

**ETPCAP2 DESIGNATED ACTIVITY COMPANY**

**SERIES MEMORANDUM**

**INSTITUTIONAL GLOBAL MACRO (SERIES 542) NOTES DUE 2044**

**ISSUED UNDER ITS ETPCAP PROGRAMME**

**DATED 31 OCTOBER 2024**

## TABLE OF CONTENTS

1	GENERAL .....	1
2	DOCUMENTS INCORPORATED BY REFERENCE.....	7
3	RISK FACTORS.....	7
4	CONDITIONS OF THE NOTES.....	26
5	SPECIAL CONDITIONS OF THE NOTES .....	33
6	USE OF PROCEEDS .....	52
7	INFORMATION RELATING TO THE CHARGED ASSETS .....	52
8	DESCRIPTION OF THE ACCOUNTS .....	53
9	DESCRIPTION OF THE SECURITY ARRANGEMENTS IN RESPECT OF THE NOTES.....	58
10	INFORMATION RELATING TO THE PORTFOLIO MANAGEMENT AGREEMENT	62
11	INFORMATION RELATING TO THE PROGRAMME COORDINATOR AND CALCULATION AGENT .....	63
12	INFORMATION RELATING TO THE BACK OFFICE AGENT, BROKER DEALER OF RECORD AND CHARGED ASSETS REALISATION AGENT .....	64
13	INFORMATION RELATING TO THE ISSUER.....	67
14	INFORMATION RELATING TO THE TRUSTEE .....	68
15	ISSUANCE PROCESS AND SELLING RESTRICTIONS .....	69
16	GENERAL INFORMATION.....	71

## 1 GENERAL

This Series Memorandum (as used herein, this “**Series Memorandum**”) is prepared in connection with the EUR 5,000,000,000 secured note programme (the “**ETPCAP Programme**”) of ETPCAP2 Designated Activity Company (the “**Issuer**”) and is issued in conjunction with, and incorporates by reference the contents of, the Programme Memorandum dated 5 November 2018 relating to the ETPCAP Programme (the “**Programme Memorandum**”).

Neither this Series Memorandum nor the Programme Memorandum constitutes a prospectus for the purposes of Regulation 2017/1129/EU (the “**Prospectus Regulation**”) or the version of the Prospectus Regulation that forms part of domestic law of the United Kingdom of Great Britain and Northern Ireland (“**UK**”) by virtue of the European Union (Withdrawal) Act 2018 (the “**UK Prospectus Regulation**”).

This document should be read in conjunction with the Programme Memorandum and the Master Conditions (November 2018 Edition). Save where the context otherwise requires, terms defined in the Programme Memorandum have the same meaning when used in this Series Memorandum. Recipients of this Series Memorandum who intend to subscribe for or purchase any Notes are reminded that any subscription or purchase may only be made on the basis of the information contained in this Series Memorandum and the Programme Memorandum.

Subject as set out below the Issuer accepts responsibility for the information contained in this Series Memorandum other than the information in sections:

1. Description of the Securities Account and IB Master Account that relates to the Securities Account Provider;
2. Information relating to the Portfolio Management Agreement;
3. Information relating to the Programme Coordinator and Calculation Agent; and
4. Information relating to the Back Office Agent, Broker Dealer of Record and Charged Assets Realisation Agent.

To the best of the knowledge and belief of the Issuer (which has taken all reasonable care to ensure that such is the case), such information for which it accepts responsibility contained in this Series Memorandum is in accordance with the facts and does not omit anything likely to affect the import of such information. The Issuer confirms that the information in the sections referred to in 1. to 4. above has been accurately reproduced from information provided by (a) the Securities Account Provider, (b) the Portfolio Manager, (c) the Programme Coordinator and Calculation Agent and (d) the Back Office Agent, Broker Dealer of Record and Charged Assets Realisation Agent, respectively, and as far as the Issuer is able to ascertain, no facts have been omitted which would render the reproduced information inaccurate or misleading.

This Series Memorandum does not constitute, and may not be used for the purposes of, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation, and no action is being taken to permit an offering of the Notes or the distribution of this Series Memorandum in any jurisdiction where such action is required.

No person is or has been authorised by the Issuer to give any information or to make any representation not contained or not consistent with this Series Memorandum or Programme Memorandum in connection with the issue or sale of the Notes. If given or made, such

information or representation must not be relied upon as having been authorised by the Issuer, the Programme Coordinator, the Trustee or any of them or any other person. Such information or representation could potentially be misleading in a material respect and should not be relied upon for the purposes of any assessment of whether to invest in the Notes.

Neither the delivery of this Series Memorandum or the Programme Memorandum nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer since the date hereof.

The Trustee has not independently verified the information contained herein. Accordingly, no representation, warranty or undertaking is made, whether express or implied, and no responsibility or liability is accepted by the Trustee as to the accuracy, completeness or nature of the information contained in this Series Memorandum, the Programme Memorandum or with respect to the legality of an investment in the Notes by any prospective investor or purchaser under applicable laws or investment restrictions or similar laws or regulations.

Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of the provisions set out within this Series Memorandum and the Programme Memorandum.

**The Notes, which are described in this Series Memorandum, have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the “Securities Act”) or the securities laws of any of the States of the United States. Accordingly, the Notes are being offered and sold only in bearer form pursuant to the exemption afforded by Regulation S promulgated under the Securities Act solely outside of the United States and solely to non-US persons and in specific reliance upon the representations by each Noteholder that (1) at the time of the offer and sale of the Notes to the Noteholder, the Noteholder was not a US Person as defined in Regulation S promulgated under the Securities Act, and (2) at the time of the offer and sale of the Notes to the Noteholder and, as of the date of the execution and delivery of the purchasing or subscription agreement by the Noteholder (if any) or any intermediary, the Noteholder was outside of the United States. The Notes may not be offered or sold in the United States or to US Persons (as defined in Regulation S) unless the Notes are registered under the Securities Act, or an exemption from the registration requirements of the Securities Act is available. The Notes are subject to certain United States tax law requirements.**

In relation to each Member State of the European Economic Area (“EEA”) where the Prospectus Regulation applies (each, a “**Relevant Member State**”), or the UK, where the UK Prospectus Regulation applies, an offer of Notes to the public has not and may not be made in that Relevant Member State or in the UK. Without limitation of the foregoing, if Notes are offered in any Relevant Member State or in the UK, any such offer can only be made to investors who acquire Notes for a total consideration of at least €100,000 per investor for each separate offer (or, if the Notes are denominated in a currency other than Euro, the equivalent of €100,000 in such other currency).

## **IMPORTANT – EEA RETAIL INVESTORS**

The Notes may not be offered, sold or otherwise made available to any retail investor within the EEA.

For these purposes, a retail investor means a person who is one (or more) of:

- a) a "retail client" as defined in point (11) of Article 4(1) of Directive 2014/65/EU, as amended ("**MiFID II**"); or
- b) a customer within the meaning of Directive (EU) 2016/97 (as amended), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.

Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

### **IMPORTANT – UK RETAIL INVESTORS**

The Notes may not be offered, sold or otherwise made available to any retail investor within the UK.

For these purposes, a retail investor means a person who is one (or more) of:

- a) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**EUWA**"); or
- b) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 ("**FSMA**") and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA.

Consequently, no key information document required by the PRIIPS Regulation as it forms part of domestic law by virtue of the EUWA (the "**UK PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the United Kingdom may be unlawful under the UK PRIIPs Regulation.

In this Series Memorandum any reference to any EU directive, EU regulation, EU decision, EU tertiary legislation or provision of the EEA agreement (an "**EU Matter**") which forms part of UK domestic law by application of the EUWA shall be read as including a reference to that EU Matter as it forms (by virtue of the EUWA) part of UK domestic law and as modified by UK domestic law from time to time. For the purposes of this paragraph, (i) "domestic law" shall have the meaning given in the EUWA; and (ii) any other words and expressions shall, unless the context otherwise provides, have the meanings given in the EUWA.

The Notes are illiquid investments, the purchase of which involves substantial risks. Any investor investing in the Notes should fully consider, understand and appreciate those risks.

### **Public Offering**

No action has been taken in any jurisdiction that would permit a public offering of any of the

Notes, or possession or distribution of the Programme Memorandum, this Series Memorandum or any part thereof or any other offering material, in any country or jurisdiction where action for that purpose is required.

**NO OFFER, SALE OR DELIVERY OF THE NOTES, OR DISTRIBUTION OR PUBLICATION OF ANY OFFERING MATERIAL RELATING TO THE NOTES, MAY BE MADE IN OR FROM ANY JURISDICTION EXCEPT IN CIRCUMSTANCES WHICH WILL RESULT IN COMPLIANCE WITH ANY APPLICABLE LAWS AND REGULATIONS. ANY OFFER OR SALE OF THE NOTES SHALL COMPLY WITH THE SELLING RESTRICTIONS AS SET OUT IN THIS SERIES MEMORANDUM AND THE PROGRAMME MEMORANDUM AND ALL APPLICABLE LAWS AND REGULATIONS.**

Purchasers of Notes should conduct such independent investigation and analysis regarding the Issuer, the Portfolio Manager, the Charged Assets and the Notes as they deem appropriate to evaluate the merits and risks of an investment in the Notes, as the Notes described in this Series Memorandum may not be suitable for all purchasers of Notes. Purchasers of Notes should have sufficient knowledge and experience in financial, taxation, accounting, capital treatment and business matters, and access to, and knowledge of, appropriate analytical resources, to evaluate the information contained in this Series Memorandum and the Programme Memorandum and the merits and risks of investing in the Notes in the context of their financial and regulatory position and circumstances. This Series Memorandum and the Programme Memorandum do not describe all of the risks and investment considerations applicable to an investment in the Notes. The risks and investment considerations identified in this Series Memorandum and the Programme Memorandum are provided as general information only and the Issuer disclaims any responsibility to advise purchasers of Notes of the risks and investment considerations associated with the purchase of the Notes as they may exist at the date hereof or as they may from time to time alter.

**PARTICULAR ATTENTION IS DRAWN TO THE SECTION OF THIS SERIES MEMORANDUM HEADED "RISK FACTORS".**

## **IMPORTANT INFORMATION**

### **INVESTOR ACKNOWLEDGEMENTS, CONFIRMATIONS, REPRESENTATIONS AND UNDERTAKINGS**

Persons acquiring the Notes will be deemed to provide the confirmations, representations, acknowledgements and undertakings to the Issuer as set out below. Persons acquiring the Notes should carefully review the following information before deciding whether to purchase the Notes. In particular, they should ensure that they are satisfied with the terms of the acknowledgements, confirmations, representations and undertakings which they will be deemed to have provided by purchasing the Notes.

#### **Product Information**

Full information on the Issuer, the ETPCAP Programme and the Notes is only available on the basis of the combination of the provisions set out in the Programme Memorandum and this Series Memorandum.

#### *Investor Confirmation and Representation*

Each investor acquiring the Notes shall be deemed to have confirmed and represented to the Issuer that:

1. they have the knowledge and experience in financial and business matters necessary

to enable them to evaluate the information contained in the Programme Memorandum and the Series Memorandum and the merits and risks of an investment in the Notes in the context of their own financial circumstances and investment objectives;

2. they have conducted such independent investigation and analysis regarding the Issuer, the ETPCAP Programme, the Charged Assets and the Notes and such market and economic factors as they deem appropriate to evaluate the merits and risks of an investment in the Notes;
3. they have read and understand the detailed information set out, and incorporated, in the Programme Memorandum and the Series Memorandum prior to making any investment decision, including, without limitation, the risk factors in relation to the Notes contained in the Programme Memorandum and the Series Memorandum; and
4. their decision to purchase the Notes has been made based upon their independent investigations and they acknowledge that none of the Issuer, the Programme Coordinator, the Charged Assets Realisation Agent, the Trustee, the Issue Agent and Principal Paying Agent, the Back Office Agent or any other Agent nor any affiliate of any of them or other person on their behalf has made any investigation of, or has made any representation or warranty, express or implied, as to the merits, suitability or appropriateness of their purchase of the Notes.

### **Selling Restrictions**

There are restrictions on the offer or sale of Notes and on the distribution of the offering materials (including the Programme Memorandum and this Series Memorandum) (the “**Selling Restrictions**”). See further the section of the Programme Memorandum entitled “Subscription and Sale” and the section in this Series Memorandum entitled “Issuance Process and Selling Restrictions”.

Purchasers should be aware that the Back Office Agent does not conduct any due diligence on, nor establish the suitability requirements of any investors in the Notes.

#### *Investor Acknowledgement, Confirmation, Representation and Undertaking*

Each investor acquiring the Notes shall be deemed to have acknowledged, confirmed, represented, and undertaken to the Issuer that:

1. they are a person by whom the Notes may be lawfully purchased in accordance with the Selling Restrictions and the laws of the jurisdiction in which they are located;
2. they will comply with the Selling Restrictions and all laws, rules, regulations and directives in any jurisdiction in which they sell the Notes;
3. the Notes have not been and will not be registered under the United States Securities Act of 1933 (the “**Securities Act**”) and may not be offered or sold within the United States or to or for the account or benefit of a U.S. person as defined in Regulation S (under the Securities Act (“**Regulation S**”));
4. the Notes may be not offered, sold or otherwise made available to any investor otherwise than in compliance with the Selling Restrictions;
5. In relation to each Member State of the European Economic Area (“**EEA**”) or the United Kingdom of Great Britain and Northern Ireland (the “**UK**”) where the

Prospectus Regulation applies (each, a “**Relevant Member State**”) and, in respect of the UK, the UK version of the Prospectus Regulation which took effect at 11.00pm on 31 December 2020 pursuant to the European Union (Withdrawal) Act 2018, an offer of Notes to the public has not and may not be made in that Relevant Member State. Without limiting the foregoing, if Notes are offered in any Relevant Member State, any such offer may only be addressed to investors who acquire Notes for a total consideration of at least €100,000 per investor, for each separate offer (or, if the Notes are denominated in a currency other than Euro, the equivalent of €100,000 in such other currency);

6. the Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor within the EEA. For these purposes, a retail investor means a person who is one (or more) of:
  - a) a “retail client” as defined in point (11) of Article 4(1) of Directive 2014/65/EU, as amended (“**MiFID II**”);
  - b) a customer within the meaning of Directive (EU) 2016/97 (as amended), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or
  - c) not a qualified investor as defined in the Prospectus Regulation.

Consequently, no key information document required by the PRIIPs Regulation for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

7. the Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the UK. For these purposes, a retail investor means a person who is one (or more) of:
  - a) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the EUWA;
  - b) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (“**FSMA**”) and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or
  - c) not a qualified investor as defined in the Prospectus Regulation as it forms part of domestic law by virtue of the EUWA.

Consequently, no key information document required by the PRIIPs Regulation as it forms part of domestic law by virtue of the EUWA (the “**UK PRIIPs Regulation**”) for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the United Kingdom may be unlawful under the UK PRIIPs Regulation; and

8. no action has been taken in any jurisdiction that would permit a public offering of any Notes, or possession or distribution of the Programme Memorandum and or the

Series Memorandum or any other offering material, in any country or jurisdiction where action for that purpose is required.

## **2 DOCUMENTS INCORPORATED BY REFERENCE**

The Programme Memorandum is incorporated in, and shall be taken to form part of this Series Memorandum. This Series Memorandum must be read and construed in conjunction with the Programme Memorandum and shall be deemed to modify and supersede the contents of such document to the extent that a statement contained herein is inconsistent with such contents.

Any references to the “Arranger” in the Master Documents, including the Master Definitions, Master Conditions, Master Trust Terms, Master Arrangement Terms, Master Agency Terms, Master Placing Terms, Master Broker Dealer of Record Terms, Master Portfolio Management Terms, and each Series Document, including the Constituting Instrument, the Trust Deed, the Arrangement Agreement, the Agency Agreement, the Placing Agreement, the Broker Dealer of Record Agreement and the Portfolio Management Agreement (including any requirement to appoint an Arranger in respect of the Series, if applicable) shall be construed as references to the Programme Coordinator and all rights, duties and obligations applicable to the Arranger as set out therein shall apply to the Programme Coordinator. Any references to the “Placing Agent” in the Master Documents including the Master Definitions, Master Conditions, Master Trust Terms, Master Arrangement Terms and Master Placing Terms, and each Series Document, including the Constituting Instrument, the Trust Deed, the Arrangement Agreement and the Placing Agreement (including any requirement to appoint a Placing Agent in respect of the Series, if applicable) shall be construed as references to the Back Office Agent and all rights, duties and obligations applicable to the Placing Agent as set out therein shall apply to the Back Office Agent.

## **3 RISK FACTORS**

### **3.1 General**

The purchase of the Notes involves substantial risks. Each prospective purchaser of the Notes should be familiar with instruments having characteristics similar to the Notes and should fully understand the terms of the Notes and the nature and extent of its exposure to risk of loss.

**The Programme Memorandum also contains further paragraphs headed “Risk Factors” and they should be considered by prospective investors in conjunction with the risk factors set out below before making any investment decisions with respect to the Notes.**

Before making an investment decision prospective purchasers of the Notes should conduct such independent investigation and analysis regarding the Issuer, the Portfolio Manager, the Charged Assets, the Notes and all other relevant persons and such market and economic factors as they deem appropriate to evaluate the merits and risks of an investment in the Notes. As part of such independent investigation and analysis, prospective purchasers of Notes should consider carefully all the information set forth in this Series Memorandum and in the Programme Memorandum and the considerations set out below.

Investment in the Notes is only suitable for investors who have the knowledge and experience in financial and business matters necessary to enable them to evaluate the information contained in this Series Memorandum and in the Programme Memorandum and the merits and risks of an investment in the Notes in the context of the investor’s own financial

circumstances and investment objectives.

Investment in the Notes (or a participation therein) is only suitable for investors who:

1. are capable of bearing the economic risk of an investment in the Notes (or a participation therein) for a period up to and until the redemption of the Notes;
2. are acquiring an interest in the Notes (or a participation therein) for their own account for investment, not with a view to resale, distribution or other disposition of such interest (subject to any applicable law requiring that the disposition of the investor's property be within its control); and
3. recognise that it may not be possible to make any transfer of the Notes (or a participation therein) for a substantial period of time, if at all.

Each of the Issuer and the Programme Coordinator may, in its discretion, disregard interest shown by a prospective investor even though that investor satisfies the foregoing suitability standards.

**Each prospective investor should ensure that it fully understands the nature of the transaction into which it is entering and the nature and extent of its exposure to the risk of loss of all or a substantial part of its investment. Attention is drawn, in particular, to the Conditions in the Master Conditions (November 2018 Edition) entitled 'Security' and 'Enforcement and Limited Recourse' and the sections in this Series Memorandum entitled 'Information relating to the Portfolio Manager and the Portfolio Management Agreement' and 'Information relating to the Charged Assets'.**

### **3.2 Risks relating to the Issuer and Transaction Participants**

#### *Special purpose company*

The Issuer is a special purpose company and has been established for the purpose of issuing multiple Series of secured notes under the ETPCAP Programme. The Issuer has issued share capital only in the amount of EUR 1 (one euro). Should any unforeseen expenses or liabilities (which have not been provided for) arise, the Issuer may be unable to meet them, leading to an Event of Default under the Notes.

There is no certainty that Noteholders will recover any amounts payable under the Notes. Due to the limited recourse nature of the Notes (see 'Limited recourse' below), claims in respect of the Notes are limited to the proceeds of enforcement of the Mortgaged Property subject to the prior security interests of the Securities Account Provider and after the deduction of any applicable expenses. In addition, if a claim is brought against the Issuer (whether under statute, common law or otherwise) which is not subject to such contractual limited recourse provisions, the only assets available to meet such claim would be the proceeds of the issuance of the Issuer's ordinary shares and any profits of the Issuer generated by its participation in the ETPCAP Programme to the extent any remain as at the date of such claim and are available to meet such claim. Prospective investors should note that the Issuer is not expected to retain any significant profits from its participation in the ETPCAP Programme. The only other assets of the Issuer will be the assets on which each Series of secured notes under the ETPCAP Programme is secured, which will be subject to the prior security interests of the relevant Noteholders and any other secured parties under that Series and the prior security interests of the Securities Account Provider.

#### *Limited recourse*

The Notes will be limited recourse obligations of the Issuer secured on the Mortgaged Property (being principally comprised of the Charged Assets) and are not or will not (as the case may be) be obligations or responsibilities of, or guaranteed by, any other person or entity. **For the avoidance of doubt, none of the Trustee, the Programme Coordinator, the Portfolio Manager, any Agent appointed by the Issuer or any other person has any obligation to any Noteholder for payment of any amount by the Issuer in respect of the Notes. There is no person that guarantees to Noteholders that they will recover any amounts payable under the Notes.**

The ability of the Issuer to meet its obligations in respect of the Notes will be dependent on the receipt by the Issuer of moneys due to it under the Mortgaged Property (including the Charged Assets comprised therein). The Noteholders shall have no recourse to the Issuer beyond the moneys derived by or on behalf of the Issuer in respect of the Charged Assets. To the extent that investment by the Issuer in the Charged Assets held by the Issuer results in such investment being less than the obligations of the Issuer under the Notes, the Issuer will have insufficient funds available to meet its obligations in respect of the Notes. In such event, any shortfall would be borne by the Noteholders in accordance with the priorities specified in the Conditions. See 'Nature of the investment' below.

For the avoidance of doubt, Notes are not, and do not represent or convey any interest in the Charged Assets nor do they confer on the Noteholder any right (whether in respect of voting, dividend or other distribution) which a holder of any Charged Assets may have had. The Issuer is not an agent of the Noteholder for any purpose.

#### *Liability for the obligations of other Series*

The Issuer has undertaken not to incur any obligations with respect to any other Series of notes issued under the ETPCAP Programme unless recourse in respect of such obligations is limited to the proceeds of enforcement of the security over the assets of the Issuer on which such obligations are secured (which assets shall exclude the Mortgaged Property securing any other Series). Nevertheless, to the extent there are any creditors with respect to a Series of notes whose recourse is not so limited Noteholders may be exposed to risks incurred for the account of other Series.

#### *Regulatory Status of the Portfolio Manager*

The Portfolio Manager has represented to the Issuer that all governmental, regulatory and other registrations, authorisations, permissions, consents and qualifications, if any, that are required to have been obtained by it in all relevant jurisdictions, including without limitation, the jurisdiction of its incorporation and the jurisdiction of incorporation of the Issuer, in order to render the services for which it has been appointed, have been obtained and are in full force and effect and all conditions of any such registrations, authorisations, permissions, consents and qualifications have been and continue to be complied with. The Portfolio Manager has further represented that it will maintain such registrations, authorisations, permissions, consents and qualifications in full force and effect through the term of its appointment.

The Issuer has relied upon these representations and none of the Issuer, the Programme Coordinator, the Charged Assets Realisation Agent, the Trustee, the Issue Agent and Principal Paying Agent, the Back Office Agent or any other Agent nor any affiliate of any of them or other person on their behalf has made any independent investigation of or verified the regulatory status of the Portfolio Manager or the adequacy of its registrations, authorisations, permissions, consents and qualifications, if any.

Prospective Noteholders should review the regulatory status of the Portfolio Manager to evaluate how this could impact on the performance of the Notes for their investment

requirements and to ensure that they are willing to entrust the management of the Charged Assets to such entity.

Furthermore, if the representations given by the Portfolio Manager are or were to become incorrect and it was determined by any governmental, regulatory or other official authority that the Portfolio Manager did not hold any necessary registration, authorisation, permission, consent or qualifications to render the services for which it is appointed, its appointment would be terminated. In such an event the Issuer would attempt to appoint a replacement entity to act as Portfolio Manager. However, there can be no assurance that it would be possible to appoint a replacement and if no replacement is appointed within ninety (90) calendar days the Notes shall become subject to a mandatory redemption. To facilitate such a redemption, it would be necessary to realise the Charged Assets which could result in a loss to Noteholders if the market conditions at the time of such realisation are unfavourable.

### **3.3 Risks relating to the Notes**

#### *Nature of the investment*

These Notes are not principal protected and are a high-risk investment in the form of a debt instrument. The Noteholders are neither assured of repayment of the capital invested nor are they assured of payment of a stated rate of interest or of any interest at all. The Notes give Noteholders exposure to the Charged Assets, being comprised principally of the Issuer's rights in respect of certain securities and other financial assets that the Issuer may invest in acting through the Portfolio Manager, see 'Investment in Securities by the Portfolio Manager' below.

Any payments to be made on the Notes depend on the amounts received by the Issuer in respect of the Charged Assets. Should the Charged Assets decrease in value, Noteholders will incur a partial or total loss of their investment. Even if the Charged Assets increase in value, Noteholders may incur a partial or total loss of their investment to the extent that the appreciation of the Charged Assets is not sufficient to account for fees, costs and expenses of the Issuer.

In certain circumstances, described in the Conditions of the Notes, the Notes will be redeemed early pursuant to a Mandatory Redemption Event (including an Additional Mandatory Redemption Event), an Optional Redemption or following an Event of Default and Noteholders shall be entitled to receive only such amount as is available following the sale, redemption or other means of realisation of the Charged Assets, subject to the provisions of the Notes described under 'Limited recourse' above.

In general, redemption payments to be made on the Notes are calculated with reference to the value of the proceeds of the Charged Assets. However, if and to the extent that the amount payable by the Issuer in accordance with the Notes to the Noteholders is greater than the amount received by the Issuer in respect of the redemption of the Charged Assets, each Noteholder shall be entitled to receive only its pro rata share of such amount as is received by the Issuer under the Charged Assets after deduction of any applicable costs and expenses.

#### *Change of law, tax and administrative practice*

The structure of the transaction and, inter alia, the issue of the Notes are based on legal, tax and administrative practice in effect at the date hereof, and having due regard to the expected tax treatment of all relevant entities under such law and practice. No assurance can be given

that legal, tax or administrative practice will not change after the Issue Date or that such change will not adversely impact the structure of the transaction and the treatment of the Notes.

#### *Fees*

In addition to the fees due to the Trustee and any Agents, and any other transaction related fees incurred by the Issuer in respect of the issuance of the Notes, the amounts payable under the Notes are based on the performance of the Charged Assets after deduction of certain fees, which is further described in Special Condition 5.8 (Fees) of the Notes. The fees will be applied in calculating the value of the Portfolio and therefore will result in a reduction in the value of the Notes.

In connection with the offer and sale of the Notes, the Programme Coordinator or any of its associated companies may, directly or indirectly, pay fees in varying amounts to third parties or, as the case may be, receive fees (including but not limited to distribution fees, rebates and retrocessions) in varying amounts, including, from third parties (which may include any Transaction Participants as defined below). Each Noteholder acknowledges that the Programme Coordinator or any of its associated companies may retain all or part of such fees.

#### *Foreign exchange risk*

The Notes are denominated in US dollars. The Charged Assets may however be denominated in US dollars, euro, or any other currencies. The Issuer will effect foreign exchange transactions to convert amounts received in respect of the Charged Assets into US dollars. In order to meet its payment obligations under the Notes. In order to mitigate the foreign exchange risk the Portfolio Manager may on behalf of the Issuer enter into foreign exchange hedging transactions with such banks and other providers of treasury products ("**Derivatives Counterparties**") as may in the sole discretion of the Issuer or the Portfolio Manager be appropriate given the Charged Assets and the obligations of the Issuer under the Notes. Accordingly, the Issuer and the Noteholders may be exposed to credit risk of such Derivatives Counterparties providing foreign exchange hedging to the Issuer.

#### *Optional Redemption by the Issuer*

Investors in the Notes should be aware that the Issuer has the option at any time to redeem the Notes either in whole or in part, subject to the notice requirements set out in the Conditions. Such notice may only be revoked by the Issuer with the consent of the Trustee in accordance with the Conditions. In the case of a redemption of the Notes in whole, they shall be redeemed at their Early Redemption Amount and in case of a redemption of the Notes in part, they shall be redeemed by payment of a portion of the principal amount outstanding of each Note as specified in a notice by the Issuer.

#### *Purchase by Issuer*

Investors in the Notes should be aware that while the Issuer intends to offer weekly liquidity in the Notes by offering to purchase Notes from Noteholders at any time prior to the Maturity Date or Extended Maturity Date, the Conditions of the Notes provide that any such purchase shall be at the discretion of the Issuer or Back Office Agent and shall be subject to there being sufficient liquidity in the Charged Assets (as determined by the Calculation Agent) to fund such repurchase, as further described in Special Condition 5.5.3 (*Purchase*). Accordingly, the Notes should only be acquired by investors who are willing to hold their Notes until the Maturity Date or Extended Maturity Date, as the case may be.

#### *Restrictions on Transfer*

The Notes are subject to restrictions on transfer, as described in the 'Subscription and Sale' section of the Programme Memorandum and 'Issuance Process and Selling Restrictions' section of this Series Memorandum. In particular, the Notes have not been registered under the Securities Act, under any US state securities or 'Blue Sky' laws or under the securities laws of any other jurisdiction and are being issued and sold in reliance upon exemptions from registration provided by such laws. No Note may be sold, assigned, participated, pledged or transferred unless such sale, assignment, participation, pledge or transfer (a) is exempt from the registration requirements of the Securities Act (for example, the exemption provided by Rule 144A under the Securities Act or the exemption provided by Regulation S under the Securities Act and applicable state securities laws) and (b) is in compliance with the transfer restrictions and certification requirements described in the 'Subscription and Sale' section of the Programme Memorandum and the 'Issuance Process and Selling Restrictions' section of this Series Memorandum.

#### *Programme Coordinator default*

The Notes will be redeemed if the Programme Coordinator is dissolved or becomes unable to perform its obligations in relation to the Notes unless a substitute programme coordinator (the "**Substitute Programme Coordinator**") is appointed by the Issuer within ninety (90) days of such event.

#### *Payments*

Payments under the Notes will only be made after receipt of the Sale Proceeds by the Issuer. The date of payment of the redemption amount under the Notes is therefore not fixed. Payment of redemption amounts under the Notes depends on the realisation or liquidation of the Charged Assets. It may take a considerable period of time to redeem the Charged Assets, in particular in the case of a redemption pursuant to an Early Redemption. Noteholders may only receive payment of the relevant redemption amount under the Notes significantly later than the specified redemption date of the Notes.

#### *Liquidity*

No secondary market for the Notes currently exists or is expected to develop. Furthermore, it may not be possible for investors to have their Notes purchased by the Issuer prior to the Maturity Date or Extended Maturity Date, as the case may be (see further the risk factor entitled "Purchase by Issuer" above). Prospective purchasers of the Notes should therefore recognise that they may not be able to liquidate their investment in the Notes. Investment in the Notes is therefore only suitable for investors who are capable of bearing the economic risk of an investment in the Notes for an indefinite period of time and are not acquiring the Notes with a view to a potential resale, distribution or other disposition at some future date.

Application has been made to list the Notes on the Vienna MTF of the Vienna Stock Exchange. Listing is expected to take place on or about the Issue Date but no assurance can be given that such application will be granted. Even if the Notes are listed, it is not anticipated that a secondary trading market or liquidity will develop.

#### *Extended Maturity Date*

The term of the Notes may be extended for further periods of up to ten (10) years, provided that, at the request of the Issuer, the Calculation Agent, on behalf of the Issuer, has given a notice (the "**Extension Notice**") to the Trustee, the Principal Paying Agent and the Noteholders not less than one (1) calendar month prior to the Maturity Date or the Extended Maturity Date if applicable, stating that such extension shall take place in respect of the Notes. If no Extension Notice, or no further Extension Notices (if applicable) are delivered by the

Calculation Agent, the Notes shall be redeemed on the Maturity Date or on the date stated in the final Extension Notice (such date being the “**Extended Maturity Date**”).

#### *Market and legal risk*

The Notes will constitute secured, limited recourse obligations of the Issuer, recourse in respect of which will, in effect, be limited to the proceeds of the Mortgaged Property (which principally comprises the Charged Assets) relating to the Notes and no other assets of the Issuer will be available to satisfy claims of Noteholders. The Issuer’s obligations to the Noteholders are solely funded by, and primarily secured on, the Charged Assets. Therefore, to the extent that the value of the Charged Assets falls, payment under the Charged Assets is not made, the Charged Assets cannot be sold or if the relevant security arrangements would not be enforceable, a loss of principal or interest or both under the Notes will result. Noteholders therefore assume the market and legal risk of the Charged Assets.

None of the Transaction Participants (as defined below but excluding the Portfolio Manager) nor any affiliate of any of them or other person on their behalf has made any investigation of, or makes any representation or warranty, express or implied, as to the standing or suitability of the Portfolio Manager or the financial or other condition of the Charged Assets.

None of the Issuer, the Programme Coordinator, the Trustee, the Principal Paying Agent, the Charged Assets Realisation Agent, the Calculation Agent, the Back Office Agent, the Broker Dealer of Record, the Portfolio Manager or any other Agent (together, the “**Transaction Participants**”) nor any affiliate of any of them (or any person on their behalf) assume any responsibility vis-à-vis the Noteholders for the economic success or lack of success of an investment in the Notes, or the performance, the value or terms of the Charged Assets. No Transaction Participant will have any responsibility or duty to make any such investigations, to keep any such matters under review, to provide the Noteholders, or prospective purchasers of the Notes, with any information in relation to such matters or to advise as to the attendant risks.

#### *Independent review and advice*

Each prospective purchaser of Notes must determine, based on its own independent review and such legal, financial and tax advice as it deems appropriate under the circumstances, that its acquisition of the Notes (i) is fully consistent with its financial needs, objectives and condition, (ii) complies and is fully consistent with all investment policies, guidelines, authorisations and restrictions (including as to its capacity) applicable to it, (iii) has been duly approved in accordance with all applicable laws and procedures and (iv) is a fit, proper and suitable investment for it, undertaken for a proper purpose.

#### *Legality of purchase*

None of the Transaction Participants or any affiliate of any of them or other person on their behalf has or assumes responsibility for the lawfulness of the acquisition of the Notes by a prospective purchaser of the Notes, whether under the laws of the jurisdiction of its incorporation or the jurisdiction in which it operates (if different), or for compliance by that prospective purchaser with any law, regulation or regulatory policy applicable to it.

#### *No reliance*

The Transaction Participants and all affiliates of any of them disclaim any responsibility to advise purchasers of the Notes of the risks and investment considerations associated with the purchase of the Notes as they may exist at the date hereof or from time to time hereafter.

### *No restrictions on activities*

Any of the Transaction Participants and any affiliate of any of them or other person on their behalf may have existing or future business relationships (including depository, lending, advisory or any other kind of commercial or investment banking activities or other business) with any of the other Transaction Participants and any affiliate of any of them or other person on their behalf and may purchase, sell or otherwise deal in any assets or obligations of, or relating to, any such party. Any of the Transaction Participants and any affiliate of any of them or other person on their behalf may act with respect to any such business, assets or obligations without regard to any possible consequences for the Issuer, the Notes or any Noteholder (or the impact of any such dealing on the interests of any Noteholder) or otherwise.

### *Provision of information*

Any of the Transaction Participants or any affiliate of any of them or any other person acting on their behalf may at the date hereof or at any time hereafter be in possession of information in relation to the other Transaction Participants or any affiliate of any of them or any other person acting on their behalf or on behalf of the Charged Assets (which may or may not be publicly available or confidential). None of such persons shall be under any obligation to make any such information available to Noteholders or any other party other than as provided in the Conditions of the Notes.

### *Taxation*

Each Noteholder will assume and be solely responsible for any and all taxes of any jurisdiction or governmental or regulatory authority, including, without limitation, any state or local taxes or other like assessment or charges that may be applicable to any payment to it in respect of the Notes. Neither the Issuer nor any other person will pay any additional amounts to the Noteholders to reimburse them for any tax, assessment or charge required to be withheld or deducted from payments in respect of the Notes by the Issuer or by the Principal Paying Agent (or any other Paying Agent).

The Notes will not be treated as subject to 871(m) of the US Internal Revenue Code of 1986 as amended.

### *Legal opinions*

No legal opinions will be obtained with respect to any applicable laws, including the laws applicable to the Portfolio Manager, the laws governing the Charged Assets or as to the validity, enforceability or binding nature of the Charged Assets.

### *Conflict of interests*

Any of the Transaction Participants or any affiliate of any of them or any other person acting on their behalf may from time to time, as principal or agent, have positions in, or may buy or sell, or make a market in any securities (including shares in a Transaction Participant), currencies, financial instruments or other assets owned by a Transaction Participant. Any trading and / or hedging activities of Transaction Participants or any affiliate of any of them or any other person acting on their behalf related to this transaction may have an impact on the price of the underlying assets.

### *Clearing Systems*

The Notes will be represented by one or more Temporary Global Notes and Permanent Global Notes. Such Global Notes will be deposited with a common depository for Euroclear and

Clearstream, Luxembourg. Except in the limited circumstances described in the relevant Global Note, investors will not be entitled to receive definitive Notes. Euroclear and Clearstream, Luxembourg will maintain records of the beneficial interests in the Global Notes. While the Notes are represented by one or more Global Notes, investors will be able to trade their beneficial interests only through Euroclear and Clearstream, Luxembourg.

While the Notes are represented by one or more Global Notes the Issuer will discharge its payment obligations under the Notes by making payments through the Principal Paying Agent to the common depository for Euroclear and Clearstream, Luxembourg for distribution to their account holders. A holder of a beneficial interest in a Global Note must rely on the procedures of Euroclear and Clearstream, Luxembourg to receive payments under the Notes. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Notes.

Holders of beneficial interests in the Global Notes will not have a direct right to vote in respect of the relevant Notes. Instead, such holders will be permitted to act only to the extent that they are enabled by Euroclear and Clearstream, Luxembourg to appoint appropriate proxies.

#### *Limitations of the ability to grant security over Notes while in global form*

Because transactions in the Notes will be effected only through Euroclear or Clearstream, Luxembourg, direct or indirect participants in their respective book-entry-systems and certain banks, the ability of a Noteholder to pledge such interest to persons or entities that do not participate in the Euroclear or Clearstream systems, or otherwise to take actions in respect of such interests, may be limited due to the lack of physical security representing such interest.

#### *Investors may acquire less than the Principal Amount of the Notes Issued*

Investors should be aware that upon their issuance, the Notes will initially be transferred to an account of the Issuer with The Bank of New York Mellon, London Branch where they will be held until their acquisition by investors or until they are cancelled. The Notes may be held in the account of the Issuer for significant periods of time before being acquired by investors. In addition, the Issuer may elect to cancel any Notes which have not been acquired by investors. The principal amount of Notes specified in this Series Memorandum represents the amount of Notes that will be issued on the Issue Date. There is no minimum limit on the number of Notes that must be acquired by investors. Investors should therefore be aware that some Notes which are issued on the Issue Date may not be acquired by investors and it may be the case that investors only acquire a small portion of the Notes issued on the Issue Date. Investors should further be aware that while any holding of Notes they acquire may represent a particular portion of Notes issued on the Issue Date, their holding may ultimately represent a larger portion of Notes actually acquired by investors. Investors should also be aware that, as a consequence of the above, the amount invested by the Issuer in the Charged Assets may be significantly less than the principal amount of Notes issued on the Issue Date.

### **3.4 Risks relating to the Charged Assets**

#### **3.4.1 Securities Account and IB Master Account**

The IB Master Account is a margin account held by the Issuer with the Securities Account Provider and may hold cash and other assets relating to one or more Series, including this Series. No trading will be carried out by the Portfolio Manager from this account, although such account may hold fully paid securities.

The Securities Account is a sub-account of the IB Master Account. It is a margin account to be used to invest in securities or other products on margin which involves the extension of

credit to the Issuer from the Securities Account Provider. As a result, the Issuer's financial exposure could exceed the value of securities or other products in the Securities Account. Any such credit will accrue interest at the agreed rates.

The Securities Account Provider may, whenever it deems it desirable or for the Securities Account Provider's protection, sell any or all securities or related contracts in (i) the Securities Account or (ii) the IB Master Account, or buy any securities or related contracts relating thereto, in order to close out in whole or in part any obligations of the Issuer pursuant to the Securities Account Agreement or the IB Master Securities Account Agreement, respectively. Therefore, Securities or other Related Rights that the Issuer may hold in the Securities Account or IB Master Account may be sold or bought at sub-optimal prices or times that are ill-suited to such trades being executed, and the value of the Notes may be adversely affected.

In return for the Securities Account Provider agreeing to the extension or maintenance of credit in connection with the Securities Account or IB Master Account, the Issuer has agreed that the securities in the Securities Account or IB Master Account, together with all attendant rights of ownership, may be the subject of securities lending transactions, whether to the Securities Account Provider or by the Securities Account Provider to third parties. In connection with such securities lending transactions, the Securities Account Provider may receive and retain certain benefits to which the Issuer will not be entitled.

Further, there is a risk that substitute payments that the Issuer may be entitled to as a result of such securities loans may not be afforded the same tax treatment as actual interest, dividends and / or other distributions, that the Issuer may have been entitled to but for such securities loans, and the Issuer may incur additional tax liability for substitute payments that it receives. The Issuer would not be entitled to any compensation in connection with securities lent from the Securities Account or IB Master Account or for additional taxes the Issuer may be required to pay as a result of any tax treatment differential between substitute payments and actual interest, dividends, and / or other distributions.

Charged Assets held in the Securities Account and IB Master Account are subject to (i) a lien retained by the Securities Account Provider; and (ii) the security interests created pursuant to the Securities Account Agreement or IB Master Securities Account Agreement over the assets held in the Securities Account, that supersede any security interests created by either the Trust Deed or the Charging Instrument. The Securities Account Provider takes such security interests as security for its fees, credit, costs and expenses pursuant to the Securities Account Agreement and IB Master Securities Account Agreement, as well as all its reasonable costs and expenses incurred in the collection of any debit balance or unpaid deficiency in the Securities Account or IB Master Account, including, but not limited to, attorneys' fees. Therefore, the value of the Notes will be reduced by such fees, costs, expenses and charges.

Investors should also review Special Condition 8.1.2 (Securities Account and IB Master Account) and Special Condition 8.1.3 (Investment in the Securities Account) for further information on the Securities Account and IB Master Account and associated risks.

### **3.4.2 Short Sales**

By investing in the Notes, an investor should consider that the return on such an investment depends on the success of the Portfolio Manager in managing the Securities Account. As referenced herein, the Portfolio Manager is allowed to conduct short sales.

A short sale is a sale of a security which one does not own, in other words a security that one has borrowed, with the expectation that the security will underperform the market. Short sales involve leverage because one borrows securities and then sells them, effectively leveraging one's assets. The use of leverage may increase market exposure, magnify investment risks,

and cause losses to be realized more quickly. Assets segregated to cover these short sale transactions may decline in value, and also are not available to meet redemptions (other than on the Final Maturity Payment Date).

To establish a short sale, the Portfolio Manager would instruct the Securities Account Provider to borrow a security for the account of the Securities Account and to instruct a sale of that security. To close out a short sale transaction, the Portfolio Manager would instruct the Securities Account Provider to buy the same security at a later date and to return it to the person who lent the security to establish the trade.

The Portfolio would profit if the market price of the security declines after the short sale, but would lose value if the market price of that security goes up. The overall benefit to the Portfolio will depend on (i) how the short sale performs, relative to (ii) the market price of securities that are purchased with the sale proceeds of the short sale. For example, if the market price of the securities that the Portfolio Manager purchased in (ii) goes up more than the market price of the security sold short in (i), the Portfolio will benefit. Conversely, the Portfolio will not benefit if the market price of the securities purchased in (ii) goes down more than the market price of securities sold short in (i), even if the short sale itself led to a profit.

Short sales create a risk that the Portfolio will be required to close the short position by buying the security at a time when the security has appreciated in value, thus resulting in a loss to the Portfolio. It is possible that the market value of the securities held in the Portfolio in long positions will decline at the same time that the market value of the securities the Portfolio Manager has sold short increases, thereby increasing the Portfolio's potential volatility.

A short position in a security poses more risk than holding the same security long, as a result of the effect of leverage. Because a short position loses value as the security's price increases, the loss on a short sale is theoretically unlimited. The loss on a long position is limited to what the Portfolio originally paid for the security together with any transaction costs.

The Portfolio Manager may not always be able to borrow a security the Portfolio Manager seeks to sell short at a particular time or at an acceptable price. As a result, the Portfolio Manager may be unable to fully implement its investment strategy due to a lack of available securities or for other reasons.

The Issuer will incur transaction costs, including interest expenses, in connection with opening, maintaining, and closing short sales. Regulatory bans on certain short selling activities may prevent the Portfolio Manager from fully implementing its strategy and the Portfolio Manager will be required to comply with all regulatory requirements.

### **3.4.3 Compliance by the Portfolio Manager with the Management Criteria, Investment Objective and Portfolio Management Agreement**

Investors should be aware that the Portfolio Manager is responsible for ensuring that the investment decisions it makes comply with and are consistent with the Portfolio Management Agreement, the Management Criteria and the Investment Objective. In the event that the Portfolio Manager fails to comply with the Portfolio Management Agreement, the Management Criteria or the Investment Objective, such a failure could result in, amongst other things, Noteholders having exposure to assets which are not permitted by or consistent with the terms of the Management Criteria or the Investment Objective. Such a failure could have a negative impact on the value of the Notes and result in a loss to Noteholders which may not be recoverable from the Portfolio Manager. None of the Transaction Participants other than the Portfolio Manager are responsible for supervising or monitoring the activities of the Portfolio Manager and so any failure by the Portfolio Manager to comply with the Portfolio Management Agreement, the Management Criteria or the Investment Objective may not be detected in a

timely manner and, for the avoidance of doubt, neither the Trustee nor the Issuer shall have any obligation to supervise or monitor the activities of the Portfolio Manager with respect to the composition or trading of the assets held in the Securities Account. Furthermore, none of the Transaction Participants other than the Portfolio Manager shall be responsible for any losses that may be suffered by Noteholders as a result of any failure by the Portfolio Manager to comply with the Portfolio Management Agreement, the Management Criteria or the Investment Objective. Potential investors should only acquire Notes if they are willing assume the risk associated with the Portfolio Manager failing to comply with the Portfolio Management Agreement, the Management Criteria and the Investment Objective.

#### **3.4.4 Investment in Securities by the Portfolio Manager**

The Portfolio Manager may invest in Securities that meet the Management Criteria. The Management Criteria are very wide and allow the Portfolio Manager a wide discretion in selecting the Securities that it wishes to invest in.

Potential investors should be aware that an investment in Securities involves a high degree of risk. Typically, the success of any investment in Securities depends on the ability of the Portfolio Manager to choose, develop and realise appropriate investments, and there will be no guarantee that the Portfolio Manager will be able to choose, make and realise investments in any particular company or portfolio of companies.

An investor in the Notes should ensure that they have considered the operational history of the Portfolio Manager and whether the Portfolio Manager has a proven track record, to the satisfaction of the investor in the Notes. Subject to the Management Criteria, the Portfolio Manager may invest in less established companies with lower capitalisations, fewer resources and little or no performance record. As the investments in Securities are likely to be minority interests, it cannot be certain that investors' interests will be effectively protected. There can be no assurance that the investments in the Securities will produce gains. Some or all of the investment in any Securities may be lost which could have a negative impact on the value of the Notes.

The Portfolio Manager's investments may be exposed, directly or indirectly, to the performance of companies which may be highly leveraged and therefore may be more sensitive to adverse business or financial developments or economic factors. Such companies may face intense competition, changing business or economic conditions or other developments that may adversely affect their performance.

The activity of identifying, completing and realising attractive investments is highly competitive, and involves a significant degree of uncertainty. Other investors such as funds and vehicles with similar investment objectives to the Issuer may be formed in the future by other unrelated parties and further consolidation may occur. There is no assurance that the Portfolio Manager will be able to locate, complete and exit investments that satisfy the Investment Objective, or realise the value of such investments, or that it will be able to invest fully the amount committed.

Investments may not be liquidated for a number of years after the initial investment and may require a substantial length of time to liquidate. As a result, there is a risk that the Portfolio Manager may be unable to realise the Investment Objective by sale or other disposition at attractive prices or will otherwise be unable to complete any exit strategy.

In respect of the Securities Account and the IB Master Account, the Issuer (and, accordingly, the Noteholders also) is exposed to a fall in the prices of the Securities in the Portfolio.

#### **3.4.5 Security for the Notes**

### *Security over the Securities Account*

In respect of the Securities held in the Securities Account, which is held with the Securities Account Provider, the Issuer will grant security interests over the Securities Account and the Securities Account Agreement pursuant to the New York law governed supplemental security agreement (relating to the Securities Account) entered into between the Issuer and the Trustee on or about the Issue Date (the “**Securities Account Supplemental Security Agreement**”).

In order to perfect the security interest created by the Securities Account Supplemental Security Agreement the Issuer has entered into, with the Trustee and the Securities Account Provider, the New York law governed Securities Account Control Agreement (relating to the Securities Account) dated 09 April 2020 (the “**Securities Account Control Agreement**”).

On or about the Issue Date the Issuer and the Trustee will deliver to the Securities Account Provider an amendment to the Securities Account Control Agreement (as provided for in the Securities Account Control Agreement) such that this Series will be subject to the Securities Account Control Agreement.

However, these security interests and the security interests created by the Constituting Instrument in favour of the Secured Parties (which includes the Noteholders) are subject to and subordinated to the lien and the security interests held by the Securities Account Provider in respect of Securities held in the Securities Account.

### *Security over the IB Master Account*

In respect of the Securities held in respect of the Notes in the IB Master Account, which is held with the Securities Account Provider, the Issuer has granted security interests over the IB Master Account and the IB Master Securities Account Agreement pursuant to the New York law governed supplemental security agreement (relating to the IB Master Account) entered into between the Issuer and the Trustee on 09 April 2020 (the “**IB Master Account Supplemental Security Agreement**”).

On or about the Issue Date the Issuer and the Trustee will designate this Series as a “Series” for the purposes of the IB Master Account Supplemental Security Agreement (as provided for in the IB Master Account Supplemental Security Agreement) such that this Series will be subject to the IB Master Account Supplemental Security Agreement.

In order to perfect the security interest created by the IB Master Account Supplemental Security Agreement the Issuer has entered into, with the Trustee and the Securities Account Provider, the New York law governed Securities Account Control Agreement (relating to the IB Master Account) on 09 April 2020 (the “**IB Master Account Control Agreement**”).

On or about the Issue Date the Issuer and the Trustee will designate this Series as a “Series” for the purposes of the IB Master Account Control Agreement such that this Series will be subject to the IB Master Account Control Agreement.

The IB Master Account may hold monies and other assets in respect of more than one Series, as described above. Should the Trustee enforce security over the IB Master Account following the default of this Series, its claim over the IB Master Account would be limited to assets held in the IB Master Account in respect of this Series only and no other Series.

However, these security interests and the security interests created by the Constituting Instrument in favour of the Secured Parties (which includes the Noteholders) are subject to and subordinated to the lien and the security interests held by the Securities Account Provider in respect of Securities and other assets (including cash) held in the IB Master Account.

### *Security over the BNYM Operating Account and the BNYM Unwind Custody Account*

The Issuer has also granted security over the Account Bank Agreement and the BNYM Operating Account (as defined below) held pursuant thereto and the Unwind Account Custody Agreement and the BNYM Unwind Custody Account held pursuant thereto in favour of the Trustee, as security for itself and the Secured Parties, pursuant to the Programme Accounts Security Agreement in respect of the Issuer's obligations to the Trustee in respect of all Series under the ETPCAP Programme. Pursuant to a deed of confirmation, the Issuer will confirm to the Trustee that the Programme Accounts Security Agreement charges the Account Bank Agreement and the BNYM Operating Account held pursuant thereto and the Unwind Account Custody Agreement and the BNYM Unwind Custody Account held pursuant thereto in favour of the Trustee in respect of the Issuer's obligations under the Series.

### *Transfer of monies between the accounts & commingling*

The subscription proceeds of the Notes shall be transferred from the BNYM Settlement Account into the IB Master Account prior to being transferred into the Securities Account. The proceeds of any Redemption Amount or purchase amount payable to the Noteholders shall be transferred from the Securities Account into the IB Master Account prior to being transferred into the BNYM Unwind Custody Account and any Interest Amounts will be transferred from the Securities Account into the IB Master Account prior to being transferred into the BNYM Interest Account (as further described in Special Condition 8.1.1 (Description of the Accounts – General)). Monies shall be transferred from the IB Master Account into the BNYM Operating Account for payment of amounts owed to service providers (as further described in Special Condition 5.8 (Fees) and Special Condition 8.1.1 (Description of the Accounts – General)). It is intended that such transfers will happen promptly however this may not always be possible and there may be a delay in respect of such transfers. Such monies held in the BNYM Settlement Account, BNYM Operating Account, BNYM Interest Account or the IB Master Account (as described above) may be temporarily commingled with monies attributable to other series. While the Issuer has granted security over such monies held pursuant to the Account Bank Agreement and Unwind Account Custody Agreement pursuant to both the Constituting Instrument and the Programme Accounts Security Agreement in favour of the Trustee (for itself and the other Secured Parties), Noteholders should note that the commingling of such monies may have a negative effect on the Trustee's ability to enforce security over such monies.

Neither the BNYM Settlement Accounts nor the Settlement Agent Agreement will be subject to the security created by the Issuer pursuant to the Programme Accounts Security Agreement. Accordingly, Noteholders will be unsecured creditors in respect of any balance standing to the credit of the BNYM Settlement Accounts from time to time and will rank *pari passu* with any other unsecured creditors of the Issuer in respect of such balance. Prospective investors should be aware that if other unsecured creditors were to make a claim in respect of such balance, the amount received by Noteholders may be less than would otherwise have been the case if the BNYM Settlement Accounts were subject to the security granted in favour of the Trustee. In order to minimise this risk, the Issuer will ensure that any cash balance of the BNYM Settlement Accounts is transferred to an account established pursuant to the Account Bank Agreement (which is subject to the security granted by the Issuer to the Trustee pursuant to the Programme Account Security Agreement) on a daily basis so that the cash balance of the BNYM Settlement Accounts at the close of business on each day shall be zero.

### *Fixed vs floating charges and perfection of the Charging Instrument*

Certain of the charges in respect of the Notes are stated to be fixed charges in nature. The essence of a fixed charge is that the person creating the charge does not have liberty to deal with the assets which are the subject matter of the security in the sense of disposing of such

assets or expending or appropriating the moneys or claims constituting such assets and accordingly, if and to the extent that such liberty is given to the Issuer or any other party (for example the Portfolio Manager) any such charge may operate as a floating, rather than a fixed, charge.

It should be noted that the Noteholders are reliant on the Issuer and the Programme Coordinator to take all necessary steps to ensure that the Charging Instrument is perfected and enforceable. If (i) one or more steps necessary to effect perfection of the Charging Instrument are not taken, (ii) there are any issues with Issuer's title to the assets the subject of the Charging Instrument, or (iii) there is any restriction on the ability to charge the assets the subject of the Charging Instrument, then the Charging Instrument may not be enforceable in whole or in part. Noteholders should be aware that the Trustee has not investigated any of the above matters and is solely reliant on the Issuer and the Programme Coordinator to take all necessary steps to ensure that the Charging Instrument is valid and enforceable in the manner envisaged over the relevant assets.

#### *Security may be declared invalid*

The Issuer will grant security interests in favour of the Trustee for itself and for the benefit of the Noteholders in the Mortgaged Property pursuant to the Trust Deed and the Charging Instrument (as defined below). However, if the security interest of the Trustee in the Mortgaged Property was determined to be invalid or unperfected, Noteholders would be unsecured creditors and would rank on a pari passu basis with other unsecured creditors (if any) of the Issuer. Each of the foregoing factors may delay or reduce investors' return on their Notes and investors may suffer a loss (including a total loss) on their investment.

#### *Not a bank deposit*

Any investment in the Notes does not have the status of a bank deposit in Ireland and is not within the scope of the deposit protection scheme operated by the Central Bank of Ireland. The Issuer is not regulated by the Central Bank of Ireland by virtue of the issue of the Notes.

### **3.4.6 Redemption and transfer of the Charged Assets**

Realisation of the Charged Assets may in certain circumstances be deferred in accordance with their relevant terms. The period of deferral may be significant. Therefore in certain circumstances, including where the Security for the Notes (and any Further Notes) becomes enforceable, there may be a significant delay in payments under the Notes and / or it may be impossible to transfer the Charged Assets as a means of realising their value.

### **3.5 Summary of Principal Underlying Investment Risks**

As with any investment, you could lose all or part of your investment in the Notes, and the Notes' performance could trail that of other investments. The Notes are subject to one or more of the principal risks noted below (either directly or through the Issuer's investments in underlying securities), any of which may adversely affect the Notes' Net Asset Value, trading price, yield, total return and ability to meet the Issuer's Investment Objective.

#### **3.5.1 Asset Class Risk**

Securities in an underlying portfolio may underperform in comparison to the general securities markets or other asset classes.

#### **3.5.2 Commodity Risk**

The value of commodities and commodity-linked derivative instruments typically is based upon the price movements of a physical commodity or an economic variable linked to such price movements. The prices of commodities and commodity-related investments may fluctuate quickly and dramatically and may not correlate to price movements in other asset classes. An active trading market may not exist for certain commodities. Each of these factors and events could have a significant negative impact on the Notes.

### **3.5.3 Concentration Risk**

To the extent that the Notes' underlying investments are concentrated in a particular issuer, region, country, market, industry or asset class, the Notes may be susceptible to loss due to adverse occurrences affecting that issuer, region, country, market, industry or asset class.

### **3.5.4 Counterparty Risk**

The Issuer bears the risk that the counterparty to a derivative or other contract with a third party may default on its obligations or otherwise fail to honour its obligations. If a counterparty defaults on its payment obligations the Issuer will lose money and the value of an investment in the Notes may decrease. In addition, the Issuer may engage in such investment transactions with a limited number of counterparties.

### **3.5.5 Credit Risk**

The financial condition of an issuer of Securities may cause it to default or become unable to pay interest or principal due or otherwise fail to perform. The Issuer cannot collect interest and principal payments on Securities if the issuer defaults. While the Issuer attempts to limit credit exposure in a manner consistent with its Investment Objective, the value of an investment in the Notes may change quickly and without warning in response to issuer defaults and changes in the credit ratings of the Issuer's portfolio investments.

### **3.5.6 Currency Exchange Rate Risk**

The Issuer may invest a relatively large percentage of the proceeds of the Notes in investments denominated in non-US currencies, or in securities that provide exposure to such currencies, currency exchange rates or interest rates denominated in such currencies. Changes in currency exchange rates and the relative value of non-US currencies will affect the value of the Issuer's investment and the value of the Notes. Currency exchange rates can be very volatile and can change quickly and unpredictably. As a result, the value of an investment in the Notes may change quickly and without warning and you may lose money.

### **3.5.7 Emerging Markets Risk**

Investing in emerging market assets involves certain risks and special considerations not typically associated with investing in other more established economies or securities markets. Such risks may include (i) the risk of nationalization or expropriation of assets or confiscatory taxation; (ii) social, economic and political uncertainty including war; (iii) dependence on exports and the corresponding importance of international trade; (iv) price fluctuations, less liquidity and smaller capitalization of securities markets; (v) currency exchange rate fluctuations; (vi) rates of inflation (including hyperinflation); (vii) controls on foreign investment and limitations on repatriation of invested capital and on the Issuer's ability to exchange local currencies for U.S. dollars; (viii) governmental involvement in and control over the economies; (ix) governmental decisions to discontinue support of economic reform programs generally and to impose centrally planned economies; (x) differences in auditing and financial reporting standards which may result in the unavailability of material information about issuers; (xi) less extensive regulation of the securities markets; (xii) longer settlement periods for securities

transactions in emerging markets; (xiii) less developed corporate laws regarding fiduciary duties of officers and directors and the protection of investors; (xiv) certain considerations regarding the maintenance of portfolio securities and cash with non-U.S. subcustodians and securities depositories; and (xv) overall greater volatility.

### **3.5.8 Equity Securities Risk**

Equity securities or equity-linked derivative instruments are subject to changes in value and their values may be more volatile than other asset classes.

### **3.5.9 Interest Rate Risk**

Interest rate risk is the risk that fixed income securities or fixed income-linked derivative instruments will decline in value because of changes in interest rates and other factors, such as perception of an issuer's creditworthiness.

### **3.5.10 Investment Risk**

As with all investments, an investment in the Notes is subject to investment risk. Noteholders could lose money, including the possible loss of the entire principal amount of an investment, over short or long periods of time.

### **3.5.11 Issuer-Specific Risk**

Issuer-specific events relating to the underlying issuer of Securities, including changes in the financial condition of any such underlying issuer, can have a negative impact on the value of the Notes.

### **3.5.12 Liquidity Risk**

The Issuer may invest in derivatives and other instruments that may be less liquid than other types of investments. The derivatives in which the Issuer invests may not always be liquid. This could have a negative effect on the Issuer's ability to achieve its Investment Objective and may result in losses to holders of the Notes.

### **3.5.13 Management Risk**

The Portfolio is actively managed by the Portfolio Manager using proprietary investment strategies and processes. There can be no guarantee that these strategies and processes will be successful or that the Portfolio Manager will achieve the Investment Objective. The Portfolio Manager is permitted to exercise discretion in relation to certain matters with respect to the Securities comprised in the Portfolio including voting or making elections in respect of such Securities. The success of the Portfolio Manager in performing its duties and obligations will influence the return payable to Noteholders. Accordingly, investors should conduct their own independent investigation and analysis (either alone or with the help of a financial and / or legal adviser) regarding the Portfolio Manager as they deem appropriate to evaluate the merits and risks of an investment in the Notes.

### **3.5.14 Market Risk**

The trading prices of commodities, currencies, fixed income securities and other instruments fluctuate in response to a variety of factors. The Net Asset Value of the Notes and market price may fluctuate significantly in response to these factors. As a result, an investor could lose money over short or long periods of time.

### **3.5.15 Market Trading Risk**

It is not expected that a secondary market will develop for the Notes. However, if such a market were to develop, a holder of the Notes would face numerous market trading risks, including losses from trading in secondary markets and periods of high volatility. ANY OF THESE FACTORS, AMONG OTHERS, COULD LEAD TO THE NOTES TRADING AT A PREMIUM OR DISCOUNT TO NET ASSET VALUE ON ANY SECONDARY MARKET THAT DEVELOPED.

AS WITH ANY INVESTMENT YOU COULD LOSE ALL OR PART OF YOUR INVESTMENT IN THE NOTES AND THE NOTES' PERFORMANCE COULD TRAIL THAT OF OTHER INVESTMENTS. PROSPECTIVE INVESTORS SHOULD NOT INVEST IN THE NOTES WITHOUT TAKING INDEPENDENT ADVICE ON THE RISKS SET OUT HEREIN.

### **3.5.16 Portfolio Turnover Risk**

The Issuer's strategy may frequently involve buying and selling portfolio securities to rebalance the Portfolio's exposure. Higher portfolio turnover may result in the Issuer paying higher levels of transaction costs. Portfolio turnover risk may cause the performance of the Notes to be less than you expect.

### **3.5.17 Short Sales Risk**

The Issuer may engage in "short sale" transactions. The Notes will lose value if the security or instrument that is the subject of a short sale increases in value. The Issuer also may enter into a short derivative position through a futures contract, swap agreement, structured note, or short positions on currency forwards. If the price of the security or derivative that is the subject of a short sale increases, then the Notes will incur a loss equal to the increase in price from the time that the short sale was entered into plus any premiums and interest paid to a third party in connection with the short sale. Therefore, short sales involve the risk that losses may be exaggerated, potentially losing more money than the actual cost of the investment. Also, there is the risk that the third party to the short sale may fail to honour its contract terms, causing a loss to the holders of the Notes.

### **3.5.18 Strategy Risk**

The Portfolio Manager cannot offer assurances that the Securities allocation model will maximize returns or minimize risk, or be appropriate for every investor seeking a particular risk profile.

### **3.5.19 Volatility Risk**

The Notes are designed to capture the long-term economic benefits of rising or declining market trends. Frequent or significant short-term price movements could adversely impact the performance of the Notes.

### **3.5.20 Taxation of the Charged Assets**

To the extent that any tax is payable by the Issuer in respect of the Charged Assets or any distributions received in respect of the Charged Assets, such payments will result in a reduction of the amounts distributable to Noteholders and a corresponding reduction in the value of the Notes. Without limitation to the foregoing, to the extent that any amounts of withholding tax are applied to interest payments or other distributions from the Charged Assets, this would reduce the amount available for distribution by the Issuer in respect of the Notes. Furthermore, the Issuer could be subject to Irish tax on any amounts so withheld which

would further reduce the amount available for distribution in respect of the Notes.

Accordingly, investors should conduct their own independent investigation and analysis (either alone or with the help of a financial and / or legal adviser) regarding such matters as they deem appropriate to evaluate the merits and risks of an investment in the Notes.

**THE CONSIDERATIONS SET OUT ABOVE ARE NOT, AND ARE NOT INTENDED TO BE, A COMPREHENSIVE LIST OF ALL CONSIDERATIONS RELEVANT TO A DECISION TO PURCHASE OR HOLD ANY NOTES. THE ATTENTION OF INVESTORS IS ALSO DRAWN TO THE SECTIONS HEADED 'RISK FACTORS' IN THE PROGRAMME MEMORANDUM.**

#### 4 CONDITIONS OF THE NOTES

All capitalized terms used but not otherwise defined below shall have the meanings respectively ascribed to them by Special Condition 5.1 (Definitions) or the Master Definitions (November 2018 Edition).

The Notes shall have the following terms and conditions which shall complete, modify and amend the Master Conditions (November 2018 Edition), which shall apply to the Notes as so completed, modified and amended. References to “**Conditions**” or “**Condition**” shall mean references to the Conditions of the Notes as modified herein.

The Issuer intends that any Further Notes (as defined herein) shall (save in respect of the relevant issue date) have the same Conditions as, and form a single Series with, the other Notes of Series 542 Institutional Global Macro.

<b>Programme:</b>	ETPCAP Programme
<b>Series:</b>	Institutional Global Macro (Series 542) Notes due 2044
<b>Series Number:</b>	542
<b>Tranche Number:</b>	1
<b>ISIN Code:</b>	XS2928491419
<b>Common Code:</b>	292849141
<b>Delivery:</b>	Issue Agent shall deliver Notes to the Issuer in free of payment form prior to the subscription by Noteholders.

<b>Issue Date:</b>	31 October 2024
<b>Trade Date</b>	31 October 2024
<b>Maturity Date:</b>	28 October 2044
<b>Extended Maturity Date:</b>	See Special Condition 5.10 (Extended Maturity Date)
<b>Principal Amount:</b>	USD 50,000,000 <i>See also the risk factor entitled “Investors may acquire less than the Principal Amount of the Notes Issued” in the Series Memorandum.</i>
<b>Currency:</b>	USD
<b>Authorised Denomination:</b>	USD 1,000, provided that the minimum principal amount of Notes which an investor may subscribe or redeem for is USD 125,000
<b>Initial Subscription Price:</b>	100%
<b>Subscription Price:</b>	NAV per Note or such other price as may be determined by the Calculation Agent

<b>Issuer:</b>	ETPCAP2 Designated Activity Company
<b>Trustee:</b>	Intertrust Trustees Limited
<b>Programme Coordinator:</b>	FlexFunds ETP, LLC

<b>Charged Assets Realisation Agent:</b>	GWM LTD
<b>Calculation Agent:</b>	FlexFunds ETP, LLC
<b>Back Office Agent:</b>	GWM LTD
<b>Broker Dealer of Record:</b>	GWM LTD
<b>Portfolio Manager:</b>	Alveo Wealth Management, LLC
<b>Issue Agent:</b>	The Bank of New York Mellon, London Branch
<b>Principal Paying Agent:</b>	The Bank of New York Mellon, London Branch
<b>Securities Account Provider:</b>	Interactive Brokers LLC

<b>Status of the Notes:</b>	Secured and limited recourse obligations of the Issuer ranking pari passu without any preferences amongst themselves secured as set out under Security below and subject to the priority set out under Priority below.
<b>Priority:</b>	Counterparty Priority applies, subject to the amendments detailed in Special Condition 5.18 (Counterparty Priority).
<b>Type of Note:</b>	Variable Coupon Amount Note
<b>Interest Period:</b>	As regards the first interest period, the period from and including the Issue Date to and excluding the first Interest Determination Date and as regards all subsequent interest periods the period from and including an Interest Determination Date to and excluding the next Interest Determination Date or to and including, as applicable, the Maturity Date, the Extended Maturity Date or any Early Redemption Date, as applicable.
<b>Interest Determination Date:</b>	Any Business Day at the discretion of the Calculation Agent following receipt of Distribution Proceeds.
<b>Interest Rate:</b>	The Notes shall receive a total return based on the performance of the Portfolio during the Interest Period.
<b>Interest Amount:</b>	The amount determined by the Calculation Agent being: <ol style="list-style-type: none"> <li>1. the Distribution Proceeds; less</li> <li>2. any costs, expenses, taxes and duties incurred in connection with the receipt of such revenue; and</li> <li>3. subject to deduction of any outstanding fees pursuant to Special Condition 5.8 (Fees).</li> </ol>
<b>Interest Payment Dates:</b>	Any Business Day not less than five (5) but no later than ten (10) Business Days following an Interest Determination Date. At least two (2) Business Days prior to such Interest Payment Date, the Calculation Agent shall provide to the Principal Paying Agent a notice setting out the Interest Payment Date and Interest Amount payable. For the avoidance of doubt the "Interest Payment Date" shall be deemed to be the date on

	which the Interest Amount is wired by the Issuer to the Principal Paying Agent.
<b>Listing:</b>	An application has been made for admission of the Notes to the official list of the Vienna MTF of the Vienna Stock Exchange. Such listing is expected to take place on or about the Issue Date, however no assurance is given that approval of such application will be granted.
<b>Selling Restrictions:</b>	The Notes will not be offered to the public in any jurisdiction. "See the sections entitled ' <i>Issuance Process and Selling Restrictions</i> ' in the Series Memorandum and "Subscription and Sale" in the Programme Memorandum.
<b>871 (m):</b>	The Notes will not be treated as subject to 871(m) of the US Internal Revenue Code of 1986 as amended.
<b>Form of Notes:</b>	Bearer Notes
<b>The Notes will initially be represented by:</b>	Temporary Global Note.
<b>Applicable TEFRA exemption:</b>	D Rules
<b>Exchange of Temporary Global Note or Permanent Global Note:</b>	<p>The Temporary Global Note or, as the case may be, Permanent Global Note, will be exchangeable, in whole but not in part, for a definitive Bearer Note if:</p> <ol style="list-style-type: none"> <li>1. Euroclear or Clearstream, Luxembourg or any other clearing system in which the Permanent Global Note or, as the case may be, Temporary Global Note is for the time being deposited terminates its business and no Alternative Clearing System, satisfactory to the Trustee and the Principal Paying Agent is available; or</li> <li>2. the Notes become due and payable in accordance with Condition 4 (Events of Default) and payment is not made on due presentation of the Temporary Global Note or, as the case may be, Permanent Global Note, for payment.</li> </ol>
<b>Business Day Convention:</b>	Following Business Day Convention applies.
<b>Redemption Amount:</b>	<p>Unless previously redeemed, the Notes will be redeemed by a payment in respect of each Note on the Final Maturity Payment Date of an amount in USD equal to the Redemption Amount.</p> <p>The Final Maturity Payment Date may be significantly later than the Maturity Date or Extended Maturity Date.</p> <p>See Special Condition 5.3 (Redemption Amount)</p>
<b>Early Redemption Amount:</b>	See Special Condition 5.4 (Early Redemption Amount)
<b>Optional Redemption and Purchase:</b>	See Special Condition 5.5 (Optional Redemption and Purchase)
<b>Mandatory Redemption:</b>	See Special Condition 5.6 (Mandatory Redemption)

<b>Reports, calculations, determinations and notifications:</b>	<p>The Programme Coordinator will disseminate the NAV per Note to Bloomberg, to SIX Financial Information USA Inc. and to the Vienna Stock Exchange.</p> <p>See Special Condition 5.7 (Reports, calculations, determinations and notifications).</p>
<b>Fees:</b>	<p>The amounts payable under the Notes are based on the performance of the Charged Assets after deduction of fees due to the Securities Account Provider and the Portfolio Manager. Such fees are in addition to the fees due to the Trustee, the Programme Coordinator and any Agents, and any other transaction related fees incurred by the Issuer in respect of the issuance of the Notes.</p> <p>All fees are payable prior to any amounts being payable in respect of the Notes to any Noteholders. The fees will be applied in calculating the value of the Portfolio and therefore will result in a reduction in the value of the Notes.</p> <p>See Special Condition 5.8 (Fees)</p>
<b>Further Issues:</b>	See Special Condition 5.10 (Further Issues)
<b>Governing Law:</b>	<p>The Notes and any dispute or claim arising out of or in connection with them (including non-contractual obligations, disputes or claims) shall be governed by and construed in accordance with Irish law. The courts of Ireland shall have non-exclusive jurisdiction in respect of any dispute. The Account Bank Agreement, the Unwind Account Custody Agreement and the Programme Accounts Security Agreement are governed by English Law and the courts of England and Wales shall have jurisdiction over any dispute or claim relating thereto.</p> <p>The Securities Account Agreement, the IB Master Securities Account Agreement and the Charging Instrument are governed by New York law and the New York courts may have jurisdiction over any dispute or enforcement proceedings relating thereto.</p>

<b>Portfolio Management</b>	
<b>Portfolio Manager:</b>	Alveo Wealth Management, LLC
<b>Portfolio Management Agreement:</b>	<p>The terms and conditions of the appointment of the Portfolio Manager are set out in the Portfolio Management Agreement. The Portfolio Manager shall be obliged to perform its obligations in accordance with the terms of the Portfolio Management Agreement and shall be obliged to use all reasonable endeavours, in the course of carrying out such obligations, to fulfil the Investment Objective by pursuing the Investment Strategy in accordance with the Management Criteria.</p>

	See further “Information relating to the Charged Assets’ and “Information relating to the Portfolio Management Agreement” in the Series Memorandum.
<b>Investment Objective:</b>	The Investment Objective is to generate alpha through highly liquid exchange traded funds (“ETFs”) and derivative options.
<b>Investment Strategy</b>	The Investment Strategy provides full diversification of asset classes both long and short through highly liquid ETFs and covered calls and puts, over these positions. It also has an overlay of a volatility strategy that can buy volatility ETFs and write calls out of them using beta hedge over the entire Portfolio. It may use tactical currency and fixed income on opportunities.
<b>Management Criteria:</b>	<p>When seeking to achieve the Investment Objective through the Investment Strategy the Portfolio Manager will be obliged to comply with Management Criteria, which include investment restrictions, set out in the Portfolio Management Agreement.</p> <p>The obligation to ensure that the Management Criteria have been adhered to will be the sole responsibility of the Portfolio Manager.</p>

<b>Securities Account:</b>	The account with account number U16049137 (and any replacement, redesignation or reinstatement thereof) held by the Issuer with the Securities Account Provider and established pursuant to the Securities Account Agreement.
<b>IB Master Account</b>	The account held by the Issuer with the Securities Account Provider and established pursuant to the IB Master Securities Account Agreement (and any replacement, redesignation or reinstatement thereof).
<b>Securities Account Provider:</b>	Interactive Brokers LLC.
<b>Securities Account Agreement:</b>	The customer account agreement dated on or about the Issue Date entered into between the Issuer and the Securities Account Provider, together with the side letter thereto between (i) the Issuer, (ii) the Trustee, (iii) the Broker Dealer of Record and (iv) the Securities Account Provider to provide for the establishment and setting out the terms and conditions of the Securities Account, as the same may be amended, restated, amended and restated, novated, varied, supplemented, substituted, assigned, extended or otherwise replaced or redesignated from time to time.
<b>IB Master Securities Account Agreement</b>	The customer account agreement dated 18 July 2019 entered into between the Issuer and the Securities Account Provider to provide for the establishment and setting out the terms and conditions of the IB Master Account as the same may be amended, restated, amended and restated, novated, varied, supplemented, substituted, assigned, extended or otherwise replaced or redesignated from time to time.

<b>Security:</b>	<p>The Security is subject to the security interests created pursuant to the Account Bank Agreement, Unwind Account Custody Agreement, IB Master Account Securities Agreement and Securities Account Agreement over the assets held in the Securities Account which rank in priority to any security interests created by either the Trust Deed or the Charging Instrument.</p> <p>See “Description of the security arrangements in respect of the Notes” below.</p>
<b>Charged Assets:</b>	<p>The Charged Assets shall be (i) the Securities Account (ii) the Securities Account Agreement (iii) the IB Master Account , but only to the extent that the rights of the Issuer thereto relate to or are attributable to Series 542 Institutional Global Macro and no other Series and (iv) the IB Master Securities Account Agreement, but only to the extent that the rights of the Issuer pursuant thereto relate to or are attributable to Series 542 Institutional Global Macro and no other Series (v) the rights of the Issuer under the Account Bank Agreement and any accounts held pursuant thereto, (including the BNYM Operating Account and BNYM Interest Account) but only to the extent that the rights of the Issuer relate to or are attributable to Series 542 Institutional Global Macro and no other Series (vi) the rights of the Issuer under the Unwind Account Custody Agreement and any accounts held pursuant thereto (including the BNYM Unwind Custody Account) but only to the extent that the rights of the Issuer relate to or are attributable to Series 542 Institutional Global Macro and no other Series (vii) the Related Rights.</p>
<b>Related Rights:</b>	<p>All rights of the Issuer derived from or connected to (i) the Securities Account and the Securities Account Agreement (ii) the IB Master Securities Account Agreement and the IB Master Account, but only to the extent that the rights of the Issuer relate to or are attributable to Series 542 Institutional Global Macro and no other Series (iii) the Account Bank Agreement and any accounts held pursuant thereto (including the BNYM Operating Account and BNYM Interest Account), the Unwind Account Custody Agreement and any accounts held pursuant thereto (including the BNYM Unwind Custody Account), but only to the extent that the rights of the Issuer relate or are attributable to Series 542 Institutional Global Macro and no other Series, (iv) the Securities Account Control Agreement, (v) the IB Master Account Control Agreement, but only to the extent that the rights of the Issuer pursuant thereto relate to or are attributable to Series 542 Institutional Global Macro and no other Series, and in respect of each account and agreement referred to in (i) to (v) above, including, without limitation, any rights to receive additional shares or other securities, assets or rights or any offers in respect thereof (whether by way of bonus issue, option rights, exchange, substitution, conversion or otherwise) or to receive monies (whether by way of redemption, return of capital, dividend,</p>

	<p>distribution, income or otherwise) in respect of each account and agreement, but only to the extent that such rights relate to or are attributable to Series 542 Institutional Global Macro and no other Series.</p>
<p><b>Charging Instrument:</b></p>	<p>The Issuer will grant in favour of the Trustee, as security for itself, and the Secured Parties a New York law governed security interest over the Securities Account and the Securities Account Agreement pursuant to the New York law governed supplemental security agreement (relating to the Securities Account) entered into between the Issuer and the Trustee on or about the Issue Date (the “<b>Securities Account Supplemental Security Agreement</b>”).</p> <p>The Issuer has granted in favour of the Trustee, as security for itself, and the Secured Parties a New York law governed security interest over the IB Master Account and the IB Master Securities Account Agreement in respect of the Issuer’s obligations under this Series pursuant to the New York law governed supplemental security agreement (relating to the IB Master Account) entered into between the Issuer and the Trustee on 09 April 2020 (the “<b>IB Master Account Supplemental Security Agreement</b>”).</p> <p>In order to perfect the security interests created by the Securities Account Supplemental Security Agreement and the IB Master Account Supplemental Security Agreement the Issuer has entered into:</p> <p>(i) a New York law governed Securities Account Control Agreement (relating to the Securities Account) entered into between the Issuer, the Trustee and the Securities Account Provider on 09 April 2020 (the “<b>Securities Account Control Agreement</b>”); and</p> <p>(ii) a New York law governed Securities Account Control Agreement (relating to the IB Master Account) entered into between the Issuer, the Trustee and the Securities Account Provider on 09 April 2020 (the “<b>IB Master Account Control Agreement</b>”).</p> <p>On or about the Issue Date, the Issuer and Trustee will:</p> <p>(A) deliver to the Securities Account Provider an amendment to the Securities Account Control Agreement (as provided for in the Securities Account Control Agreement) such that this Series 542 Institutional Global Macro will be subject to the Securities Account Control Agreement;</p> <p>(B) designate this Series 542 Institutional Global Macro as a “Series” for the purposes of the IB Master Account Supplemental Security</p>

	<p>Agreement (as provided for in the IB Master Account Supplemental Security Agreement) such that this Series 542 Institutional Global Macro will be subject to the IB Master Account Supplemental Security Agreement; and</p> <p><b>(C)</b> designate this Series 542 Institutional Global Macro as a “Series” for the purposes of the IB Master Account Control Agreement such that this Series 542 Institutional Global Macro will be subject to the IB Master Account Control Agreement.</p> <p>The Securities Account Supplemental Security Agreement, the IB Master Account Supplemental Security Agreement, the Securities Account Control Agreement and the IB Master Account Control Agreement (as each are amended, restated and supplemented pursuant to (A)-(C) above) are together, the “<b>Charging Instrument</b>”.</p>
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## 5 SPECIAL CONDITIONS OF THE NOTES

### 5.1 Definitions

Words set out in italics in these Special Conditions do not form part of the definitions for the purpose of the Constituting Instrument and the documents constituted thereby. In the event of a conflict between the Conditions and the Special Conditions, the Special Conditions shall prevail.

“**Account Bank Agreement**” means the account bank agreement executed on 30 November 2018 and having effect from 5 November 2018 between the Issuer, the Trustee and The Bank of New York Mellon, London branch as the same may be amended, restated, amended and restated, novated, varied, supplemented, substituted, assigned, extended or otherwise replaced or redesignated from time to time;

“**BNYM Interest Account**” means the interest account held by the Issuer with The Bank of New York Mellon, London branch pursuant to the Account Bank Agreement;

“**BNYM Operating Account**” means the operating account held by the Issuer with The Bank of New York Mellon, London branch pursuant to the Account Bank Agreement;

“**BNYM Settlement Accounts**” means any cash or securities accounts established from time to time by the Issuer with The Bank of New York Mellon, London branch in connection with Programme, pursuant to the Settlement Agent Agreement;

“**BNYM Unwind Custody Account**” means the unwind account held by the Issuer with The Bank of New York Mellon, London branch pursuant to the Unwind Account Custody Agreement;

“**Business Day**” means:

(a) in respect of any payment under the Notes a day on which: (i) commercial banks and foreign exchange markets settle payments and are open for general business

(including dealings in foreign exchange and foreign currency deposits) in the principal finance centre for the currency in which the Notes are denominated; and (ii) DTC, Euroclear and/or Clearstream, Luxembourg, as the case may be, settle(s) payments in the applicable currency; and (iii) if the Notes are denominated in Euro, TARGET is open; and

(b) for all other purposes, a day on which commercial banks and foreign exchange markets are open for general business (including dealings in foreign exchange and foreign currency deposits) in London, Dublin and New York.

**“Constituting Instrument”** means the constituting instrument in respect of the Institutional Global Macro (Series 542) Notes due 2044 entered into on 31 October 2024 between the Issuer, the Trustee, the Calculation Agent, the Charged Assets Realisation Agent, the Issue Agent, the Principal Paying Agent, the Back Office Agent, the Broker Dealer of Record and the Programme Coordinator;

**“Distribution Proceeds”** means the proceeds of a dividend, interest payment or other distribution in respect of the Charged Assets, provided that, for the avoidance of doubt, any amount realised from a liquidation of the Charged Assets to fund the payment of fees or expenses of the Issuer or pursuant to a redemption or purchase of the Notes shall not form part of the Distribution Proceeds;

**“Early Redemption Date”** means, as applicable, the Optional Redemption Date or the date of a notice given pursuant to a Mandatory Redemption Event, Additional Mandatory Redemption Event or Event of Default;

**“Early Redemption Payment Date”** means five (5) Business Days following the day that the Issuer receives the aggregate Sale Proceeds pursuant to Special Condition 5.4 (Early Redemption Amount). The Early Redemption Payment Date may be significantly later than the Early Redemption Date. See *“Risk Factors – 3.3 Risks relating to the Notes - Payments”*;

**“ETPCAP Programme”** means the EUR 5,000,000,000 Secured Note Programme of the Issuer;

**“Final Maturity Payment Date”** means five (5) Business Days following the day that the Issuer receives the aggregate Sale Proceeds pursuant to Special Condition 5.3 (Redemption Amount). The Final Maturity Payment Date may be significantly later than the Maturity Date or the Extended Maturity Date, as applicable. See *“Risk Factors – 3.3 Risks relating to the Notes - Payments”*;

**“IB Master Account”** means the account held by the Issuer with the Securities Account Provider pursuant to the IB Master Securities Account Agreement;

**“IB Master Securities Account Agreement”** means the customer account agreement dated 18 July 2019 between the Issuer and the Securities Account Provider as the same may be amended, restated, amended and restated, novated, varied, supplemented, substituted, assigned, extended or otherwise replaced or redesignated from time to time;

**“NAV per Note”** means the aggregate Net Asset Value of the Portfolio divided by the total number of Notes subscribed for;

**“NAV Report”** means a report provided to the Issuer and the Programme Coordinator by the Calculation Agent setting out the calculation of the Net Asset

Value of the Portfolio (net of any fees as described under Special Condition 5.8 (Fees));

**“NAV Calculation Date”** means the last calendar day of each calendar week or any other calendar day that the Calculation Agent may, in its sole discretion, determine, provided that notice of such determination has been given to the Issuer, the Trustee and the Noteholders in accordance with Condition 7 (*Notices*);

**“NAV Report Date”** means two (2) Business Days after each NAV Calculation Date;

**“Net Asset Value”** means, in respect of the Notes, the value for each component held in the Securities Account (net of any fees as described under Special Condition 5.8 (Fees)), as provided by the Calculation Agent or the Securities Account Provider to the Issuer and the Programme Coordinator, as the case may be, on or before the NAV Report Date;

**“Net Proceeds”** means an amount determined by the Calculation Agent being the pro rata share of the Sale Proceeds of the Charged Assets in respect of one Note; less the pro rata share in respect of one Note of each of the following:

- (a) any redemption and settlement costs and expenses in respect of the Charged Assets;
- (b) any fees, costs or expenses owing to the Trustee and the Agents in connection with the Notes;
- (c) any fees payable to the Programme Coordinator, the Securities Account Provider and/or the Portfolio Manager in connection with the Notes; and
- (d) any other outstanding fees costs or expenses payable by the Issuer in connection with the Notes;

**“Optional Redemption”** means redemption of the Notes pursuant to Condition 2.5 (Optional Redemption and Optional Purchase) as amended by Special Condition 5.5 (Optional Redemption and Purchase);

**“Portfolio”** means the portfolio of Securities held from time-to-time in the Securities Account;

**“Programme Accounts Security Agreement”** means the security assignment of contractual rights and charge over bank accounts dated 5 November 2018 between the Issuer and the Trustee as the same may be amended, restated, amended and restated, novated, varied, supplemented, substituted, assigned, extended or otherwise replaced or redesignated from time to time;

**“Programme Coordinator Default”** means if any of the following events occur (in the sole discretion of the Issuer) in respect of the Programme Coordinator and a substitute programme coordinator is not appointed (such appointment to be approved in writing by the Trustee provided that the approval shall not be unreasonably withheld or delayed) within ninety (90) days of the occurrence of the relevant event. If the Programme Coordinator:

1. is dissolved (other than pursuant to a consolidation, amalgamation or merger);
2. becomes insolvent or is unable to pay its debts or fails or admits in writing its

inability generally to pay its debts as they become due;

3. makes a general assignment, arrangement or composition with or for the benefit of its creditors;
4. (A) institutes or has instituted against it, by a regulator, supervisor or any similar official with primary insolvency, rehabilitative or regulatory jurisdiction over it in the jurisdiction of its incorporation or organisation or the jurisdiction of its head or home office, a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation by it or such regulator, supervisor or similar official, or (B) has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation, and such proceeding or petition is instituted or presented by a person or entity not described in clause (A) above and either (I) results in a judgment of insolvency or bankruptcy or the entry of an order for relief or the making of an order for its winding-up or liquidation or (II) is not dismissed, discharged, stayed or restrained in each case within fifteen (15) days of the institution or presentation thereof;
5. has a resolution passed for its winding-up, official management or liquidation (other than pursuant to a consolidation, amalgamation or merger);
6. seeks or becomes subject to the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official for it or for all or substantially all its assets;
7. has a secured party take possession of all or substantially all its assets or has a distress, execution, attachment, sequestration or other legal process levied, enforced or sued on or against all or substantially all its assets and such secured party maintains possession, or any such process is not dismissed, discharged, stayed or restrained, in each case within fifteen (15) days thereafter;
8. causes or is subject to any event with respect to it which, under the applicable laws of any jurisdiction, has an analogous effect to any of the events specified in clauses 1. to 7. above (inclusive);
9. takes any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the foregoing acts; or
10. becomes unable to, or fails to within ten (10) days of receiving notice from the Trustee or the Issuer, perform its duties under the Notes;

**"Redemption Amount"** means an amount equal to the greater of (i) zero and (ii) the Net Proceeds;

**"Sale Proceeds"** means an amount determined by the Calculation Agent being the proceeds of sale or other means of realisation of the Charged Assets less any costs, expenses, taxes and duties incurred in connection with the disposal or transfer of the Charged Assets;

**"Secured Obligations"** means all payment and other obligations of the Issuer under the Notes, the Constituting Instrument (and each document constituted thereby) and

the Transaction Documents;

**“Securities”** means the securities or other financial assets held in the Securities Account;

**“Securities Account”** means the securities account bearing the account number U16049137 specified in the Constituting Instrument held by the Issuer (and any replacement, redesignation or restatement thereof) with the Securities Account Provider, pursuant to the Securities Account Agreement;

**“Securities Account Agreement”** means the customer account agreement entered into between the Issuer and the Securities Account Provider dated on or about the Issue Date, as amended by the side letter dated on or about the Issue Date entered into between (i) the Issuer, (ii) the Trustee, (iii) the Broker Dealer of Record, and (iv) the Securities Account Provider;

**“Security”** means (i) the security constituted by the Trust Deed entered into by the execution of the Constituting Instrument, (ii) the Charging Instrument and (iii) the Programme Accounts Security Agreement;

**“Series 542 Institutional Global Macro”** means the Series constituted pursuant to the Constituting Instrument;

**“Settlement Agent Agreement”** means the settlement agent agreement executed on 28 July 2022 between the Issuer and The Bank of New York Mellon, London branch as the same may be amended, restated, amended and restated, novated, varied, supplemented, substituted, assigned, extended or otherwise replaced or redesignated from time to time; and

**“Unwind Account Custody Agreement”** means the unwind account custody agreement executed on 30 November 2018 and having effect from 5 November 2018 between the Issuer, the Trustee and The Bank of New York Mellon, London Branch as the same may be amended, restated, amended and restated, novated, varied, supplemented, substituted, assigned, extended or otherwise replaced or redesignated from time to time.

## **5.2 Interest**

5.2.1 Condition 1 (Interest) shall apply to the Notes read with this Special Condition 5.2 (Interest).

5.2.2 The Calculation Agent will, on or as soon as practical after each Interest Determination Date calculate the Interest Amount for the relevant Interest Period. The Calculation Agent shall inform the Trustee, the Issuer, the Portfolio Manager, the Principal Paying Agent and each of the Paying Agents of the amount payable and interest shall be paid in accordance with the Conditions and the Agency Agreement.

## **5.3 Redemption Amount**

5.3.1 The Redemption Amount of the Notes shall be determined in accordance with Condition 2.4 (Redemption Amount of Notes) read with this Special Condition 5.3 (Redemption Amount).

5.3.2 Unless previously redeemed or purchased, each Note will be redeemed

by a payment in respect of each Note of the Redemption Amount on the Final Maturity Payment Date.

- 5.3.3 No interest or other amount shall accrue or be payable in respect of the Notes in respect of the period from and including the Maturity Date or, as applicable, the Extended Maturity Date, to and including the Final Maturity Payment Date.

## 5.4 Early Redemption Amount

- 5.4.1 The Early Redemption Amount of the Notes shall be determined in accordance with Condition 2.4 (Redemption Amount of Notes) read with this Special Condition 5.4 (Early Redemption Amount).

- 5.4.2 In the event of:

- (A) the Notes becoming due and payable pursuant to Condition 2.2 (Mandatory Redemption) the Issuer (or the Charged Assets Realisation Agent, or other person acting on behalf of the Issuer in accordance with the Transaction Documents) shall sell or procure the sale or other means of realisation of the Charged Assets and the applicable amount payable in respect of each Note will be the pro rata share of the Net Proceeds of such sale or other means of realisation; or
- (B) (i) any Notes becoming due and payable pursuant to an Optional Redemption or (ii) any Notes being purchased by the Issuer, the Issuer (or the Charged Assets Realisation Agent, or other person acting on behalf of the Issuer in accordance with the Transaction Documents) shall sell or procure the sale or other means of realisation of the applicable amount of Charged Assets and the applicable amount payable in respect of each Note will be the pro rata share of the Net Proceeds of such sale or other means of realisation; or
- (C) redemption of the Notes pursuant to Condition 4 (Events of Default) the applicable amount payable in respect of each Note shall be the amount available by applying the portion available to the Noteholders pursuant to Condition 3.3 (Application) of the net proceeds of enforcement of the security in accordance with Condition 3 (Security) *pari passu* and rateably between the Notes,

(such amount being the “**Early Redemption Amount**” and the term “**Redemption Amount**” includes the Early Redemption Amount).

- 5.4.3 Redemption of the Notes at their Early Redemption Amount shall not constitute an Event of Default.

- 5.4.4 The Early Redemption Amount will be paid on the Early Redemption Payment Date.

- 5.4.5 No interest or other amount shall accrue or be payable in respect of the Notes in respect of the period from and including the Early Redemption Date to and including the Early Redemption Payment Date.

## 5.5 Optional Redemption and Purchase

### 5.5.1 **Optional Redemption by the Issuer**

Condition 2.5.2 (Optional Redemption by the Issuer) shall, subject to the amendments set out herein, apply to the Notes read with this Special Condition 5.5.1 (Optional Redemption by the Issuer). The Issuer subject to compliance with all relevant laws, regulations and directives may, on giving not more than sixty (60) nor less than ten (10) Business Days' notice to the Trustee and the Noteholders in accordance with Condition 7 (such notice an "**Optional Redemption Notice**") redeem any amount of the Notes in whole or in part. In the case of a redemption of the Notes in whole, they shall be redeemed at their Early Redemption Amount on the date specified in such notice (the "**Optional Redemption Date**") provided that the Early Redemption Amount shall be payable on the Early Redemption Payment Date.

Notice given by the Issuer to redeem Note(s) pursuant to this Special Condition may not be withdrawn (save with the prior written consent of the Trustee) and the Issuer shall be bound to redeem the Note(s) in accordance with the notice, this Special Condition and the Constituting Instrument.

In the case of a redemption of the Notes in part, they shall be redeemed by payment of a portion of the principal amount outstanding of each Note as specified in the Optional Redemption Notice (such amount the "**Partial Redemption Amount**") provided that the Partial Redemption Amount shall be payable on the date specified in the Optional Redemption Notice.

### 5.5.2 **Optional Purchase**

Condition 2.5.4 (Optional Purchase) shall not apply to the Notes.

### 5.5.3 **Purchase**

- (A) Condition 2.6 (Purchase) shall, subject to the amendments set out herein, apply to the Notes read with this Special Condition 5.5.3.
- (B) Subject to Condition 2.6 (Purchase), as amended by and read with this Special Condition 5.5.3, the Issuer may purchase Notes in the open market or otherwise at a price not to exceed the Early Redemption Amount. Without limitation to the foregoing authority, the Issuer intends to purchase, on a monthly basis, Notes from Noteholders that submit a Purchase Request (as defined below) at a price equal to the Early Redemption Amount, provided that the relevant Purchase Notice is submitted no more than thirty (30) days nor less than seven (7) days prior to the date on which the corresponding purchase shall be effected, subject to (B) below.
- (C) Noteholders may, on any day during the term of the Notes, request the Back Office Agent, on behalf of the Issuer, to effect a purchase of some or all of their Notes by the Issuer (a "**Purchase Request**"), provided that notwithstanding the intention of the Issuer as detailed in Special Condition 5.5.3(B) above, the Issuer and Back Office Agent shall have absolute

discretion in determining whether the Issuer shall purchase any or all of the Notes subject to a Purchase Request, when such purchase shall occur and whether to waive any notice period applicable to a Purchase Request. A Purchase Request may not be withdrawn without the consent of the Back Office Agent or the Issuer.

- (D) Any purchase of Notes shall be subject to receipt by the Issuer of an amount (whether by sale of the Charged Assets (or in the case of a purchase of some only of the Notes, a proportion of the Charged Assets corresponding to the proportion of the Notes to be purchased) or otherwise) which is sufficient to fund the purchase price payable by the Issuer.
- (E) The Issuer may in its absolute discretion agree to satisfy a Purchase Request by the delivery of Charged Assets with a value, as determined by the Calculation Agent, equal to the purchase price that would otherwise be payable.
- (F) In determining whether there is sufficient liquidity in the Charged Assets to fund a purchase of Notes and what proportion of Charged Assets corresponds to the proportion of Notes to be purchased, the Issuer and the Back Office Agent, acting on behalf of the Issuer, shall be entitled to rely on advice and/or information given to the Issuer and/or the Back Office Agent by the Calculation Agent and the Portfolio Manager. The Issuer has absolute discretion to select which Charged Assets to realise or deliver in order to effect a purchase pursuant to Condition 2.6 (Purchase) and without limitation to such discretion, may rely on the Portfolio Manager to make such selection. None of the Issuer, the Portfolio Manager, the Back Office Agent, the Calculation Agent or any other person shall have any liability to any Noteholder or any other person for any loss arising from such selection.
- (G) Noteholders submitting a Purchase Request must comply with any procedures or requirements of the Issuer or Back Office Agent applicable from time to time and any purchase of Notes by the Issuer shall be subject to compliance with all relevant laws, regulations and directives.

## **5.6 Mandatory Redemption**

5.6.1 Condition 2.2 (Mandatory Redemption) shall apply to the Notes read with this Special Condition 5.6 (Mandatory Redemption). Each of the following shall be Additional Mandatory Redemption Events for the purposes of Condition 2.2.2:

- (A) the Issuer (in its sole discretion) determines that a Programme Coordinator Default has occurred;
- (B) the Securities Account Provider fails to perform or observe any of its obligations under the Securities Account Agreement and, such failure continues for a period of sixty (60) days (or such longer period as the Issuer may permit) without being remedied following the service of notice by the Issuer on the Securities

Account Provider requiring the same to be remedied (and for such purpose, any failure to perform or observe any obligation shall be deemed remediable notwithstanding that the failure results from not doing an act or thing by a particular time);

(C) the Securities Account Provider removes, restricts or suspends the access of the Portfolio Manager to the Securities Account for a period of more than five (5) Business Days, for any reason whatsoever;

(D) the termination of the Securities Account Agreement becomes effective prior to the date on which the Issuer has completely fulfilled all of its obligations with respect to the Notes,

provided that in relation to (B) or (C) above the Issuer may, upon becoming aware of such event or that such event will occur will the passage of time, elect to appoint a substitute Securities Account Provider reasonably satisfactory to the Trustee and provided further that the Issuer will enter into such further documentation reasonably required by the Trustee in connection therewith (including the granting of any additional security);

(E) the appointment of the Portfolio Manager is terminated or the Portfolio Manager resigns and no replacement Portfolio Manager has been appointed within ninety (90) calendar days of the termination or resignation (as the case may be) becoming effective; and/or

(F) the Calculation Agent, at the request of the Programme Coordinator or the Issuer, each acting in its sole and absolute discretion and without obligation to make such a request, certifies to the Issuer, Trustee, Portfolio Manager and Principal Paying Agent for the purposes of this Special Condition 5.6(E), that the Net Asset Value of the Portfolio is below one million United States Dollars (\$1,000,000) on any NAV Calculation Date occurring on or after the date falling six (6) months from the Issue Date of the Series, unless in the case of a certification made at the request of the Programme Coordinator, the Issuer determines in its sole and absolute discretion that a Mandatory Redemption Event is not to occur and provides written notice of such determination to the Programme Coordinator, Calculation Agent, Trustee, Portfolio Manager and Principal Paying Agent within five (5) Business Days of the certification made at the request of the Programme Coordinator.

A request by the Programme Coordinator or the Issuer to the Calculation Agent as referenced in paragraph (E) above shall be made by the Programme Coordinator or the Issuer in its sole and absolute discretion and without any obligation for it to make such a request regardless of the Net Asset Value of the Portfolio. In the absence of such a request, a Mandatory Redemption Event shall not occur even if the Net Asset Value of the Portfolio is otherwise determined to be below one million United States Dollars (\$1,000,000) on a NAV Calculation Date

occurring on or after the date falling six (6) months from the Issue Date of the Series.

## **5.7 Reports, calculations, determinations and notifications**

- 5.7.1 On each NAV Report Date, the Calculation Agent shall, subject as provided in Special Condition 5.7.2 below, deliver a NAV Report to the Programme Coordinator and the Issuer.
- 5.7.2 The obligation of the Calculation Agent to prepare a NAV Report shall be suspended during any period during which the Calculation Agent determines that any information required to prepare the valuations of the Charged Assets which is to be delivered to the Issuer has not been received or any other information required for such purpose by the Calculation Agent is not available.
- 5.7.3 Following receipt by the Programme Coordinator and the Issuer of the NAV Report from the Calculation Agent on the NAV Report Date, the Programme Coordinator will disseminate the NAV per Note to Bloomberg, SIX Financial Information USA Inc. and to the Vienna Stock Exchange.
- 5.7.4 The NAV Report and any summary thereof will be an estimated valuation of the Portfolio and shall not be interpreted as an indication of the expected Redemption Amount of the Notes. The NAV Report and any summary thereof shall take account of any fees, expenses or charges that apply to the Notes, and is subject to amendment and / or corrections at any time without giving notice to any person.
- 5.7.5 Whenever any matter falls to be determined, considered or otherwise decided upon by the Calculation Agent or any other person (including where a matter is to be decided by reference to the Calculation Agent's or such other person's opinion), unless otherwise stated, that matter shall be determined, considered or otherwise decided upon by the Calculation Agent or such other person, as the case may be, in its sole and absolute discretion. The Calculation Agent has agreed in the Constituting Instrument to comply with its obligations set out in these Conditions.
- 5.7.6 Each Transaction Participant (other than the Calculation Agent) shall be entitled to rely on any certification, notification, calculation or determination of the Calculation Agent given or copied to it as being true and accurate for all purposes and none of them shall be obliged to make any investigation or enquiry into any such certification, notification, calculation or determination or into the basis on which such certification, notification, calculation or determination was prepared, given or made.
- 5.7.7 The Calculation Agent is entitled to rely on any valuation, certification, notification, calculation, determination or announcement made by or on behalf of the Securities Account Provider in connection with the Securities Account and shall not be obliged to make any investigation or enquiry into, and shall incur no liability to any person for relying on, any such valuation, certification, notification, calculation, determination or announcement reasonably believed by it to be genuine and made by or on behalf of the Securities Account Provider.

## **5.8 Fees**

- 5.8.1 The Issuer will incur certain fees and expenses in respect of the Notes which may be deducted from the Portfolio resulting in a reduction in the NAV per Note. Fees and expenses which will be deducted from the Portfolio include (i) fees and expenses payable to the Portfolio Manager, the Securities Account Provider and the Broker Dealer of Record and (ii) the Uncovered Ordinary Fees, the Acquisition and Realisation Expenses, the Extraordinary Fees and any Tax Liabilities (each as defined below). A description of the main categories of fees and expenses which are relevant to the Notes and the manner in which they will be discharged is included below.
- 5.8.2 The applicable fees and expenses shall be determined by the Calculation Agent as at each NAV Calculation Date and as at the date expected to be two (2) Business Days immediately prior to the following: (i) the Final Maturity Payment Date, (ii) any Early Redemption Payment Date or (iii) any other date on which Notes are to be redeemed.

#### *Portfolio Manager's Fees*

- 5.8.3 The fees payable to the Portfolio Manager pursuant to the Portfolio Management Agreement shall be deducted from the Portfolio and shall be as follows:

- (A) A fee equal to the Management Fee Percentage per annum of the Net Asset Value of the Portfolio as at the most recent Management Fee Calculation Date, payable on the Management Fee Payment Date (the “**Management Fee**”).

For the purposes of the Management Fee:

“**Management Fee Calculation Date**” means each NAV Calculation Date.

“**Management Fee Payment Date**” means within ten (10) Business Days of the end of each calendar month.

“**Management Fee Percentage**” means one point twenty-five per cent (1.25%).

- (B) A performance fee (the “**Performance Fee**”) payable on each Note based on the performance of the Notes during a Performance Period (as defined below).

The Performance Fee, if due and payable (as determined below), shall accrue daily, and shall be payable monthly in arrear on the Performance Fee Payment Date in an amount calculated as follows:  $\text{Performance Fee} = (\text{Adjusted NAV Per Note at the end of a Performance Period} - \text{Hurdle}) \times \text{Performance Fee Percentage}$ . Provided that the Performance Fee shall only be payable if such Adjusted NAV Per Note exceeds the High-Water Mark.

The Performance Fee is payable to the Portfolio Manager on each Performance Fee Payment Date.

The Performance Fee will be calculated on the outstanding number of subscribed Notes at the end of each Performance Period and shall be payable on the next following Performance Fee Payment Date, provided that any Performance Fee that has accrued in respect of Notes redeemed or purchased by the Issuer shall be payable on the Performance Fee Payment Date immediately following the date of such redemption or purchase.

A Performance Fee may be paid on unrealised gains which may subsequently never be realised.

For the avoidance of doubt:

1. no equalisation methodology shall be employed in respect of the Performance Fee calculation.
2. a Performance Fee may be due and payable in respect of a Performance Period notwithstanding that the NAV per Note in respect of such Performance Period is less than 100% of the nominal amount per Note; and
3. the NAV per Note for the purposes of calculating the Performance Fee shall be based on the Net Asset Value reported by the Securities Account Provider to the Issuer and the Calculation Agent (as the case may be).

For the purposes of the Performance Fee:

**“Adjusted NAV Per Note”** means the NAV per Note before the deduction of any accrued Performance Fee but net of any accrued Management Fee provided that the Adjusted NAV Per Note on the Issue Date shall be deemed to be the Note Nominal Amount

**“First Performance Period End Date”** means the last NAV Calculation Date in November 2024.

**“High Water Mark” (“HWM”)** means in respect of the first Performance Period, the Note Nominal Amount and in respect of all subsequent Performance Period, the highest historical Adjusted NAV per Note.

**“Hurdle”** means (i) in respect of the Initial Hurdle, and (ii) in respect of all Subsequent Hurdle:

- **Initial Hurdle:** means the period starting on the Hurdle Commencement Date and ending on December 31st of the calendar year in which the notes were issued. It is determined by applying the Hurdle Rate at the end of the Performance Period, based on the Adjusted NAV per Note.
- **Subsequent Hurdle:** means each period starting on the Hurdle Commencement Date, determined by applying the Hurdle Rate at the end of the Performance Period,

using the High-Water Mark.

**“Hurdle Commencement Date”** means the date on which the account held by the Issuer with the Securities Account Provider first receives proceeds from the sale of notes. At the end of the calendar year in which the notes were issued (December 31st), the Hurdle Commencement Date will reset annually to January 1st of each subsequent calendar year.

**“Hurdle Rate”** means an annualized rate of return of five percent (5.00%), calculated on an actual 365-day basis, considering the actual number of days elapsed within the relevant period and assuming a year of 365 days.

**“Performance Fee Payment Date”** means within ten (10) Business Days following each Performance Period End Date.

**“Performance Fee Percentage”** means that, subject to exceeding the Hurdle, the Performance Fee Percentage will be calculated as follows: (i) 20.00% of the amount by which the Trigger exceeds the Hurdle, and (ii) 30.00% of any amount exceeding the Trigger.

**“Performance Fee Trigger Threshold”** means an annualized rate of return of fifteen percent (15.00%), calculated on an actual 365-day basis, considering the actual number of days elapsed within the relevant period and assuming a year of 365 days.

**“Performance Period”** means (i) in respect of the first calculation of the Performance Fee, the period from and including the Issue Date to and including the First Performance Period End Date and (ii) in respect of all subsequent calculations of the Performance Fee, the period from and including the last day of the previous Performance Period (the “Previous Performance Period End Date”) to and including the Subsequent Performance Period End Date, or in respect of the final Performance Period, to and including the Maturity Date.

**“Subsequent Performance Period End Date”** means the last NAV Calculation Date of each calendar week following the Previous Performance Period End Date.

**“Trigger”** means (i) in respect of the Initial Trigger and (ii) in respect of all Subsequent Trigger:

- **Initial Trigger:** means the Performance Fee Trigger Threshold calculated at the end of the Performance Period, based on the Adjusted NAV per Note, starting on the Hurdle Commencement Date and ending on December 31st of the calendar year in which the notes were issued.
- **Subsequent Trigger:** means the Performance Fee Trigger Threshold calculated at the end of the Performance Period using the High-Water Mark, starting

on the Hurdle Commencement Date

- 5.8.4 The Portfolio Manager is authorised to utilise the Management Fee in discharge of payments to third parties for services provided by such third parties to the Portfolio Manager from time to time with respect to matters identified in a fee schedule provided by the Portfolio Manager to the Calculation Agent.

*Security Account Provider's and Broker Dealer of Record's Fees*

- 5.8.5 The fees payable to the Securities Account Provider shall be deducted from the Portfolio and shall be as per the standard rates, fees and charges of the Securities Account Provider pursuant to the Securities Account Agreement. Fees payable in respect of margin provided by the Securities Account Provider shall be based on the amount of margin provided by the Securities Account Provider multiplied by the Securities Account Provider's base lending rate as set out in the Securities Account Agreement and determined by the Securities Account Provider.

*Description of the Ordinary Fees*

- 5.8.6 The Issuer will be required to pay fees and expenses it incurs in the normal and ordinary course of business for the Series ("**Ordinary Fees**"). Such fees will include, but shall not be limited to the following (but shall exclude the Acquisition and Realisation Expenses, as defined below, Extraordinary Fees, as defined below, any Tax Liabilities, as defined below, and the fees payable to the Portfolio Manager, Securities Account Provider and Broker Dealer of Record):

- (1) fees and expenses payable to the Trustee in accordance with the terms of the Trust Deed;
- (2) fees and expenses payable to the Agents in accordance with the Agency Agreement;
- (3) the Programme Coordinator Fee;
- (4) any **other** fees, costs and expenses payable by the Issuer which are directly attributable to the Notes, including:
  - (a) costs incurred in connection with the issuance, listing and clearing of the Notes and / or the performance of obligations in relation thereto;
  - (b) any commissions, fees, costs and expenses payable by the Issuer pursuant to the Constituting Instrument (including the agreements constituted thereby) and the Series Documents as defined therein;
  - (c) any costs incurred due to the audit of the Issuer (such costs to be pro-rated across all series of the Issuer as determined by the Calculation Agent acting in its sole discretion);
  - (d) any fees, costs and expenses of the corporate services

provider of the Issuer in respect of the Notes;

- (e) any fees incurred in connection with the appointment of process agents required to be appointed pursuant to the Transaction Documents;
  - (f) any legal fees and disbursements payable by the Issuer, or for which the Issuer is required to reimburse the Programme Coordinator or the Trustee, in respect of the legal advisers to the Issuer, the Programme Coordinator or the Trustee in respect of the issuance of the Notes; and
  - (g) any other fees, costs or expenses as designated by the Calculation Agent, in its sole and absolute discretion, as “Ordinary Fees”.
- (5) a portion, as determined by the Calculation Agent (based on a *pro rata* allocation among each Series based on the respective Net Asset Value of the Portfolio of each Series or such other method as the Calculation Agent considers fair and reasonable), of any fees, costs and expenses incurred by the Issuer in respect of the Programme or the general maintenance or operation of the Issuer which are not directly attributable to any Series of Notes; and
- (6) a total of EUR 1,000 per annum to be retained by the Issuer (the “Annual Retained Amount”) in respect of all Series in issuance, a portion of which will be attributed to Institutional Global Macro (Series 542) Notes due 2044 in an amount to be determined by the Calculation Agent acting in its sole and absolute discretion.

#### *Payment of the Ordinary Fees*

- 5.8.7 Ordinary Fees (other than Uncovered Ordinary Fees, as defined and described below) shall be paid by the Issuer out of the BNYM Operating Account. To the extent that monies standing to the credit of the BNYM Operating Account are insufficient to pay the Ordinary Fees (other than Uncovered Ordinary Fees) in full, the Programme Coordinator agrees to promptly pay to the Issuer an amount equal to such shortfall in order that the Issuer may satisfy such payment. In such case, Ordinary Fees (other than Uncovered Ordinary Fees) will not be deducted from the Portfolio. However, if the Issuer does not have sufficient funds in the BNYM Operating Account and the Programme Coordinator fails to or is unable to make required payment within fifteen (15) Business Days of written demand by the Issuer, the Issuer shall remain liable to pay such Ordinary Fees and may instruct the Charged Assets Realisation Agent to liquidate Charged Assets in the Securities Account or make deductions from Interest Amounts or Redemption Amounts in order to satisfy such liability.
- 5.8.8 Any amount standing to the credit of the BNYM Operating Account as of the end of the quarterly statement balance following payment in full of accrued Ordinary Fees (other than Uncovered Ordinary Fees) shall be owed to the Programme Coordinator for its own account on or about the last Business Day of each calendar month in consideration for its services

as Programme Coordinator of the Notes, provided that the Programme Coordinator may, in its sole discretion, elect to receive a lesser sum than it is entitled to receive and leave all or a proportion of such funds in the BNYM Operating Account as a reserve to pay Ordinary Fees incurred in the future.

#### *Uncovered Ordinary Fees*

- 5.8.9 The Payment of certain Ordinary Fees will not be paid from the BNYM Operating Account or covered by the Programme Coordinator in the manner described above (the “**Uncovered Ordinary Fees**”). Instead, such Uncovered Ordinary Fees shall be charged to the Portfolio and will therefore result in a reduction in value of the Notes.
- 5.8.10 The Uncovered Ordinary Fees include the following:
- (A) a notes registration fee which shall be payable by the Issuer at a rate of 0.20 bps per month of the principal amount outstanding of all Notes in issue (including Notes which have been issued but not yet subscribed) at the end of each month.
  - (B) a technology service charge which shall be payable by the Issuer in the amount of EUR 155 per month.
- 5.8.11 The amount of the Uncovered Ordinary Fees may increase from time to time and the Issuer may also incur additional Uncovered Ordinary Fees from time to time.

#### *Description and Payment of the Acquisition and Realisation Expenses*

- 5.8.12 In connection with any acquisition, purchase, sale or realisation of the Charged Assets, commissions, fees, charges and other expenses (which may include, without limitation, stamp duty, documentary or transfer taxes or duties or other taxes or duties) (the “**Acquisition and Realisation Expenses**”) may be incurred or payable by the Issuer (or the Charged Assets Realisation Agent or another party, except the Trustee, on behalf of the Issuer). Any Acquisition and Realisation Expenses will be charged to the Portfolio and therefore will result in a reduction the NAV per Note.

#### *Description of the Extraordinary Fees*

- 5.8.13 The Issuer may incur other fees (including but not limited to legal fees) in relation to the Notes which are determined by the Calculation Agent to be outside the normal and ordinary course of business for the Series (“**Extraordinary Fees**”). Such fees will include fees, costs, or expenses associated with or incurred by:
- (A) the early redemption or closing of the Series;
  - (B) amendments, corporate notices, issue of additional tranches, partial redemptions, or restructuring of the Series;
  - (C) additional documentation to be entered into in respect of the Series ;

- (D) defaults in respect of the Notes and / or the Charged Assets
- (E) any steps deemed necessary by the Programme Coordinator to ensure that the security interest over the Charged Assets is perfected and enforceable;
- (F) resolutions or directions of the Noteholders;
- (G) waiver requests;
- (H) curing or verification of inaccurate information provided by any third parties in relation to the Series or the Charged Assets;
- (I) fees incurred by local counsel to the Issuer in the jurisdiction(s) where the Charged Assets are located;
- (J) any costs incurred in connection with potential, threatened or actual litigation in relation to the Notes;
- (K) the provision of any services to the Issuer by any service providers which are beyond the normal scope of services for which they have been engaged;
- (L) legal fees incurred by the Issuer or for which the Issuer is required to reimburse any other party in respect of any matter which is outside the normal and ordinary course of business for the Series;
- (M) expedited renunciation of Unsubscribed Notes when necessary for distributions; and/or
- (N) any other matter deemed by the Programme Coordinator, acting in its sole and absolute discretion, to be 'extraordinary'.

*Payment of the Extraordinary Fees*

5.8.14 Any amounts payable under the Notes are based on the performance of the Charged Assets net of any Extraordinary Fees. The fees will be deducted from the Portfolio and therefore will result in a reduction of the NAV per Note. The Portfolio Manager has agreed to pay such Extraordinary Fees in the event that the Extraordinary Fees cannot be paid from the Portfolio. The Issuer may deduct any outstanding Extraordinary Fees from Interest Amounts or Redemption Amounts and may liquidate or otherwise realise Charged Assets in order to pay for any outstanding Extraordinary Fees.

*Tax Liabilities*

5.8.15 Any taxes payable by the Issuer or for which the Issuer is required to reimburse any other party, whether in Ireland or in any other jurisdiction, which are determined by the Calculation Agent to be attributable to the Series ("**Tax Liabilities**") will be charged to the Portfolio and result in a reduction in the NAV per Note.

*Adjustment of Fee Calculations*

5.8.16 The manner in which any fee described above is to be calculated may be

adjusted from time to time by the Issuer provided that the Calculation Agent determines, in its absolute discretion, that such adjustment will not result in a material increase in the fee payable by the Issuer. The Issuer shall notify the Noteholders in accordance with the notice provisions of the Conditions in the event that such an adjustment is to occur.

## **5.9 Determination and Payment of Interest**

5.9.1 On the Interest Determination Date, the Calculation Agent shall calculate the amount of Interest owing on the Notes and shall inform the Trustee, Principal Paying Agent and Issuer of the amount payable and interest shall be paid in accordance with the Conditions and the Agency Agreement.

## **5.10 Further Issues**

Pursuant to Condition 15 (Further Issues) as amended and supplemented by this Special Condition 5.10 (Further Issues), the Issuer shall be at liberty to issue Further Notes with the express intention that such Further Notes be consolidated and form a single series with the Notes (and with any subsequent Further Notes so issued) provided that the net proceeds of issue of such Further Notes shall be transferred to the Securities Account to be invested in such Securities as the Portfolio Manager may in its sole discretion determine, and such proceeds shall form part of the Portfolio the subject of management by the Portfolio Manager on or about the same date as the date on which the Further Notes are issued.

## **5.11 Extended Maturity Date**

The term of the Notes may be extended for further periods of up to ten (10) years, provided that, at the request of the Issuer, the Calculation Agent, on behalf of the Issuer, has given a notice (the “**Extension Notice**”) to the Trustee, the Principal Paying Agent and the Noteholders at least one (1) calendar month prior to the Maturity Date or any Extended Maturity Date, if applicable, stating that such extension shall take place in respect of the Notes. If no Extension Notice, or no further Extension Notices (if applicable) are delivered by the Calculation Agent, the Notes shall be redeemed by a payment of the Redemption Amount on the Final Maturity Payment Date following either the Maturity Date or on the date stated in the final Extension Notice (such date stated in the final Extension Notice being the “**Extended Maturity Date**”).

## **5.12 Noteholder Direction**

The Programme Coordinator may, in its absolute discretion, request direction to the Issuer and Trustee from the Noteholders by way of Noteholder Direction.

## **5.13 Redemption Amount of Notes**

All references to “Administration Agent” in Condition 2.4.6 shall be replaced by references to the “Calculation Agent”.

## **5.14 Cancellation**

Condition 2.10 (Cancellation) shall be amended by deletion of the following wording beginning in the second line:

*“, and if so directed by the Arranger shall,”.*

## 5.15 Realisation of Charged Assets

The Issuer may, at any time realise a specified number of Securities in order to fund a redemption of Notes or to cover any fees and expenses of the Issuer. The Issuer or another person on its behalf shall take such action as the Issuer considers appropriate to realise such Securities. Any realisation proceeds of the Securities shall be used for the purpose specified by the Issuer.

## 5.16 Note as Debt Securities

Each Note is a debt security and at all times prior to its redemption in accordance with the Conditions represents an obligation of the Issuer to repay the outstanding principal amount of that Note together with, to the extent payable in accordance with the Conditions, any interest. The obligation of the Issuer to pay the Redemption Amount (including, where relevant, the Early Redemption Amount) on the redemption of each Note in accordance with the Conditions represents the repayment of the outstanding principal amount and to the extent that the Redemption Amount:

- (A) exceeds the outstanding principal amount, any such excess shall constitute interest in respect of such Note; and
- (B) is less than the outstanding principal amount, the Issuer shall have no further available funds to pay the deficit and any claim in respect of such deficit shall be extinguished.

The payment by the Issuer of any amount of interest which is comprised in the Redemption Amount in accordance with paragraph (A) above shall be in addition to and without prejudice to any other payments of interest which the Issuer is otherwise required to make in accordance with the Conditions. The failure of the Issuer to repay any outstanding principal amount in the circumstances described in paragraph (B) above shall not constitute an Event of Default.

## 5.17 Enforcement and Limited Recourse

- (A) Condition 5.2 of the Notes shall be replaced with the following:

*“The obligations of the Issuer to pay any amounts due and payable under the Notes and the Series Documents shall be limited to the proceeds available out of the Mortgaged Property, subject to the security interests over the Mortgaged Property created by and pursuant to the relevant Constituting Instrument, the Trust Deed and / or, if applicable, any Charging Instrument and / or any Programme Accounts Security Agreement and the order of payments in accordance with Condition 3.3 (Application) of the Conditions (or as otherwise stated in the Conditions). Neither the Noteholders nor the Trustee will have recourse to any other general assets of the Issuer. After (i) the Mortgaged Property is exhausted (whether following liquidation or enforcement of the security or otherwise) and (ii) the application of the proceeds in accordance with Condition 3.3 (Application) of the Conditions (or as otherwise stated in the Conditions), and, save for lodging a claim in the liquidation of the Issuer initiated by another person or taking proceedings to obtain a declaration or judgment as to the obligations of the Issuer, neither the Trustee nor any Noteholder may take any further steps against the Issuer or any of its assets to recover any sum still unpaid in respect of the Notes and, in each case, all claims against the Issuer in respect of each of such sums unpaid shall be extinguished. In particular, none of the Trustee, any receiver, the Noteholders, the Agents or the*

*Programme Coordinator shall be entitled to petition or take any other step for the winding-up, liquidation, bankruptcy or dissolution of, or the appointment of an administrator, examiner, bankruptcy receiver, receiver or other insolvency official to, or any similar procedure in respect of the Issuer, in relation to such sums or otherwise, nor shall any of them have any claim in respect of any such sums or on any other account whatsoever over or in respect of any assets of the Issuer which are attributable to or purport to be security for any other Series.”*

(B) Condition 5.3 of the Notes shall be replaced with the following:

*In the event that the net proceeds described in Condition 5.2 above are insufficient to pay to the Noteholders amounts equal to the Redemption Amount and the interest which would otherwise be payable or accrue to the date of redemption, any shortfall shall be borne by the Noteholders and any other persons entitled to the benefit of the Security and the Early Redemption Amount will reflect such shortfall in the case of the Noteholders. None of the Trustee, the holder or holders of the shares in the Issuer (or if it is acting as a share trustee or custodian, the beneficiary or beneficiaries), the Programme Coordinator, any Agent or any other person has any obligation to any Noteholders for payment of any amount by the Issuer in respect of the Notes. The other assets (if any) of the Issuer including, in particular, assets attributable to or securing other Series will not be available to make up any shortfall.*

## **5.18 Counterparty Priority**

Condition 3.3.3 shall be amended to read as follows:

“For the purposes of this sub-clause 3.3 **“Counterparty Priority”** means:

- (1) firstly to the payment of any unpaid taxes or other governmental duties or charges owing by the Issuer;
- (2) secondly, to the payment of any unpaid legal fees and any other unpaid fees, costs and expenses owing by the Issuer in relation to the Notes;
- (3) thirdly, in meeting the claims (if any) of the Noteholders *pari passu* and rateably; and
- (4) fourthly, in payment of the balance (if any) to the Issuer,

or any other basis of distribution provided for in the relevant Constituting Instrument.”

## **6 USE OF PROCEEDS**

The entire net proceeds from the issue of the Notes and any Further Notes, will be invested by the Issuer in the Securities Account, subject to the management of the Portfolio Manager on or as soon as practical following the date on which Notes or Further Notes are subscribed for.

## **7 INFORMATION RELATING TO THE CHARGED ASSETS**

### **7.1.1 General**

The Issuer will use the proceeds of the Notes to invest in the Securities

Account and, acting through the Portfolio Manager, invest in certain Securities from time-to-time. The Portfolio Manager will be responsible for identifying or selecting Securities and investment opportunities for investment.

The Portfolio Manager shall be obliged to perform its obligations in accordance with the terms of the Portfolio Management Agreement and shall be obliged to use all reasonable endeavours, in the course of carrying out such obligations, to fulfil the Investment Objective by pursuing the Investment Strategy in accordance with the Management Criteria.

#### **7.1.2 Investment Objective**

The investment objective is to generate alpha through highly liquid exchange traded funds (“ETFs”) and derivative options.

#### **7.1.3 Investment Strategy**

The Investment Strategy provides full diversification of asset classes both long and short through highly liquid ETFs and covered calls and puts, over these positions. It also has an overlay of a volatility strategy that can buy volatility ETFs and write calls out of them using beta hedge over the entire Portfolio. It may use tactical currency and fixed income on opportunities.

#### **7.1.4 Management Criteria**

When seeking to achieve the Investment Objective through the Investment Strategy, the Portfolio Manager will be obliged to comply with Management Criteria, which include investment restrictions, set out in the Portfolio Management Agreement and as replicated as Schedule I to this Series Memorandum.

The obligation to ensure that the Management Criteria have been adhered to will be the sole responsibility of the Portfolio Manager.

#### **7.1.5 Securities**

The Portfolio Manager may invest in Securities that meet the Management Criteria.

#### **7.1.6 Portfolio Manager**

The Securities held in the Securities Account will be managed by the Portfolio Manager. A description of the Portfolio Manager is set out under ‘*Information relating to the Portfolio Management Agreement*’ below.

## **8 DESCRIPTION OF THE ACCOUNTS**

### **8.1.1 General**

#### *BNYM Settlement Accounts*

The BNYM Settlement Accounts are established pursuant to the Settlement Agent Agreement. The BNYM Settlement Accounts are cash and securities accounts held by the Issuer with The Bank of New York Mellon, London branch and may hold cash relating to one or more Series, including this Series. The subscription proceeds of

the Notes from Noteholders are paid into this account.

#### *BNYM Unwind Custody Account*

The BNYM Unwind Custody Account is established pursuant to the Unwind Account Custody Agreement. The BNYM Unwind Custody Account is a cash and securities account held by the Issuer with The Bank of New York Mellon, London branch and may hold cash relating to one or more Series, including this Series. The proceeds of any Redemption Amount or amount paid by the Issuer pursuant to a repurchase of Notes are paid to the Noteholders from this account.

#### *BNYM Interest Account*

The BNYM Interest Account is established pursuant to the Account Bank Agreement. The BNYM Interest Account is a cash account held by the Issuer with the Account Bank and may hold cash relating to one or more Series, including this Series. Interest Amounts are paid to Noteholders from this account.

#### *BNYM Operating Account*

The BNYM Operating Account is established pursuant to the Account Bank Agreement. The BNYM Operating Account is a cash account held by the Issuer with the Account Bank and may hold cash relating to one or more Series, including this Series. The Ordinary Fees shall be paid by the Issuer from this account, as further described in Special Condition 5.8 (Fees).

#### *IB Master Account*

The IB Master Account is established pursuant to the IB Master Securities Account Agreement. The IB Master Account is a margin account held by the Issuer with the Securities Account Provider and may hold cash and other assets relating to one or more Series, including this Series. The IB Master Account shall receive subscription proceeds of the Notes from the BNYM Unwind Custody Account prior to being transferred into the Securities Account. The proceeds of any Redemption Amount or purchase amount payable to the Noteholders shall be transferred from the Securities Account into the IB Master Account prior to being transferred into the BNYM Unwind Custody Account and any Interest Amounts payable to the Noteholders will be transferred from the Securities Account into the IB Master Account prior to being transferred into the BNYM Interest Account. No trading will be carried out by the Portfolio Manager from this account, although such account may hold fully paid securities.

#### *Securities Account*

The Securities Account is a sub-account of the IB Master Account.

The Securities Account is established pursuant to (a) the Securities Account Agreement entered into between the Issuer and the Securities Account Provider; and (b) a side letter to the Securities Account Agreement entered into between (i) the Issuer, (ii) the Trustee, (iii) the Broker Dealer of Record and (iv) the Securities Account Provider. The Securities Account will hold assets in respect of the Notes only and no other Series. Investments in the securities by the Portfolio Manager will be made from this account.

#### *Relationship between the various Accounts - subscription*

The subscription proceeds of the Notes will be first deposited into a BNYM Settlement Account. As soon as reasonably practicable, the subscription proceeds will be transferred from the BNYM Settlement Account to the IB Master Account. Subsequently, as soon as reasonably practicable, the subscription proceeds will be transferred from the IB Master Account to the Securities Account.

*Relationship between the various Accounts – redemption and interest*

The proceeds of any Redemption Amount, repurchase amount or Interest Amount payable to the Noteholders shall be transferred from the Securities Account into the IB Master Account as soon as reasonably practicable. Subsequently as soon as reasonably practicable, the proceeds of any Redemption Amount or repurchase amount will be transferred from the IB Master Account to the BNYM Unwind Custody Account and any Interest Amounts will be transferred from the IB Master Account to the BNYM Interest Account. The Redemption Amount or repurchase amount will be paid to Noteholders from the BNYM Unwind Custody Account and the Interest Amount will be paid to Noteholders from the BNYM Interest Account.

### 8.1.2 **Securities Account and IB Master Account**

Under the Securities Account Agreement, the Portfolio Manager, as authorised representative of the Issuer pursuant to the Securities Account Agreement, may buy or sell securities or other products from cash held in the Securities Account or to be held in the Securities Account, as applicable.

The Securities Account is to be used to invest in securities or other products on margin which involves the extension of credit to the Issuer from the Securities Account Provider. As a result, the Issuer's financial exposure could exceed the value of securities or other products in the Securities Account. Any such credit will accrue interest at the agreed rates.

The Securities Account Provider may, in the event of a dispute concerning a trade, upon a Securities Account Default (as defined below), or whenever it deems it necessary or advisable for its protection (each such scenario being a "**Close Out Event**"), sell any or all securities or related contracts in (i) the Securities Account or (ii) the IB Master Account, or buy any securities or related contracts relating thereto, in order to close out in whole or in part any obligations of the Issuer pursuant to the (i) Securities Account Agreement or (ii) the IB Master Securities Account Agreement, respectively. The Securities Account Provider has the right to purchase for its own account any or all of the aforesaid property at such sale, discharged of any right of redemption.

A "**Securities Account Default**" refers to the Issuer being in default under the Securities Account Agreement, and would include the Issuer being in breach of its obligations pursuant to the Securities Account Agreement, the Issuer becoming insolvent or if analogous proceedings are instituted against the Issuer.

Any credit balances, securities, assets or related contracts, and all other property in which the Issuer may have an interest and held by the Securities Account Provider or carried for the Securities Account or IB Master Account shall be subject to a general lien for the discharge of the Issuer's obligations to the Securities Account Provider (including unmatured and contingent obligations) and the Securities Account Provider may sell, transfer, or assign such assets or property to satisfy a margin deficiency or other obligation whether or not the Securities Account Provider has made advances with respect to such property. Without notice to the Issuer, such

property may be sold by the Securities Account Provider, and may be pledged, repledged, hypothecated, separately or in common with other securities or any other property for the sum due to the Securities Account Provider or for a greater sum, and without retaining such property in the Securities Account Provider's possession and control, for delivery of a like amount of similar securities or other property.

In return for the Securities Account Provider agreeing to the extension or maintenance of credit in connection with the Securities Account or IB Master Account, the Issuer has agreed that the securities in the Securities Account and, IB Master Account together with all attendant rights of ownership, may be the subject of securities lending transactions, whether to the Securities Account Provider or by the Securities Account Provider to third parties. In connection with such loans, the Securities Account Provider may receive and retain certain benefits to which the Issuer will not be entitled. Further, there is a risk that substitute payments that the Issuer may be entitled to as a result of such securities loans may not be afforded the same tax treatment as actual interest, dividends and / or other distributions, that the Issuer may have been entitled to but for such securities loans, and the Issuer may incur additional tax liability for substitute payments that it receives. The Issuer would not be entitled to any compensation in connection with securities lent from the Securities Account or for additional taxes the Issuer may be required to pay as a result of any tax treatment differential between substitute payments and actual interest, dividends, and / or other distributions.

The Issuer is required to reimburse the Securities Account Provider for all costs and expenses incurred in the collection of any debit balance or unpaid deficiency in the Securities Account or IB Master Account, including, but not limited to, attorneys' fees, as well as all actions, omissions, costs, fees (including but not limited to attorney's fees), or liabilities associated with any Securities Account Default, or any transactions undertaken by the Securities Account Provider upon such Securities Account Default.

Pursuant to the Securities Account Agreement and the IB Master Securities Account Agreement, the Issuer is required to grant to the Securities Account Provider a security interest in and pledge to the Securities Account Provider any and all assets of the Issuer of any kind held by or on behalf of the Securities Account Provider for the Securities Account and the IB Master Account. The security interests described in this paragraph are granted by the Issuer to secure the performance of obligations and liabilities to the Securities Account Provider under the Securities Account Agreement, the IB Master Account or any other agreement.

The Issuer's obligations shall include any and all indebtedness, liabilities or other obligations (including unmatured and contingent obligations) now or hereafter owed by the Issuer to the Securities Account Provider.

The Securities Account Provider cannot be held liable for any losses caused directly or indirectly by government restrictions, exchange or market rulings, suspension of trading, war, strikes or other conditions beyond their control, including, but not limited to, extreme market volatility or trading volumes.

### **8.1.3 Investment in the Securities Account**

By investing in the Securities Account, the Issuer will purchase certain Securities and also have the ability to invest on margin. This means that the Securities Account Provider may, in its sole discretion, allow the Issuer to obtain an exposure to Securities with an aggregate value that exceeds the amount that the Issuer has

invested, by allowing the Issuer to only maintain sufficient margin in the Securities Account to fund margin calls on the relevant position in the Securities (and not the face value of the Securities themselves). In this way, the Securities Account Provider provides the Issuer with leverage in respect of the Portfolio.

However, if the Net Asset Value of the Portfolio (and therefore the value of the underlying Securities) were to fall below a certain level, as determined by the Securities Account Provider in its sole discretion, the Issuer will receive a margin call from the Securities Account Provider. At this time:

- (A) the Issuer may issue Further Notes pursuant to Special Condition 5.10 and to use the proceeds of such Further Notes to fund the relevant margin call;
- (B) the Portfolio Manager may elect to meet such margin call from its own assets (and no amounts provided by the Portfolio Manager in respect of such margin calls are refundable to the Portfolio Manager by the Issuer); or
- (C) the Securities Account Provider may elect to liquidate positions by selling Securities or by terminating margin investments and retain the proceeds thereof to meet such margin calls.

While the leverage described above presents opportunities for increasing total return, it has the effect of potentially increasing losses as well subject to limited recourse and non-petition provisions contained in a side letter to the Securities Account Agreement from the Securities Account Provider to the Issuer, Trustee, and Broker Dealer of Record for the benefit of the Issuer. That is, where the income and appreciation on the Portfolio are less than the cost of the leverage (margin), the value of the Portfolio and the Securities Account (and therefore the redemption value of the Notes) will decrease. Accordingly, any event which adversely affects the value of the Portfolio would be magnified to the extent leverage is employed.

Therefore, an investor in the Notes should note the following:

- (i) the cumulative effect of the use of leverage in a market that moves adversely to a leveraged investment could result in a substantial loss which would be greater than if leverage was not used;
- (ii) leveraged transactions involve the posting of margin and increases in the amount of margin or similar payments could result in the need for trading activity at times and at prices which could be disadvantageous to the Portfolio;
- (iii) some of the investment strategies employed by the Portfolio Manager may require the use of considerable leverage, there can be no assurance that margin will always be available and the terms upon which the Securities Account Provider is willing to provide credit may be subject to change; and
- (iv) as a consequence of leverage, interest expense may be material as a percentage of the Portfolio and the use of leverage means that even comparatively small losses, or insufficient profits to offset expenses, could rapidly reduce the Net Asset Value of the Portfolio.

#### 8.1.4 **Securities Account Provider**

Interactive Brokers LLC is an automated global electronic broker that specialises in catering to financial professionals by offering trading technology, execution capabilities, worldwide electronic access, and risk management tools. The brokerage trading platform utilises the same innovative technology as the company's market making business, which specialises in routing orders and executing and processing trades in securities, futures, foreign exchange instruments, bonds and funds on more than one hundred (100) electronic exchanges and trading venues around the world, including twenty-four (24) countries to date. As a market maker, IBLLC affiliates provide liquidity at these marketplaces and, as a broker, it provides professional traders and investors with electronic access to stocks, options, futures, forex, bonds and mutual funds. Any holder of the Notes will have claims against the Issuer only, and shall not have any rights directly against the Securities Account Provider.

#### 8.1.5 **Fees**

The fees payable to the Securities Account Provider are described in Special Condition 5.8 (Fees).

Any holder of the Notes will have claims against the Issuer only, and shall not have any rights directly against the Securities Account Provider.

### **9 DESCRIPTION OF THE SECURITY ARRANGEMENTS IN RESPECT OF THE NOTES**

#### 9.1.1 **Introduction**

The Notes will be secured, limited recourse obligations of the Issuer. The purpose of this section is to provide further information in respect of these important features of the Notes, which are included in the Conditions. However, the following description is a summary only of certain aspects of the security arrangements and is subject in all respects to the terms of the Trust Deed, the Constituting Instrument, the Charging Instrument, the Programme Accounts Security Agreement and the Conditions of the Notes, of which Noteholders are deemed to have notice and by which they are bound.

The Issuer will grant the security described below to the Trustee as continuing security for the payment of the Secured Obligations (being all payment and other obligations of the Issuer under the Notes, the Constituting Instrument (and each document constituted thereby) and the Transaction Documents. The Trustee shall hold such Security on behalf of itself and the other Secured Parties (including the Noteholders).

#### 9.1.2 **Securities Account Provider**

The Security is subject to a lien and security interests retained by the Securities Account Provider over the assets held in the Securities Account and the IB Master Account that supersedes any security interests created by either the Constituting Instrument or the Charging Instrument.

#### 9.1.3 **Security arrangements**

The Notes will be secured by a security granted over the Mortgaged Property (including the Securities Account, the Securities Account Agreement, the IB Master Account, the IB Master Securities Account Agreement and the Related Rights obtained with the entire net proceeds of the issue of the Notes) in favour of the Trustee for itself and as trustee for the Secured Parties (the “**Security**”). The Security will be granted pursuant to the Trust Deed, the Charging Instrument and the Programme Accounts Security Agreement, each of which is described below.

Under the Trust Deed, as amended by the terms of the Constituting Instrument, the Issuer, in favour of the Trustee for itself and as trustee for the Secured Parties, and as continuing security, will:

- (A) charge by way of fixed charge in favour of the Trustee for itself and as trustee for the Secured Parties the Charged Assets, and in respect of the Charged Assets all debts represented thereby, all rights in respect thereof and the right to payment of all interest and other moneys in respect thereof and all rights to the delivery thereof or to an equal number or nominal amount thereof as against any clearing system or its operator or any depository thereof;
- (B) charge by way of fixed charge and assign by way of fixed security in favour of the Trustee for itself and as trustee for the Secured Parties all its rights, title and interest in and to all rights in respect of the Charged Assets;
- (C) charge by way of fixed charge and assign by way of fixed security assignment in favour of the Trustee for itself and as trustee for the Secured Parties all of the Issuer’s rights, title, benefit and interest in, to and under the Account Bank Agreement, the Unwind Account Custody Agreement, any accounts held pursuant thereto and all sums derived therefrom to the extent that the same relate to the Notes (and no other Series);
- (D) charge by way of fixed charge and assign by way of fixed security assignment in favour of the Trustee for itself and as trustee for the Secured Parties all of the Issuer’s rights, title, benefit and interest in, to and under the IB Master Securities Account Agreement, any accounts held pursuant thereto (including the IB Master Account) and all sums derived therefrom to the extent that the same relate to obligations of the Issuer under the Notes (and no other Series);
- (E) charge by way of fixed charge and assign by way of fixed security assignment in favour of the Trustee for itself and as trustee for the Secured Parties all of the Issuer’s rights, title, benefit and interest in, to and under the Securities Account and the Securities Account Agreement and all sums derived therefrom;
- (F) charge by way of fixed charge and assign by way of fixed security assignment in favour of the Trustee for itself and as trustee for the Secured Parties all of the Issuer’s rights against

the Broker Dealer of Record with respect to (a) the Charged Assets under the Broker Dealer of Record Agreement and (b) any moneys and / or other assets received under the Broker Dealer of Record Agreement or in respect of such Charged Assets;

- (G) charge by way of fixed charge and assign by way of fixed security assignment in favour of the Trustee for itself and as trustee for the Secured Parties all funds and any other assets now or hereafter standing to the credit of the account of the Principal Paying Agent in respect of the Notes and the debts represented by such moneys;
- (H) assign by way of fixed security assignment in favour of the Trustee for itself and as trustee for the Secured Parties all of the Issuer's rights, title, benefit and interest in, to and under the Agency Agreement, the Placing Agreement and the Arrangement Agreement and all sums derived therefrom; and
- (I) assign by way of fixed security assignment in favour of the Trustee for itself and as trustee for the Secured Parties (other than the Portfolio Manager, if any) all of the Issuer's rights, title, benefit and interest in, to and under the Portfolio Management Agreement and all sums derived therefrom,

in each case on terms that the Trustee shall hold the proceeds of such security for itself and on trust for the Secured Parties.

As continuing security for the due payment, performance and discharge of the Secured Obligations the Issuer as legal and beneficial owner will charge by way of floating charge in favour of the Trustee for itself and on trust for the Secured Parties all of the Mortgaged Property which are not effectually charged or assigned as described above.

#### 9.1.4 **Charging Instrument**

The Issuer will grant in favour of the Trustee, as security for itself, and the Secured Parties a New York law governed security interest over the Securities Account and the Securities Account Agreement pursuant to the New York law governed supplemental security agreement (relating to the Securities Account) entered into between the Issuer and the Trustee on or about the Issue Date (the "**Securities Account Supplemental Security Agreement**");

The Issuer has granted in favour of the Trustee, as security for itself, and the Secured Parties a New York law governed security interest over the IB Master Account and the IB Master Securities Account Agreement pursuant to the New York law governed supplemental security agreement (relating to the IB Master Account) entered into between the Issuer and the Trustee on 09 April 2020 (the "**IB Master Account Supplemental Security Agreement**").

In order to perfect the security interests created by the Securities Account Supplemental Security Agreement and the IB Master Account Supplemental Security Agreement the Issuer has entered into:

- (A) a New York law governed Securities Account Control Agreement (relating to the Securities Account) entered into between the Issuer, the Trustee and the Securities Account Provider on 09 April 2020 (the “**Securities Account Control Agreement**”); and
- (B) a New York law governed Securities Account Control Agreement (relating to the IB Master Account) entered into between the Issuer, the Trustee and the Securities Account Provider on 09 April 2020 (the “**IB Master Account Control Agreement**”).

On or about the Issue Date the Issuer and the Trustee will:

- (A) deliver to the Securities Account Provider an amendment to the Securities Account Control Agreement (as provided for in the Securities Account Control Agreement) such that this Series will be subject to the Securities Account Control Agreement;
- (B) designate this Series as a “Series” for the purposes of the IB Master Account Supplemental Security Agreement (as provided for in the IB Master Account Supplemental Security Agreement) such that this Series will be subject to the IB Master Account Supplemental Security Agreement; and
- (C) designate this Series as a “Series” for the purposes of the IB Master Account Control Agreement such that this Series will be subject to the IB Master Account Control Agreement.

The IB Master Account may hold monies and other assets in respect of more than one Series, as described above. Should the Trustee enforce security over the IB Master Account following the default of this Series, its claim over the IB Master Account would be to assets held in the IB Master Account in respect of this Series only and no other Series.

#### 9.1.5 **Programme Accounts Security Agreement**

Pursuant to the Programme Accounts Security Agreement, the Issuer has granted security over the Account Bank Agreement, Unwind Account Custody Agreement and any accounts held pursuant thereto in favour of the Trustee, as security for itself and the Secured Parties in respect of the Issuer’s obligations to the Trustee (whether for its own account or as trustee for the Secured Parties) in respect of all Series under the ETPCAP Programme. Pursuant to a deed of confirmation, the Issuer will confirm to the Trustee that the Programme Accounts Security Agreement charges the Account Bank Agreement, Unwind Account Custody Agreement and any accounts held pursuant thereto in favour of the Trustee in respect of the Issuer’s obligations under Series 542 Institutional Global Macro.

Neither the Settlement Accounts nor the Settlement Agent Agreement will be subject to the security created by the Issuer pursuant to the Programme Accounts Security Agreement. Accordingly, Noteholders will be unsecured creditors in respect of any balance standing to the credit of the Settlement Accounts from time to time and will rank pari passu with any other unsecured creditors of the Issuer in respect of such balance.

Prospective investors should be aware that if other unsecured creditors were to make a claim in respect of such balance, the amount received by Noteholders may be less than would otherwise have been the case if the Settlement Accounts were subject to the security granted in favour of the Trustee. In order to minimise this risk, the Issuer will ensure that any cash balance of the Settlement Accounts is transferred to an account established pursuant to the Account Bank Agreement (which is subject to the security granted by the Issuer to the Trustee pursuant to the Programme Account Security Agreement) on a daily basis so that the cash balance of the Settlement Accounts at the close of business on each day shall be zero.

#### 9.1.6 **Enforcement**

The Security may become enforceable if the Notes or any of them have become due and repayable (for example, due to acceleration following the occurrence of an Event of Default) and have not been repaid.

In such circumstances the Trustee at its discretion may, and if so directed by the relevant parties shall, upon being indemnified, secured and / or prefunded to its satisfaction, realise the Charged Assets. In realising the Charged Assets the Trustee may, but shall not be obliged to, procure the sale of the Charged Assets or may request the redemption of the Charged Assets if the Charged Assets allow for such request.

#### 9.1.7 **Priority of Claims and Limited Recourse and Non-Petition provisions**

Upon an enforcement of the Security, the net sums realised could be insufficient to pay all the amounts due to the Noteholders under the Notes and the amounts due to the other Secured Parties. The Trustee, the Agents, the Back Office Agent, the Programme Coordinator and the Noteholders (in each case to the extent that their claims are secured) shall have recourse only to the Mortgaged Property. If, the Trustee having realised the Mortgaged Property, the proceeds thereof are insufficient for the Issuer to make all payments then due to all such parties, the obligations of the Issuer will be limited to such proceeds of realisation of the Mortgaged Property and no other assets of the Issuer will be available to meet such shortfall. Amounts owing to the Trustee (including any costs of a receiver or similar official), the Back Office Agent, the Programme Coordinator, the Securities Account Provider, the Portfolio Manager and the Agents and the other expenses of the Issuer in respect of the Notes shall rank prior to the Noteholders in the application of all moneys received in connection with the realisation or enforcement of the Security. The Trustee, the Agents, the Back Office Agent, the Programme Coordinator, the Securities Account Provider, the Portfolio Manager, the Noteholders or anyone acting on behalf of any of them shall not be entitled to take any further steps against the Issuer to recover any further sum and no debt shall be owed to any such persons by the Issuer. In particular, none of the Trustee, the Back Office Agent, the Programme Coordinator, the Securities Account Provider, the Portfolio Manager and the Agents or any holder of the Notes may petition or take any other step for the winding-up, liquidation or examinership of the Issuer, and none of them shall have any claim in respect of any sum arising in respect of the Charged Assets for any other Series.

## 10 **INFORMATION RELATING TO THE PORTFOLIO MANAGEMENT AGREEMENT**

*The below summary is qualified in its entirety by the terms of the Portfolio*

*Management Agreement, which will be available during business hours on any day (Saturdays, Sundays and public holidays excepted) for inspection at, and collection of copies from, the registered office of the Issuer for as long as the Notes are outstanding.*

#### **10.1.1 Portfolio Management Agreement**

The Portfolio Management Agreement sets out the terms and conditions of the appointment of the Portfolio Manager.

The Portfolio Manager shall be obliged to perform its obligations under the Portfolio Management Agreement in accordance with the terms of the Portfolio Management Agreement and shall be obliged to use all reasonable endeavours, in the course of carrying out such obligations, to pursue any strategy that it deems fit to pursuant to the Investment Strategy and Management Criteria as set out in the Portfolio Management Agreement. The Portfolio Manager shall be obliged to manage the buying and / or selling of Securities pursuant to the Securities Account Agreement and the Portfolio Management Agreement.

#### **10.1.2 Portfolio Manager**

The Issuer has appointed Alveo Wealth Management, LLC as the Portfolio Manager in respect of the Notes pursuant to the Portfolio Management Agreement. The role of the Portfolio Manager is to actively manage the Portfolio by the buying and / or selling of Securities pursuant to the Securities Account Agreement entered into between the Issuer and the Securities Account Provider.

Alveo Wealth Management, LLC, is a Limited Liability Company incorporated under the laws of Florida, USA on May 03, 2013 under document number: L13000065538. This company is a regulated entity in the United States by the Securities and Exchange Commission (SEC) as an investment adviser firm. CRD#: 166898.

The holder of the Notes will have claims against the Issuer only and shall not have any rights directly against the Portfolio Manager.

#### **10.1.3 Fees**

The fees payable to the Portfolio Manager are described in Special Condition 5.8 (Fees).

### **11 INFORMATION RELATING TO THE PROGRAMME COORDINATOR AND CALCULATION AGENT**

FlexFunds ETP, LLC is the Programme Coordinator in respect of the Notes, and as such is responsible for certain management and administrative functions in relation to the Notes.

The Issuer and the Programme Coordinator have agreed that each of the matters which are the subject of the services and duties to be provided by the Programme Coordinator shall remain subject to the control and supervision of the Issuer. In this

regard, notwithstanding anything to the contrary in the Transaction Documents or the Conditions of the Notes, prior to exercising any authority granted to it under the terms of the Transaction Documents or the Conditions of the Notes to give any direction, to make any determination or to exercise any other discretion, which direction, determination or exercise of such discretion would require the Issuer to take any action, the Programme Coordinator shall consult with the Issuer and shall not exercise such authority without the prior consent of the Issuer. When consulting with the Issuer, the Programme Coordinator shall make recommendations to the Issuer but any decision of whether to grant its consent shall be made by the Issuer in its absolute discretion. Any purported exercise by the Programme Coordinator of any authority without first procuring the prior consent of the Issuer in circumstances where such prior consent is required shall be void and of no effect. Nothing however shall require the Programme Coordinator to receive the consent of the Issuer to resign or terminate its appointment in accordance with the terms of the Transaction Documents.

As Calculation Agent, FlexFunds ETP, LLC is responsible for performing certain calculations in relation to the Notes in accordance with the terms of the Agency Agreement and the Conditions of the Notes.

FlexFunds ETP LLC is a Miami based investment services company. The company administers the ETPCAP Programme with all participants, prepares the notes for issuance and coordinates the relations and activities between the ETPCAP Programme participants and managers of the Charged Assets. FlexFunds ETP LLC has a presence in Miami.

The Calculation Agent may at any time resign subject to giving 60 day's prior written notice to the Issuer. The Issuer may at any time terminate the appointment of the Calculation Agent, subject to giving 60 days' prior written notice subject to and in accordance with the terms of the Agency Agreement. In such case the Issuer would, with the prior written consent of the Trustee, appoint a successor. The Calculation Agent shall not be liable to any person for any matter or thing done or omitted in any way in connection with the Transaction Documents save in relation to its own negligence, willful default or fraud.

The holder of the Notes will have claims against the Issuer only and shall not have any rights directly against the Programme Coordinator or the Calculation Agent.

The fees payable to FlexFunds ETP, LLC. as the Programme Coordinator are described in Special Condition 5.8 (Fees) of the Notes.

## **12 INFORMATION RELATING TO THE BACK OFFICE AGENT, BROKER DEALER OF RECORD AND CHARGED ASSETS REALISATION AGENT**

### Back Office Agent

GWM LTD has been appointed as Back Office Agent pursuant to the terms of the Placing Agreement. GWM LTD as Back Office Agent has an administrative role and its main function is to coordinate the subscription and redemption trades between the Issuer and purchasers of the Notes.

As Back Office Agent, GWM LTD will not be able to confirm any buy orders or sell orders on behalf of the Issuer if the Calculation Agent cannot provide it with a Net Asset Value. In addition, the Issuer may instruct GWM LTD as Back Office Agent at any time that it is no longer permitted to confirm any transactions on behalf of the

Issuer.

GWM LTD as Back Office Agent has no control over the Net Asset Value calculations and does not verify the Net Asset Value calculations received from the Calculation Agent.

GWM LTD, as Back Office Agent is not, under any circumstances whatsoever, obliged to make a market for the Notes, to provide liquidity in the secondary market with respect to the Notes or to facilitate purchases of Notes by the Issuer.

GWM LTD as Back Office Agent has the right to refuse to process orders for any counterparty at its own discretion.

GWM LTD as Back Office Agent will limit its interaction to regulated financial institutions. GWM LTD cannot interact with retail clients.

As Back Office Agent, GWM LTD has agreed to comply with all duties and responsibilities set out in the Conditions of the Notes, and to strictly adhere to the Selling Restrictions.

GWM LTD, as Back Office Agent shall not be liable (whether directly or indirectly, in contract, in tort or otherwise) to the Issuer, any Noteholder or any other party to the ETPCAP Programme or any person for any loss incurred by such person that arises out of or in connection with the performance by GWM LTD, as Back Office Agent, provided that nothing shall relieve GWM LTD, as Back Office Agent from any loss arising by reason of acts or omissions constituting gross negligence, with default or fraud of the Back Office Agent.

#### Broker Dealer of Record

GWM LTD has also been appointed to act as Broker Dealer of Record pursuant to the Broker Dealer of Record Agreement. In its capacity as Broker Dealer of Record, GWM LTD is responsible for, amongst other things, assisting the Issuer with the establishment of the Securities Account.

GWM LTD, as the Broker Dealer of Record, may at any time resign its appointment, subject to it giving to the Issuer, the Principal Paying Agent, the Portfolio Manager and the Trustee not less than 30 days' prior written notice (or such lesser period of notice as the Issuer and the Trustee may agree) to that effect and the Issuer may at any time terminate the appointment of GWM LTD as the Broker Dealer of Record, subject to the Issuer giving to the Broker Dealer of Record, the Principal Paying Agent, the Portfolio Manager and the Trustee not less than 30 days' prior written notice to that effect provided that no such notice shall expire less than 21 days before, or 21 days after the due date for any payment in respect of the Notes and less than 21 days before or 21 days after the due date for payment in respect of the Charged Assets. No such resignation or termination of the appointment of the Broker Dealer of Record in relation to the Notes shall take effect until a new Broker Dealer of Record has been appointed in accordance with the terms of the Broker Dealer of Record Agreement.

GWM Ltd, as Broker Dealer of Record, shall use all reasonable care in the performance of its duties under the Broker Dealer of Record Agreement but shall not be responsible for any loss or damage suffered by any party as a result of its performing its duties under the Broker Dealer of Record Agreement unless the same results from the fraud, wilful default, negligence or bad faith of the Broker Dealer of

Record or its officers or employees.

#### Charged Assets Realisation Agent

GWM LTD has also been appointed to act as Charged Assets Realisation Agent pursuant to the Agency Agreement. As Charged Assets Realisation Agent, GWM LTD is responsible to the Issuer for taking any steps in order to realise the Charged Assets as required for the purposes of the Notes. The Charged Assets Realisation Agent acts pursuant to the terms of the Agency Agreement and in accordance with the Conditions of the Notes. The Charged Assets Realisation Agent shall, on behalf of the Issuer, sell or procure the sale or other means of realisation of the Charged Assets and shall be entitled to deduct any costs, expenses, taxes and duties incurred in connection with any disposal, realisation or transfer of such Charged Assets.

GWM LTD, as the Charged Assets Realisation Agent, may at any time resign subject to giving 60 day's prior written notice to the Issuer. The Issuer may at any time terminate the appointment of the Charged Assets Realisation Agent, subject to giving 60 days' prior written notice subject to and in accordance with the terms of the Agency Agreement. In such case the Issuer would, with the prior written consent of the Trustee, appoint a successor.

The Charged Assets Realisation Agent may sell or procure the sale or other means of realisation of the Charged Assets in such manner and to and / or involving such person as it thinks fit and shall be entitled to sell and procure the sale or other means of realisation of the Charged Assets at such price in its sole discretion. The Charged Assets Realisation Agent shall not be responsible or liable for any failure to sell or realise the Charged Assets or any delay in doing so nor for any loss suffered or incurred by any person as a result of their sale or other means of realisation.

GWM LTD, as Charged Assets Realisation Agent shall not be liable to any person for any matter or thing done or omitted in any way in connection with the Transaction Documents save in relation to its own negligence, willful default or fraud.

#### General

GWM LTD has not independently verified the information contained herein. Accordingly, no representation, warranty or undertaking is made, whether express or implied, and no responsibility or liability is accepted by GWM LTD as to the accuracy, completeness or nature of the information contained in this Series Memorandum, the Programme Memorandum or any other document in relation to the ETPCAP Programme or with respect to the legality of investment in the Notes by any prospective investor or purchaser under applicable laws or regulations.

GWM LTD shall not, under any circumstances, be responsible for, or obliged to monitor or verify or investigate the performance or operation of any party appointed in relation to the ETPCAP Programme.

GWM LTD, as Back Office Agent, Broker Dealer of Record or Charged Assets Realisation Agent shall not, under any circumstances, be responsible for, or obliged to monitor or verify the performance or operation of the Issuer.

GWM LTD's role with respect to the Notes is limited to its function as Back Office Agent, Broker Dealer of Record and Charged Assets Realisation Agent.

GWM LTD as Back Office Agent, Broker Dealer of Record or Charged Assets Realisation Agent does not provide investment or tax advice.

GWM LTD was incorporated in Bermuda in December 2014 and is licensed to conduct investment business by the Bermuda Monetary Authority.

The Bermuda Monetary Authority granted approval to GWM LTD for a license under section 16 of the Investment Business Act 2003. GWM LTD has not verified any of the Series documentation content.

The holder of the Notes will have claims against the Issuer only, and shall not have any rights directly against the Back Office Agent, Broker Dealer of Record or Charged Assets Realisation Agent.

## 13 INFORMATION RELATING TO THE ISSUER

### 13.1.1 General

The Issuer was incorporated in Ireland as a designated activity company on 14 September 2018, with registration number 633999 under the name ETPCAP2 Designated Activity Company, under the Companies Acts 2014 as amended.

The registered office of the Issuer is at 116 Mount Prospect Avenue, Clontarf, Dublin 3. The e-mail address of the Issuer is contact@veritacorporate.com. The authorised share capital of the Issuer is EUR 1,000 divided into 1,000 Ordinary Shares of EUR 1 (the “**Shares**”). The Issuer has issued 1 Share, which is fully paid. The issued Share is held by Boru Corporate Trustees Limited (the “**Share Trustee**”). The Share Trustee owns the Issued Share under the terms of a declaration of trust dated 14 September 2018, as supplemented by the Deed of Appointment and Retirement of a Trustee dated 9 November 2022, under which the Share Trustee holds the issued Share of the Issuer on trust for charitable purposes.

The Issuer has been established as a special purpose vehicle. The principal objects of the Issuer are to raise finance through the issuance of debt securities or loan facilities and use the proceeds to enter into financial transactions including, without limitation, acquiring, holding, selling and disposing of financial assets and all related activities.

The Issuer is not, and will not be, regulated by the Central Bank of Ireland (the “**Central Bank**”) by virtue of the issue of the Notes. Any investment in the Notes does not have the status of a bank deposit and is not subject to the deposit protection scheme operated by the Central Bank.

The Issuer has not underwritten and will not underwrite the issue of, place, offer, or otherwise act in respect of the Notes, otherwise than in conformity with the provisions of all laws applicable in the jurisdiction in which the Notes are offered.

### 13.1.2 Directors and company secretary

The Directors of the Issuer are as follows:

- Neil Fleming
- John Dunphy

The company secretary is Verita Corporate Services Limited.

Verita Corporate Services Limited is the corporate services provider of the Issuer. Its duties include the provision of certain administrative, accounting and related services. The agreement between the Issuer and the corporate services provider can be terminated by either party at any time by giving 120 days' written notice to the other party. The agreement may also be terminated by either party upon shorter notice upon the occurrence of certain specified events such as an event of default occurring in relation to the other party. The business address of the corporate services provider is 116 Mount Prospect Avenue, Clontarf, Dublin 3.

The auditors of the Issuer are Roberts Nathan who are chartered certified accountants qualified to practice in Ireland.

#### 13.1.3 **Financial statements**

The Issuer's financial year-end is December 31st. The financial statements of the Issuer are filed with the Irish Companies Registration Office.

#### 13.1.4 **Authorisation**

The issue of the Notes was authorised by a resolution of the board of directors of the Issuer passed prior to the Issue Date.

#### 13.1.5 **Litigation**

There are no legal, governmental or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) which may have or have had a significant effect on the Issuer's financial position.

## **14 INFORMATION RELATING TO THE TRUSTEE**

Intertrust Trustees Limited of 1 Bartholomew Lane, London EC2N 2AX, United Kingdom has been appointed to act as Trustee pursuant to the terms of the Trust Deed.

The Trustee will hold the benefit of the Security on behalf of Noteholders and the other Secured Parties.

The Trustee shall not be responsible for, or be obliged to monitor or verify or investigate (among other matters):

- (A) the performance or operation of any calculation in respect of the Portfolio or any other element of the calculation thereof but shall be entitled to rely absolutely on any calculation by the Calculation Agent;
- (B) the performance, operations or financial condition of the Securities Account Provider or the terms of the Charged Assets or the calculation of amounts payable in respect

thereof;

- (C) the performance by the Securities Account Provider, the Portfolio Manager or the Issuer of any of their respective obligations under the Securities Account Agreement or the Portfolio Management Agreement or any other agreement relating to, or in connection with, the Portfolio or the Securities Account and shall be entitled to assume that each of them is in compliance with the terms thereof unless and until expressly notified to the contrary in writing by the Issuer or the Calculation Agent;
- (D) whether or not any Mandatory Redemption Event (including an Additional Mandatory Redemption Event) or any Event of Default has occurred and shall be entitled to assume that no such event has occurred unless and until expressly notified to the contrary in writing by the Issuer or the Calculation Agent;
- (E) save to the extent caused by its own gross negligence, wilful default or fraud the Trustee shall not be responsible or liable for any failure to sell, realise or redeem the Charged Assets or any delay in doing so nor for any loss suffered or incurred by any person as a result of the Net Proceeds, the Sale Proceeds or any other proceeds of sale, realisation or redemption of the Charged Assets being insufficient to discharge any Redemption Amount or Early Redemption Amount in full; or
- (F) any loss, liability or expense occasioned to the Charged Assets however caused by any act or omission of the Issuer or any agent or other person, unless such loss is occasioned by the gross negligence, wilful default and fraud of the Trustee.

The Trustee shall not be obliged to take any action in relation to the realisation of any security over the Charged Assets or to take any proceedings to enforce payment or repayment of any sums due under or pursuant to this Deed or the Constituting Instrument unless first indemnified, secured and / or prefunded to its satisfaction.

## **15 ISSUANCE PROCESS AND SELLING RESTRICTIONS**

### **ISSUANCE PROCESS**

On the Issue Date the Notes will initially be transferred to an account of the Issuer with The Bank of New York Mellon, London Branch where they will be held until their acquisition by investors.

Upon the acceptance of a purchase order for the Notes, the Notes will be transferred from the account of the Issuer to the account designated by the purchaser. The receipt and acceptance of purchase orders will be coordinated on behalf of the Issuer by the Back Office Agent. The Back Office Agent will limit its interactions to regulated financial institutions and cannot interact with retail clients.

The Notes may be held in the account of the Issuer for significant periods of time before being acquired by investors. In addition, the Issuer may elect to cancel any Notes which have not been acquired by investors. The Principal Amount of the Notes specified in this Series Memorandum represents the amount of the Notes that will be issued on the Issue Date. There is no minimum limit on the number of Notes that must be acquired by investors. Investors should therefore be aware that some Notes which are issued on the Issue Date may not be acquired by investors and it may be the case that investors only acquire a small portion of the Notes issued on the Issue Date. Investors should further be aware that while any holding of Notes they acquire may represent a particular portion of the Notes issued on the Issue Date, their holding may ultimately represent a larger portion of the Notes actually acquired by investors.

## SELLING RESTRICTIONS

In addition to the Selling Restrictions set out in the Programme Memorandum the restrictions set out below shall apply.

### United States

The Notes have not been and will not be registered under the U.S Securities Act of 1933, as amended from time to time (the "**Securities Act**") , and may not be directly or indirectly offered or sold in the United States or to or for the benefit of any U.S person (as defined in Regulation S) unless the securities are registered under the Securities Act, or an exemption from the registration requirements of the Securities Act is available.

Where:

"**U.S person**" means a "*US person*", as the term is defined in Regulation S under the Securities Act and more particularly are references to: (i) any natural person that resides in the U.S; (ii) any entity organised or incorporated under the laws of the U.S; (iii) any entity organised or incorporated outside the U.S that was formed by a U.S. person principally for the purpose of investing in securities not registered under the Securities Act, unless it is organised or incorporated, and owned, by accredited investors (as defined in Section 501 of Regulation D promulgated under the Securities Act) who are not natural persons, estates or trusts; (iv) any estate of which any executor or administrator is a US person ; (v) any trust of which any trustee is a U.S person; (vi) any agency or branch of a foreign entity located in the U.S; or (vii) any non-discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary for the benefit or account of a U.S. person; and (viii) any discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary organised, incorporated, or resident in the U.S. For the purposes hereof, the term "**U.S person**" shall not include any discretionary or non-discretionary account (other than an estate or trust) held for the benefit or account of a non-U.S person by a dealer or other professional fiduciary organised or incorporated in the US. The term "**U.S person**" includes entities that are subject to the U.S Employee Retirement Income Securities Act of 1974, as amended, or other tax-exempt investors or entities in which substantially all of the ownership is held by U.S persons.

In relation to each Member State of the European Economic Area ("**EEA**") where the Prospectus Regulation applies (each, a "**Relevant Member State**"), or the UK, where the UK Prospectus Regulation applies, an offer of Notes to the public has not and may not be made in that Relevant Member State or in the UK. Without limitation of the foregoing, if Notes are offered in any Relevant Member State or in the UK, any such offer can only be made to investors who acquire Notes for a total consideration of at least €100,000 per investor for each separate offer (or, if the Notes are denominated in a currency other than Euro, the equivalent of €100,000 in such other currency).

### IMPORTANT – EEA RETAIL INVESTORS

The Notes may not be offered, sold or otherwise made available to any retail investor within the EEA.

For these purposes, a retail investor means a person who is one (or more) of:

- a) a "retail client" as defined in point (11) of Article 4(1) of Directive 2014/65/EU, as amended ("**MiFID II**"); or
- b) a customer within the meaning of Directive (EU) 2016/97 (as amended), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.

Consequently, no key information document required by Regulation (EU) No 1286/2014 (as

amended, the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

### **IMPORTANT – UK RETAIL INVESTORS**

The Notes may not be offered, sold or otherwise made available to any retail investor within the UK.

For these purposes, a retail investor means a person who is one (or more) of:

- a) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**EUWA**"); or
- b) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 ("**FSMA**") and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA.

Consequently, no key information document required by the PRIIPs Regulation as it forms part of domestic law by virtue of the EUWA (the "**UK PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the United Kingdom may be unlawful under the UK PRIIPs Regulation.

### **Public Offering**

No action has been taken in any jurisdiction that would permit a public offering of any of the Notes, or possession or distribution of the Programme Memorandum, this Series Memorandum or any part thereof or any other offering material, in any country or jurisdiction where action for that purpose is required.

NO OFFER, SALE OR DELIVERY OF THE NOTES, OR DISTRIBUTION OR PUBLICATION OF ANY OFFERING MATERIAL RELATING TO THE NOTES, MAY BE MADE IN OR FROM ANY JURISDICTION EXCEPT IN CIRCUMSTANCES WHICH WILL RESULT IN COMPLIANCE WITH ANY APPLICABLE LAWS AND REGULATIONS. ANY OFFER OR SALE OF THE NOTES SHALL COMPLY WITH THE SELLING RESTRICTIONS AS SET OUT IN THIS SERIES MEMORANDUM AND THE PROGRAMME MEMORANDUM AND ALL APPLICABLE LAWS AND REGULATIONS.

## **16 GENERAL INFORMATION**

For so long as the Notes remain outstanding, the following documents will be available in physical form from the date hereof during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted) for inspection at the registered office of the issuer and the specified office of the Principal Paying Agent in London:

- (a) the Master Documents which are incorporated by reference by the Constituting Instrument so as to constitute the Trust Deed, Agency Agreement, Arrangement Agreement, Placing Agreement, Broker Dealer of Record Agreement and the Portfolio Management Agreement with respect to the Notes (to the extent not otherwise amended, modified and / or supplemented by the Constituting

- Instrument);
- (b) any deed or agreement supplemental to the Master Documents;
  - (c) the Programme Memorandum;
  - (d) the Certificate of Incorporation and the Constitution of the Issuer;
  - (e) the Constituting Instrument;
  - (f) the Account Bank Agreement, the Settlement Agent Agreement, the Unwind Account Custody Agreement and the Programme Accounts Security Agreement;
  - (g) the Charging Instrument; and
  - (h) the Securities Account Agreement.

**Schedule I  
Management Criteria**

## SCHEDULE 3

### COMPOSITION OF THE PORTFOLIO

#### 1 COMPOSITION OF THE PORTFOLIO

1.1 The Portfolio Manager shall be free to purchase, sell or otherwise deal with assets comprising the Portfolio subject to compliance with the Standard of Care, the Management Criteria and the remainder of the Portfolio Management Agreement.

1.2 The Portfolio Manager shall comply with the requirements and restrictions set out in Clause 2 (Management Criteria) below (the “**Management Criteria**”). The obligation to ensure that the Management Criteria have been adhered to will be the sole responsibility of the Portfolio Manager and, for the avoidance of doubt, the Issuer shall not have any obligation to supervise or monitor the activities of the Portfolio Manager with respect to the composition or trading of the assets held in the Securities Account.

#### 2 MANAGEMENT CRITERIA

##### 2.1 Investment Strategy

The Portfolio Manager will seek to achieve the Investment Objective by pursuing the Investment Strategy in accordance with the Management Criteria.

The Investment Strategy provides full diversification of asset classes both long and short through highly liquid ETFs and covered calls and puts, over these positions. It also has an overlay of a volatility strategy that can buy volatility ETFs and write calls out of them using beta hedge over the entire Portfolio. It may use tactical currency and fixed income on opportunities.

##### 2.2 Eligible Portfolio Asset

At the time of purchase, each asset must be an Eligible Portfolio Asset (as defined below).

##### 2.3 Investment Horizon

1 year

##### 2.4 Reference Currency

The Portfolio reference currency shall be USD. The foreign currency exposure will be hedged at the Portfolio Manager’s discretion.

##### 2.5 Allocation and Investment Restrictions

The management of the Portfolio will be subject to the following allocation and investment restrictions:

###### 2.5.1 Investment Restrictions

###### (A) Eligible Investments

The Portfolio Manager may only invest in each of the following asset

classes including assets denominated in foreign currencies, to the extent marked “applicable”, subject to the other restrictions and limitations detailed below and provided that all such investments are considered ‘qualifying assets’ for the purposes of section 110 Taxes Consolidation Act 1997 (as amended). The Portfolio Manager may also use financial techniques and instruments for the purpose of hedging or effective management of the Portfolio to the extent such instruments are marked “applicable” below.

(1) **Equities (Including ETFs):**

Geographic Exposure:

- (i) Developed: Applicable
- (ii) Emerging Markets: Applicable

Market Cap

- (i) Large Cap: Applicable
- (ii) Mid Cap: Applicable
- (iii) Small Cap: Applicable
- (iv) Penny Stocks: Non-Applicable

(2) **Bonds (Fixed Income):**

Geographic Exposure:

- (i) Developed: Applicable
- (ii) Emerging Markets: Applicable

Rating:

- (i) Investment Grade Plus: Applicable
- (ii) High Yield: Applicable

(3) **Options:**

Geographic Exposure:

- (i) United States: Applicable
- (ii) International: Applicable

(4) **Futures:**

Geographic Exposure Type:

- (i) United States: Non-Applicable
- (ii) International: Non-Applicable

(5) **Futures Options:**

Geographic Exposure Type:

- (i) United States: Non-Applicable
- (ii) International: Non-Applicable

(6) **Complex Products:** Applicable

(7) **Leveraged and or Structured Products:** Applicable

(8) **Mutual Funds:**

Geographic Exposure Type:

- (i) United States: Non-Applicable
- (ii) International: Non-Applicable

(9) **Cash Foreign Exchange:** Applicable

(any such assets which are specified as “applicable” being “**Eligible Portfolio Assets**”).

The Portfolio Manager shall determine the applicability of the above categorisations to any proposed investment on the basis of its professional judgment provided that it shall adhere to any categorisations applied by the Securities Account Provider from time to time.

(B) **Structured Products**

Notwithstanding any other provision herein or in the Master Portfolio Management Terms (November 2018 Edition) (and in particular Clause 6 (Conflicts of Interest of Portfolio Manager) thereof), the Portfolio Manager shall not invest in:

- b. products that are illiquid where: (A) the Portfolio Manager is also the portfolio manager of such product or performs a role analogous thereto; or (B) investment in such products could give rise to a conflict of interest that could reasonably be expected to be materially prejudicial to the Issuer and/or the value of the Notes, save where the Issuer has given its prior written consent to such investment.

c. structured products unless such structured products:

- i. are issued by banks or financial institutions that hold a banking license;
- ii. are issued by banks or financial institutions that have a long-term credit rating of Baa2 or higher by Moody’s or BBB or higher by Standard and Poor’s or Fitch;
- iii. have a performance linked to liquid assets;

- iv. are capable of having pricing provided to the Calculation Agent through either Bloomberg or the issuing bank's website; and
- v. are custodied with either The Bank of New York Mellon (or its sub-custodians) or Interactive Brokers, LLC;

OR

- vi. are listed on a regulated exchange and have intraday liquidity.

The Portfolio Manager undertakes that prior to acquiring any structured product in connection with the Notes it will give written notice (the "**Structured Product Acquisition Notice**") to the Calculation Agent specifying the ISIN of the relevant security. The Calculation Agent may request further information about the relevant security as it deems necessary (the "**Structured Product Requested Information**") and the Portfolio Manager shall promptly provide such information. If the Calculation Agent determines that the above specified criteria are not satisfied it shall notify the Portfolio Manager within two (2) Business Days of the later of (i) the date it receives the Structured Product Acquisition Notice and (ii) the date it receives the Structured Product Requested Information that the relevant structured product does not satisfy the eligibility requirements of the Portfolio Management Agreement and the Portfolio Manager shall not purchase such security.

The Portfolio Manager agrees and acknowledges that any failure by it to comply in any respect with the provisions of this Clause 3.4 shall be a material breach of contract and shall be a 'Portfolio Manager Breach'.

**(C) Rules for diversification of risks regarding uncovered sales**

Short selling: Subject to any restrictions provided for in this document, short sales are permitted.

If the Portfolio Manager enters into uncovered sales, it must hold sufficient assets enabling it at any time to close the open positions resulting from such uncovered sales.

**(D) Borrowings**

Leverage may be employed by borrowing from the Securities Account Provider for the purpose of making additional investments. The leverage that may be employed by the Portfolio Manager in this way is subject to the limits imposed from time to time by the Securities Account Provider on the Securities Account.

**(E) Cash and Cash equivalents**

The Portfolio may hold cash and cash equivalents on an ancillary basis. Under exceptional circumstances and where financial market conditions so require, up to 100% of the assets of the Portfolio may be held in cash and cash equivalents.

## 2.5.2 Other Restrictions

- (A) **Duration:** Not applicable.
- (B) **Rating:** Other than as detailed above in respect of Bonds, there are no restrictions on the ratings of the underlying investments.
- (C) **Market Cap:** Equities may only be acquired, if at the time of acquisition, their market price is at least USD 0.05 per share.
- (D) **Sanctions:** No investments may be made if such investment would be in breach of any applicable sanctions, including but not limited to sanctions imposed by the U.S. Office of Foreign Assets Control (OFAC).
- (E) The Investment Restrictions above are also applicable to investments made through derivative instruments, investments in foreign currencies and other instruments.

## 2.5.3 Frequency of the Net Asset Value Calculation

The official Net Asset Value is calculated weekly.

## 2.5.4 Mandate of the Portfolio Manager

Subject to the defined objectives and restrictions as set out herein, the Portfolio will be managed at the Portfolio Manager's discretion with active and dynamic portfolio management covering all asset classes.

The choices of asset classes, instruments held within the Portfolio, weightings, country, sector, credit exposure, timing etc. will be made in accordance with the Portfolio Manager's professional judgment with due regard to the whole Portfolio's construction and diversification principles.

The allocation can fluctuate according to market conditions and opportunities.

**Any adjustment to the allocation of the Portfolio will be made at the Portfolio Manager's discretion in accordance with the Portfolio Manager's professional judgment, with due care and with regard to the Portfolio Manager's outlook on relevant markets and investments so as to seek to fulfil the Investment Objective.**

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