Performance Fee is payable out of the Fund it shall be calculated on the increase in the Net Asset Value per Share at the end of the relevant Performance Period. Included in that calculation shall be net realised and unrealised capital gains plus net realised and unrealised capital losses as at the end of the Performance Period and as a result Performance Fees may be paid on unrealised gains which may subsequently never be realised.**

13.5.3 The Performance Fee will be calculated and be taken into account in the calculation of the Net Asset Value per Share as at the Valuation Point in respect of each Dealing Day.

13.5.4 The Performance Fee will be calculated and accrued on each Dealing Day and payable annually in arrears. The calculation of the Performance Fee will be verified by the Depositary and is not open to the possibility of manipulation.

13.5.5 The Performance Fee will be calculated net of all costs but can be calculated without deducting the performance fee itself, provided that in doing so it is in the investors' best interests.

13.5.6 The **Performance Period** for each Share Class shall commence on 1 January in each year and will end on 31 December in that year. The initial Performance Period of a Share Class in its Initial Offer Period will commence from the Business Day following the close of its Initial Offer Period and will end on 31 December of the following year and thereafter the Performance Period in respect of each Share Class will commence on 1 January and end on 31 December each year.

13.5.7 If a Share is redeemed during the Performance Period, a separate Performance Fee, which shall be the Performance Fee accrued up to that Dealing Day, for that Share will be calculated by the Administrator and verified by the Depositary and become immediately payable as if the Dealing Day on which that Share is redeemed were the end of the Performance Period. Following the redemption of a Share and payment of the separate Performance Fee, a Shareholder will not be liable for payment of any further Performance Fee in respect of the redeemed Share during the Performance Period in which the relevant Share is redeemed.

13.5.8 In accordance with the requirements of the Central Bank, no Performance Fee is accrued/paid until the Net Asset Value per Share exceeds the previous highest Net Asset Value per Share on which the Performance Fee was paid/accrued in accordance with the above (or the Initial Offer Price, if higher) and the Performance Fee is only payable/paid on the increase and calculated accordingly.

13.5.9 Performance fees are only payable by the Fund on achieving a new high Net Asset Value over the life of the relevant Share Class.

13.5.10 The Performance Fee will normally be paid to the Investment Manager within 14 calendar days of the end of the Performance Period, or the Dealing Day on which a Share is redeemed, as applicable.

13.5.11 For each Performance Period, the Investment Manager shall be entitled to receive a Performance Fee out of the assets attributable to each Share Class at the rate set out in section 10.1 above, calculated on the amount by which the Net Asset Value of the Share Class exceeds the High Watermark or the Base Adjusted High Watermark (as defined below) (plus VAT, if any).

13.6 **Performance Fee for Class A Shares**

13.6.1 **No Performance Fee Equalisation for Class A Shares**

13.6.2 No equalisation adjustments will be made in respect of the Performance Fee attributed to an individual Shareholder's holding of Class A Shares. Therefore, the same Performance Fee will apply in respect of each Class A Share and will not be dependent on when the Shareholder acquired it within a Performance Period, or the actual gains obtained by such Shareholder. As a result, certain inequities could result to the Shareholder or to the Investment Manager, including amongst other things that a Shareholder may contribute to Performance Fees in respect of gains which it has not benefited from. Potential investors and the Shareholders should fully understand the Performance Fee methodology and the differences between the calculation methodology for Class A Shares and the calculation methodology for Class B Shares when considering an investment in the Fund.

13.6.3 The **Base Adjusted High Watermark** is the greater of the Initial Offer Price and the highest Net Asset Value on which a Performance Fee (other than a Performance Fee Redemption, as defined below) was paid per Share of that Class achieved as at the end of any previous Performance Period (if any) during which Shares of such Class were in issue, adjusted for subscriptions into and redemptions from the Class during the course of the Performance Period.

13.6.4 For the first Performance Period, the **High Watermark** for Class A Shares is the greater of the Initial Offer Price and the Base Adjusted High Watermark.

13.6.5 If the Net Asset Value per Share of the Class A Shares at the end of the first Performance Period exceeds the High Watermark, a Performance Fee is payable. For each subsequent Performance Period for Class A Shares, the **High Watermark** is the greater of the reported, final Net Asset Value per Share of the Class A Shares at the end of the previous Performance Period for which a Performance Fee was payable and the Base Adjusted High Watermark for the Class A Shares.

13.6.6 If the Net Asset Value per Share of the Class A Shares at the end of a Performance Period is lower than the High Watermark, no Performance Fee is payable. In this case, the High Watermark for the next Performance Period is the High Watermark for the previous Performance Period being the previous Performance Period for which a Performance Fee was payable.

13.6.7 When a Performance Fee is payable on Class A Shares, it is calculated as the Net Asset Value per Share of the Class A Shares less the greater of the High Watermark and the Base Adjusted High Watermark, multiplied by the Performance Fee rate for the relevant Class A Shares set out above, multiplied by the number of Class A Shares in issue at the end of the Performance Period. The number of Class A Shares in issue at the end of the Performance Period shall be deemed to include Class A Shares which fall to be redeemed and exclude Class A Shares which fall to be issued as at the end of the Performance Period.

13.6.8 ***Class A Shares Worked Examples***

The following scenarios are intended as an aid to understanding how the Performance Fee will work in practice and cover the impact of fluctuations within two consecutive Performance Periods. These examples are not a representation of the actual performance of the Fund. In the examples below, four Valuation Points occur in each of the illustrated Performance Periods, however, please be aware that in practice, the Fund is valued on each Dealing Day, and so there would be more than four Valuation Points in a Performance Period.

Performance Period 1

Performance fee: 20%	**Valuation Point 1**	**Valuation Point 2**	**Valuation Point 3**	**Valuation Point 4**
HWM	100	100	100	100
Base Adjusted HWM	100	100	100	97.5
Ending GAV	100	110	95	105
Fee Paid	0	2	0	1

Ending NAV	100	108	95	104
Investor A	Subscription 100,000 shares			
Investor B			Subscription 100,000 shares	

Performance Period 2

Performance fee: 15%	Valuation Point 5	Valuation Point 6	Valuation Point 7	Valuation Point 8
HWM	104	104	104	104
Base Adjusted HWM	104	105.6	105.6	106.4
Ending GAV	110	115	105	110
Fee Paid	1.2	1.88	0	0.72
Ending NAV	108.8	113.12	105	109.28
Investor A	Subscription 100,000 shares			
Investor B		Redemption 100,000 shares		

13.7 **Performance Fee for Class B Shares**

13.7.1 **Performance Fee Equalisation for Class B Shares**

13.7.2 For Class B Shares, the Performance Fee is calculated on a Share by Share basis so that each Class B Share is effectively charged a Performance Fee that equates precisely with that Share's performance. This method of calculation ensures that: (i) all Shareholders have the same amount of capital at risk per share in the Fund and (ii) all Class B Shares within the same Share Class have the same Net Asset Value.

13.7.3 If an investor subscribes for Class B Shares at a time when the Net Asset Value per Share of the relevant Class B Shares is not equal to the High Watermark for the relevant Performance Period in respect of those Class B Shares, certain adjustments will be made to reduce inequities that could otherwise result to the Shareholder or to the Investment Manager.

(a) If Class B Shares are subscribed for at a time when the Net Asset Value per Share of the relevant Class B Shares is less than the applicable High Watermark in respect of those

Class B Shares, the Shareholder will be required to pay a Performance Fee with respect to any subsequent appreciation in the value of those Class B Shares. With respect to any appreciation in the value of those Class B Shares from the Net Asset Value per Share at the date of subscription up to the applicable High Watermark, the Performance Fee will be charged at the end of each Performance Period by redeeming at Net Asset Value per Share, such number of Class B Shares held by the Shareholder as have an aggregate Net Asset Value (after accrual for any Performance Fees) equal to the relevant Class B Shares performance fee percentage as noted in table 10.1 of any such appreciation of the Class B Shares (a **Performance Fee Redemption**) having taken into account any previous Performance Fee Redemptions in respect of those Class B Shares. The aggregate Net Asset Value of the Class B Shares so redeemed will be paid to the Investment Manager as a Performance Fee. Performance Fee Redemptions are employed to ensure that the Fund maintains a uniform Net Asset Value per Share in each of the Class B Shares. Regarding any appreciation in the Net Asset Value per Share of those Class B Shares above the applicable High Watermark, a Performance Fee will be charged in the normal manner described above.

In the case of Class B Shares redeemed during a Performance Period, an amount equal to the Performance Fee, if any, in respect of such Class B Shares will be deducted from the redemption proceeds and will be paid to the Investment Manager. In the event of a partial redemption of a holder’s Class B Shares, Class B Shares will be treated as redeemed on a first in, first out basis for the purpose of calculating the Performance Fee. The Performance Fee in respect of those Class B Shares will normally be paid to the Investment Manager within 14 calendar days of the date of redemption. Any Class B Shares redeemed on the last Dealing Day of a Performance Period shall be deemed to have been redeemed immediately following the Performance Fee Redemption, if any i.e., the Performance Fee, if any, for Class B Shares redeemed on the last Dealing Day of a Performance Period shall be paid via a Performance Fee Redemption as opposed to being deducted from the redemption proceeds.

(b) If Class B Shares are subscribed for at a time when the Net Asset Value per Share in the relevant Class B Shares is greater than the applicable High Watermark in respect of those Class B Shares, the Shareholder will, at the time of their subscription, pay in addition to the subscription price based on the Net Asset Value per Share, an equalisation credit equal to the relevant Class B Shares performance fee percentage as noted in table 10.1 of the difference between the then current Net Asset Value per Share (i.e. before accrual of the Performance Fee) and the applicable High Watermark (the **Equalisation Credit**). At the date of subscription, the Equalisation Credit will equal the Performance Fee per Class B Share accrued with respect to the other Class B Shares in the Fund (the **Maximum Equalisation Credit**). The Equalisation Credit is payable to account for the fact that the Net Asset Value per Share of the relevant Class B Shares has been reduced to reflect an accrued Performance Fee to be borne by existing Shareholders in the relevant Class B Shares and serves as a credit against Performance Fees that might otherwise be payable but that should not, in equity, be charged against the Shareholder making the subscription because, as to such Class B Shares, no favourable performance has yet occurred. The Equalisation Credit seeks to ensure that all Shareholders in the same Class B Shares have the same amount of capital at risk per Share.

The additional amount invested as the Equalisation Credit will be at risk in the Fund and will therefore appreciate or depreciate based on the performance of the Fund subsequent to the issue of the relevant Class B Shares but will never exceed the Maximum Equalisation Credit. In the event of a decline as at any Valuation Point in the Net Asset Value per Share in the relevant Class B Shares, to as low as its respective High

Watermark, the Equalisation Credit will also be reduced by an amount equal to the relevant Class B Shares performance fee percentage as noted in table 10.1 of the difference between the Net Asset Value per Share (i.e., before accrual for the Performance Fee) at the date of issue and the Net Asset Value per Share as at that Valuation Point. Should the Net Asset Value per Share of the relevant Class B Shares fall below the relevant High Watermark, the Equalisation Credit would fall to zero. Any subsequent appreciation of the Net Asset Value per Share in the relevant Class B Shares above its High Watermark will result in the recapture of any reduction in the Equalisation Credit but only to the extent of the previously reduced Equalisation Credit up to the Maximum Equalisation Credit.

At the end of each Performance Period, if the Net Asset Value per Share (i.e., before accrual for the Performance Fee) exceeds the relevant prior High Watermark in respect of the relevant Class B Shares, that portion of the Equalisation Credit equal to the relevant Class B Shares performance fee percentage as noted in table 10.1 of the excess, multiplied by the number of Class B Shares subscribed for by the Shareholder, will be applied to subscribe for additional Class B Shares for the Shareholder. Additional Class B Shares will continue to be so subscribed for at the end of each Performance Period until the Equalisation Credit, as it may have appreciated or depreciated in the Fund after the original subscription for Class B Shares was made, has been fully applied. If the Shareholder redeems Class B Shares before the Equalisation Credit has been fully applied, the Shareholder will receive additional redemption proceeds equal to the Equalisation Credit then remaining multiplied by a fraction, the numerator of which is the number of Class B Shares being redeemed and the denominator of which is the number of Class B Shares held by the Shareholder immediately prior to the redemption in respect of which an Equalisation Credit was paid on subscription.

Any Class B Shares redeemed on the last Dealing Day of a Performance Period shall be deemed to have been redeemed immediately following the receipt of the Equalisation Credit, if any, in subscription for Class B Shares i.e., the redemption proceeds shall not be increased by the Equalisation Credit, rather the Shareholder shall receive additional Class B Shares in the Fund in full application of the Equalisation Credit, if any, prior to any redemption.

13.7.4 For the first Performance Period, the **High Watermark** for Class B Shares is the Initial Offer Price.

13.7.5 If the Net Asset Value per Share of the Class B Shares at the end of the first Performance Period exceeds the High Watermark, a Performance Fee is payable. For each subsequent Performance Period for Class B Shares, the **High Watermark** is the reported, final Net Asset Value per Share of the Class B Shares at the end of the previous Performance Period for which a Performance Fee was payable.

13.7.6 If the Net Asset Value per Share of the Class B Shares at the end of a Performance Period is lower than the High Watermark, no Performance Fee is payable. In this case, the High Watermark for the next Performance Period is the High Watermark for the previous Performance Period being the previous Performance Period for which a Performance Fee was payable.

13.7.7 When a Performance Fee is payable on Class B Shares, it is calculated as the Net Asset Value per Share of the Class B Shares less the High Watermark multiplied by the Performance Fee rate for the relevant Class B Shares set out above, multiplied by the number of Class B Shares in issue at the end of the Performance Period. The number of Class B Shares in issue at the end of the Performance Period shall be deemed to include Class B Shares which fall to be redeemed and exclude Class B Shares which fall to be issued as at the end of the Performance Period.

13.7.8 **Class B Shares Worked Examples**

The following scenarios are intended as an aid to understanding how the Performance Fee will work in practice.

Class B Shares

Example based on Founder Class B (EUR (Hedged)) with a Performance Fee of 10%	**Initial Offer Price**	**End of Year 1**	**End of Year 2**	**End of Year 3**
NAV per Share at end of year before performance fees	€100.00	€106.00	€102.00	€111.00
Investor A subscribes during the Initial Offer Period	Pays €100 per share	Pays performance fee of (€106 - €100) *10% = €0.60 per share. High Watermark is now €105.4	Performance below High Watermark. No performance fee paid.	Pays performance fee of (€111 - €105.4) *10% = €0.56 per Share
Investor B subscribes during Year 2 at €101 per Share	-	-	Performance fee paid of (€102 - €101) *10% = €0.10 per share by deduction of shares. Investor B's starting point for Year 3 will be €102.	Pays performance fee of (€105.4 - €102) *10% = €0.34 per share by deduction of shares to reach the High Watermark. Pays balance of performance fee in the same way as Investor A.
Investor C subscribes during Year 3 at €107 per share plus equalisation credit of (€107- €105.4) *0.10%=€0.16 per Share	-	-	-	Equalisation credit of €0.16 per share applied in the issue of additional shares to Investor C. Performance fee paid of (€111 - €107)

				*10% = €0.40 per share.
NAV per Share after performance fees	-	€105.4 (new High Watermark)	€102 (Class High Watermark remains €105.4)	€110.44 (new High Watermark for all investors)

13.8 **Establishments Costs**

13.8.1 The Fund may also incur a portion of the original set up costs of the ICAV as provided for in the Prospectus.

13.8.2 This section should be read in conjunction with the establishment costs and expenses section headed **Fees and Expenses** in the Prospectus

14 **MISCELLANEOUS**

As at the date of this Supplement, there is one other sub-fund of the ICAV in existence, namely Catalyst International Convertible Securities Fund.