

KBI Funds ICAV

An open-ended umbrella type Irish Collective Asset-Management Vehicle (“ICAV”) with limited liability and segregated liability between Funds registered with and authorised by the Central Bank of Ireland to carry on business as an ICAV, pursuant to Part 2 of the Irish Collective Asset-management Vehicles Act, 2015 and established as an undertaking for collective investment in transferable securities pursuant to the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations, 2011 (S.I. No. 352 of 2011) (as amended).

UK COUNTRY SUPPLEMENT

ADDITIONAL INFORMATION FOR INVESTORS IN THE UNITED KINGDOM

3 December, 2024

This Supplement contains information specific to investors in the United Kingdom regarding KBI Funds ICAV (the “**ICAV**”). It forms part of and must be read in conjunction with the prospectus of the ICAV dated 4th April 2024 as amended and supplemented from time to time (the “Prospectus”).

All capitalised terms used herein contained shall have the same meaning in this Supplement as in the Prospectus, unless otherwise indicated.

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

1. Facilities

In connection with the ICAV's recognition as an Overseas Funds Regime Recognised Scheme ("**OFR Recognised Scheme**"); under section 271A (Schemes authorised in approved countries) of the Financial Services and Markets Act 2000, as amended ("**FSMA**", "**the Act**"), or a sub-fund recognised under section 271A of the Act, as applied by section 271S of the Act (Recognition of parts of schemes under section 271A), the ICAV has appointed Carne Financial Services (UK) LLP, having its business offices at 2nd Floor, 29 – 30 Cornhill Street, London, EC3V 3ND, United Kingdom (the "**Facilities Agent**") to maintain the facilities required of the operator of a recognised scheme pursuant to the rules contained in the Collective Investment Schemes Sourcebook published by the UK Financial Conduct Authority (the "**FCA**") as part of the FCA's Handbook of Rules and Guidance. Such facilities will be located at 2nd Floor, 29 – 30 Cornhill Street, London, EC3V 3ND.

At these facilities any person may:

1. inspect (free of charge) up-to-date copies in English of:
 - (i) the instrument constituting the ICAV, as amended from time to time;
 - (ii) the Prospectus;
 - (iii) the latest annual report and (if more recent) the half-yearly report of the ICAV; and
 - (iv) the key investor information document or equivalent disclosure document [in respect of each Fund];
2. obtain paper copies of any of the documents in (1), at no more than a reasonable charge in the case of (i), and free of charge in the other cases;
3. submit orders to subscribe for and redeem Shares in the ICAV in accordance with the terms of the Prospectus;
4. obtain information about how any payment due to the Shareholder will be made;
5. provide information to enable the operator to maintain a record of each Shareholder's full name and address and any other required details;
6. obtain the latest prices of Shares in the ICAV, or information about where they can be obtained free of charge; and
7. make a complaint about the operation of the ICAV, which complaint the Facilities Agent will transmit to the ICAV.

2. Consumer Redress Schemes

1. The ICAV is domiciled in Ireland and is authorised by the Central Bank of Ireland. The [ICAV] is recognised in the UK under the Overseas Funds Regime but is not a UK authorised fund.
2. UK investors should be aware that if they invest in the ICAV, they may not be able to refer a complaint against the Manager or the Depositary to the UK's Financial Ombudsman Service. Any claims for losses relating to the Manager or the Depositary will not be covered by the Financial Services Compensation Scheme, in the event that either [entity] should become unable to meet its liabilities to investors.
3. A UK Shareholder will be able to make a complaint to the ICAV and the Manager but may not have a right to access any independent redress mechanisms in Ireland.

Some or all of the rules made under FSMA for the protection of retail clients will not apply to an investment in the ICAV and compensation under the Financial Services Compensation Scheme of the United Kingdom will not be available.

3. Tax Treatment of the ICAV

We understand that the ICAV is not a transparent entity for UK taxation purposes. Provided that the ICAV is not resident in the UK for taxation purposes and does not carry out any trade in the UK (whether or not through a permanent establishment situated there), the ICAV should not be liable for United Kingdom taxation on its income and gains, other than on certain UK source income (or income with a comparable connection to the UK) from which income tax may be deducted, or gains arising on certain assets which fall within the UK non resident capital gains tax regime for UK land (broadly assets which derive at least 75% of their value (directly or indirectly) from interests in UK land).

In addition, if the ICAV should invest in assets which derive at least 75% of their value (directly or indirectly) from interests in UK land; then UK capital gains tax liabilities may arise, subject to the availability of any reliefs, exemptions and whether the ICAV can make a DTA claim to avoid or minimise such capital gains tax arising.

It is the intention of the Directors to conduct the affairs of the ICAV so that the central management and control of the ICAV is not exercised in the UK in order that the ICAV does not become resident in the UK for taxation purposes. The Directors intend, insofar as this is within their control, that the affairs of the ICAV are also conducted so the ICAV is not treated as carrying on a trade in the UK (including through a permanent establishment situated there), but it cannot be guaranteed that the conditions necessary to prevent this will at all times be satisfied. The ICAV is not intending to invest in any UK real property.

Further comfort can also be obtained from the relieving provisions of s363A Taxation (International and Other Provisions) Act 2010 ("TIOPA 2010") which provide that, where a corporate fund is authorised as a UCITS under Article 5 of the UCITS Directive, then the corporate fund should not be resident for UK income tax, corporation tax or capital gains tax purposes even if it would be so viewed under general UK tax principles.

4. Tax Treatment of UK Investors

The following information, which relates only to UK taxation, is applicable to the ICAV and to persons who are resident and domiciled solely in the UK and who beneficially own Shares as investments and not as securities to be realised in the course of a trade, profession or vocation. It also does not deal with the position of persons who acquired their shares by reason of their or another's employment. It is based on the law and practice currently in force in the United Kingdom. The information is intended to apply only as a general and non-exhaustive guide to the position under current United Kingdom tax law and HM Revenue & Customs practice at the date of this prospectus, and does not constitute tax advice. Investors should note that tax law and interpretation can change (potentially with retrospective effect) and that, in particular, the levels, basis of and reliefs from taxation may change. Such changes may alter the benefits of investment in the ICAV. Investors are therefore advised to consult their own tax advisors.

Potential investors:

- who intend to acquire, or may acquire (either on their own or together with persons with whom they are connected or associated for tax purposes), more than 10% of any of the Classes of Shares in the ICAV; or
- who intend to acquire Shares as part of tax avoidance arrangements;
- who are in any doubt as to their taxation position; or
- who are members of a special class of taxpayer, such as charities, trusts or insurance companies,

should consult their professional advisers without delay.

Shareholders who owned Shares prior to that class of Shares in a Fund being accepted as a Reporting Fund should obtain independent advice on the transitional arrangements that apply.

Shareholders should read the information below in conjunction with any specific tax information provided in the Supplement that relates to their particular Class of Shares.

Share Classes, Offshore Funds and Reporting Fund Status

Each class of Shares ("**Share Class**") in each of the Funds of the ICAV will be regarded as a separate "**offshore fund**" for the purposes of the United Kingdom offshore fund tax regime. The UK's reporting fund regime, which is contained in the Offshore Funds (Tax) Regulations 2009 (Statutory Instrument 2009/3001) "the Regulations", therefore will apply separately to each of these Share classes of the ICAV. The tax treatment applicable to a Share Class that is recognised by HM Revenue & Customs as a "Reporting Fund" will be different from the treatment of a Share Class that has not been recognised by HM Revenue & Customs as such. For the purposes of the comments below, Share Classes that have been granted approval as Reporting Funds are referred to below as "**Reporting Shares**" and any Share Classes that are not Reporting Shares are referred to as "**Non-Reporting Shares**".

Each Fund Supplement gives details, in the section on Dividends and Distributions, as to which Share Classes are, or are intended to be, Reporting Shares and which are, or are intended to be, Non-Reporting Shares.

The comments below in relation to the UK taxation of UK resident investors of the ICAV are based on the assumption that each Reporting Share will maintain reporting fund status with HM Revenue & Customs (from the

accounting period in which the relevant share class was registered with HM Revenue & Customs as a Reporting Share) over the entire period in which it has UK resident investors. It is important to note that reporting fund status must be maintained on an annual basis by each Reporting Share. If reporting fund status is revoked by HM Revenue & Customs for any Reporting Share, that Reporting Share will be unable to regain reporting fund status and will thereafter be permanently outside the reporting fund regime.

Although the Directors will endeavour to ensure that Share Classes that are approved by HM Revenue & Customs as Reporting Funds continue to be so approved, it cannot be guaranteed that such approval will be maintained.

If, for any reason, at any time any Reporting Shares are not accepted as a Reporting Fund, Shareholders should immediately seek independent tax advice as to any elections ("**Elections**") that may be made to optimise the resulting tax consequences.

Bond Funds

If, at any time in an accounting period, more than 60 per cent. of the assets of any Share Class are "qualifying investments", that Share Class may fall to be treated as a "**Bond Fund**" for the whole of that accounting period. In simple terms, broadly, "qualifying investments" are investments that give an interest return or a return that has the nature of interest (other than cash awaiting investment).

It is not the intention of the ICAV that the pattern of investment of any of the Funds should result in any of the Share Classes being treated as a Bond Fund.

Reported Income

A Reporting Fund must make available to its investors its 'reported income' (after allowable deductions) and calculated on the basis outlined in the Regulations, in respect of each accounting period for which it is accepted as a Reporting Fund. In respect of any accounting period during which Reporting Shares are accepted as a Reporting Fund, to the extent that any reportable income relating to Reporting Shares exceeds dividends paid in relation to those Shares, the excess will be taxed as if a dividend had been paid equal to such excess; and the tax point for any "reported income" should be the date falling 6 months after the end of the reporting period (i.e. 28th / 29th February immediately following the previous year end on the basis that the ICAV continues to prepare financial statements to 31 August). See below for comments on the tax treatment of dividends. Therefore, United Kingdom taxpayers who own Reporting Shares may, depending on their circumstances, be subject to tax in respect of income they have not actually received. Dividends received cannot reduce the 'reported income' to a negative amount.

Dividends

Neither the ICAV, nor any Fund, will be required to withhold United Kingdom tax at source when paying a dividend.

Where the ICAV (or a Fund) pays dividends (either directly, but also indirectly by way of reinvestment of dividends), Shareholders who are resident in the United Kingdom for tax purposes will, depending on their circumstances, be liable to United Kingdom income tax or corporation tax on those dividends.

Provided that the relevant Share Class is not a Bond Fund:

- The dividend will be taxable as a dividend from a foreign company.
- Shareholders who are UK resident individuals should be subject to UK tax on any dividend paid or treated as paid at their applicable UK dividend tax rate, to the extent that the total amount of dividends received by them in the relevant tax year exceeds the dividend allowance for that tax year.
- UK corporate investors may be exempt from UK corporation tax in respect of any dividend if it falls within one of the dividend exemption categories for corporate recipients.
- Some investors (e.g. approved pension funds) may be exempt from tax. Different rules may also apply in the case of certain non-residents; investors are therefore advised to consult their own tax advisors.

If the relevant Share Class is a Bond Fund:

- For Shareholders who are individuals, the dividend will be taxable as yearly interest at the rates of tax applicable to interest.
- For Shareholders who are subject to corporation tax the entire interest will be taxed as a creditor relationship under the UK loan relationship regime, which is likely to mean that total returns from the share class are subject to corporation tax on a mark to market basis.

Disposals of Shares

Any gain arising on the sale, redemption or other disposal of Reporting Shares held by a UK taxpayer, where the relevant Share Class was a Reporting Fund for the entire period that the Shares were held, will be taxed at the time of such sale, redemption or disposal as a capital gain (or corporation tax on capital gain). The Shareholder should be entitled to relief for any amount of excess reported income that has been charged to tax as income.

For Shareholders within the charge to United Kingdom corporation tax, indexation allowance may reduce any chargeable gain arising on disposal of Shares but will not create or increase an allowable loss. For disposals of shares on or after 1st January, 2018, the indexation allowance will be calculated using the RPI factor for December, 2017, irrespective of the date of disposal.

Subject to any Election that a Shareholder may have made, any gain arising on the sale, redemption or other disposal of any Non-Reporting Shares held by a UK taxpayer, or of any Reporting Shares where the relevant Share Class was not a Reporting Fund for any part of the period that they were held, will be taxed at the time of such sale, redemption or disposal as income (and hence subject to income tax or corporation tax on income) and not as a capital gain.

Further information for Shareholders subject to UK corporation tax

If any Share Class were to be treated as a Bond Fund for any accounting period then an investor who is subject to UK corporation tax would be required to bring its investment in the Share Class into account as a creditor

relationship under the "Loan Relationship Regime" for that accounting period, which is likely to mean that total returns from the share class are subject to corporation tax on a mark to market basis.

Certain UK anti-avoidance legislation

UK tax legislation contains a wide range of anti-avoidance legislation which could, depending on the specific circumstances of an investor, apply to Shareholdings in the ICAV. The comments below are not intended to be an exhaustive list of such anti-avoidance legislation. However, as a high level guide the attention of prospective investors resident in the UK for taxation purposes is particularly drawn to the following anti-avoidance provisions:

- Chapter 3 of the Taxation of Chargeable Gains Act 1992 (Attribution of Gains of non-UK Close Companies),
- Chapter 2 of Part 13 of the United Kingdom Income Tax Act 2007 (Transfer of Assets Abroad),
- Chapter 1, Part 13 of the Income Tax Act 2007 and Part 15 of the Corporation Tax Act 2010 (Transactions in Securities), and
- Part 9A of the Taxation (International and Other Provisions) Act 2010 (Controlled Foreign Companies Rules).

Investors who are concerned about the potential application of these provisions, or any other UK anti-avoidance provisions should seek detailed tax advice based on their own circumstances.

Stamp Duty and Stamp Duty Reserve Tax

The following comments are intended as a guide to the general UK Stamp Duty and Stamp Duty Reserve Tax ("SDRT") position and do not relate to persons such as market makers, brokers, dealers, intermediaries and persons connected with depository arrangements or clearance services, to whom special rules apply.

No UK Stamp Duty should be payable on the issue of the Shares.

UK Stamp Duty (at the rate of 0.5 per cent., rounded up where necessary to the next £5 of the amount of the value of the consideration for the transfer, provided that no UK Stamp Duty is payable if the value of the consideration is £1,000 or less) is payable on any instrument of transfer of Shares executed within, or in certain cases brought into, the United Kingdom. However, in practice, it should not be necessary to pay any ad valorem stamp duty on such instrument unless the instrument is required to be adduced in evidence before the United Kingdom in courts in civil proceedings or for any official purpose in the United Kingdom.

Provided that Shares are not registered in any register of the ICAV kept in the United Kingdom, any agreement to transfer Shares should not be subject to stamp duty reserve tax.