

## **NCG US SMALL CAP GROWTH FUND**

### **Supplement dated 1 December 2022 to the Prospectus for Candoris ICAV**

This Supplement contains specific information in relation to the NCG US Small Cap Growth Fund (the "**Fund**"), a sub-fund of Candoris ICAV (the "**ICAV**") an umbrella type Irish collective asset-management vehicle with segregated liability between sub-funds governed by the laws of Ireland and authorised by the Central Bank.

**This Supplement forms part of and should be read in conjunction with the Prospectus dated 22 July 2021 (the Prospectus).** In the event of any inconsistency between the Prospectus and this Supplement, this Supplement shall prevail.

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

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

Dated: **1 December 2022**

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## 1. INVESTMENT OBJECTIVE

The investment objective of the Fund is to seek long-term capital appreciation.

## 2. INVESTMENT POLICIES

The Fund will pursue its investment objective by investing in normal market conditions at least 80% of its Net Asset Value in US equity securities of small capitalisation traded on a Recognised Exchange. The Investment Manager considers small capitalisation companies as those companies within the range, plus or minus 50%, of companies included within the Solactive GBS US Small Cap Index over the past 12 months (meaning a range of 150% of the maximum market capitalisation in the index to 50% of the minimum market capitalization in the index). The market capitalisation range of companies within the Solactive GBS US Small Cap Index is subject to change. The Fund promotes environmental, social, and good governance characteristics through its investment selection process as described in further detail under the heading "**Approach to Sustainability Risk Integration**".

Due to appreciation after initial purchase, the Fund may hold securities that have a higher market capitalisation range than companies within the Solactive GBS US Small Cap Index. In exceptional cases, when the expected return is high or the price appreciation is rapid, the Fund may choose to hold such securities for a period until it decides that it would be in the best interest of Fund to sell the security.

For the purposes of classifying the Fund as an equity fund under the German Investment Tax Act, the Fund continuously invests at least 51% of its Net Asset Value in the equity securities.

Up to 10% of the Net Asset Value of the Fund may be invested in non-US equity securities denominated in US Dollars including American Depositary Receipts ("**ADRs**").

The Fund may keep up to 10% of its Net Asset Value in cash or money market instruments including short-term US treasury bonds. From time to time, the Fund may invest to a greater extent in cash or cash equivalents (i.e. US treasury bonds) for defensive purposes. The Investment Manager uses its discretion as to when to invest in these asset classes, based on conditions in equity markets and will do so with the aim of reducing the effects of the volatility of equity markets on the Fund's portfolio and preserving the capital of the Fund.

The Fund is long only.

The Fund is actively managed and is compared to the Solactive GBS US Small Cap Index (the "**Index**") as a benchmark solely for performance measurement purposes. The Index is a broadly diversified index predominantly made up of stocks of small U.S. companies. The Index is designed to measure the performance of small-capitalization stocks in the United States. Investments in the portfolio are not specifically selected from the constituents of the Index, hence the Fund's investment policy is in no way constrained and the degree of deviation from the Index may be significant. The Index has not been chosen for the purpose of achieving the social or environmental characteristics promoted by the Fund.

### ***Investment Philosophy***

The Investment Manager considers that a portfolio of high growth companies, combined with a strong sell discipline, will lead to a compounding of portfolio value over time.

The Investment Manager utilises direct research to identify and invest in companies with strong organic revenue growth that can be sustained for long periods of time and drive a compounding of company value over time. Direct research involves a detailed analysis by the portfolio managers of publicly available information on the investee companies which the Investment Manager uses to build proprietary financial models on each holding. In addition, the Investment Manager conducts hundreds of interviews each year with company management teams and participates in industry and financial conferences to research products and meet with companies in industries of interest. The portfolio management team has regular conversations with numerous industry analysts who cover companies of interest and also review third party research reports from the brokerage community.

The key fundamental aspects sought for in an investment are:

- *Superior Top-Line Revenue Growth:* The Investment Manager looks for companies that can grow their revenue at high rates for long periods of time. The aim is that the companies selected should be growing faster than the average of the benchmark.
- *Large and Expanding Market Opportunity:* The Investment Manager targets companies with large and expanding end markets which can support high rates of revenue and earnings growth for many years.
- *Leadership Position:* The Investment Manager identifies companies with limited competition or with the ability to gain market share as this should lead to strong revenue growth and improving margins.
- *Economies of Scale:* The Investment Manager looks for companies with the ability to convert strong revenue growth into improving margins and thus faster earnings growth over time.
- *Strong Management Team:* The Investment Manager considers a strong, entrepreneurial leadership team with a well-articulated and executed strategy as essential to delivering on the full potential of a company.

A strong sell discipline is considered as one of the most important and distinguishing aspects of the Investment Manager's investment philosophy and enhances the compounding of the Fund's portfolio value. Examples of circumstances when the portfolio managers may, in their discretion, decide to sell a stock include the following:

- A holding has a fundamental disappointment (i.e., a company does not meet financial projections).
- Direct research uncovers a change to the Investment Manager's original investment thesis (as further described under "**Investment Process**" below).
- Excessive valuation (as further described under "**Investment Process**" below).
- Market capitalisation increases beyond boundaries set by the Investment Manager.

### **Investment Process**

The portfolio management team is multi-disciplined meaning that all the portfolio managers have expertise with and operate collaboratively on all aspects of the investment process for the portfolio. In this regard, the portfolio managers as a group, perform due diligence calls, analyse investments, conduct company meetings, and make portfolio decisions. The investments of the Fund will not be selected from any specific industry. The Fund will invest in companies in multiple sectors in the economy, as long as the Investment Manager's growth criteria are met. The Investment Manager considers that this team-based, generalist approach enables in-depth growth stock analysis, healthy stock specific and portfolio discussions, and a streamlined decision-making process.

A disciplined approach is followed to construct the Fund's portfolio. The Fund's portfolio will typically hold 40 to 60 stocks and emphasise the fastest-growing sectors of the economy. Individual sectors are generally limited to 2 times that of the Index or 10%, whichever is higher.

The Investment Manager evaluates risk as part of the investment process. The Investment Manager considers that a material risk to the Fund's portfolio and to performance is a company-specific, fundamental disappointment. Therefore, conducting company research is paramount to the investment strategy. The Investment Manager uses its' research to add to investments when fundamentals are strong and reduce or eliminate investments. By continuing to analyse the quarterly financial results, incremental corporate developments, and changes in the competitive landscape of underlying companies in which the Fund invests, the Investment Manager assesses whether the growth and profitability of a business is developing as anticipated. If it is determined that the growth and / or profitability progression is falling behind plans, this often indicates the fundamentals of the business are weakening and the Investment Manager may sell the position.

In addition to company fundamentals, the Investment Manager also monitors valuation of every stock in the portfolio and reviews valuations at each portfolio review meeting. As a stock's valuation becomes excessive, typically, its relative weight in the portfolio is reduced. Excessive valuation is determined based on historical valuation ranges for the industry and for companies with similar growth and margin profiles. In addition to viewing companies against historical valuation ranges, the Investment Manager compares a company's valuation to its peers with similar financial characteristics to assess relative valuation in the current environment. If the Investment Manager determines a stock's valuation has moved above historical ranges or is expensive relative to peers with similar growth and profitability prospects, the Investment Manager will typically reduce the position.

It is difficult to predict or entirely control for broad stock market declines that reduce prices regardless of the fundamentals. Market downturns can be caused by exogenous events such as wars, pandemics, and political events or an economic event such as a growth deceleration, debt crisis, or recession. Broad market declines can also occur for no clear reason. The Investment Manager endeavours to reduce the impact of these events on the Fund's portfolio by reducing its exposure to the highest valuation companies. Conversely, if valuation excessively declines and the fundamentals remain intact for an investment, the Investment Manager will look to add to the position.

### ***Approach to Sustainability Risk Integration***

The Fund promotes environmental, social, and good governance characteristics through its investment selection process as described below and the companies in which the Fund invests follow good governance practices.

ESG considerations are identified and implemented by the Fund's Investment Manager. The Advisory and Marketing Support Agent provides non-discretionary advice on certain ESG considerations to the Investment Manager as further described under "**Advisory and Marketing Support Agent**" below.

ESG characteristics are defined as environmental, social or governance criteria that have a positive environmental and/or social impact. The strategy integrates ESG criteria as part of the Investment Manager's stock picking process through its proprietary research and analysis (in addition to the exclusionary principles set out below) and are outlined below.

The Investment Manager's proprietary research and analysis includes a pre-investment questionnaire which is sent to management and covers the following topics: ESG/Sustainability/CSR (Corporate Social Responsibility) report, management of GHG emissions, cybersecurity incidents, marketing practices, health & safety performance, previous litigation, waste management, product quality and safety, labor practices, climate change/environmental risk exposure, employee engagement, diversity and inclusiveness, human rights violations and anti-bribery or corruption incidents. Where material ESG issues are identified, the impact of these ESG issues are incorporated into the Investment Manager's broader company evaluation. This may lead to a decision not to invest.

### ***Environmental & Social characteristics promoted by the Fund***

The Investment Manager promotes the following environmental and social factors in the investment decision-making process:

#### **Environmental:**

- Climate change - environmental risk exposure including GHG emissions, energy management, percent renewable energy and climate change risk/vulnerability.

#### **Social:**

- Employee engagement, diversity & inclusion – including employee recruitment, development & retention and demographics (gender and race/ethnicity)
- Customer privacy and cybersecurity – including data breaches, litigious actions due to cyber breaches.

- Human rights – including human rights violations.

*Guidelines for the observation and exclusion of companies based on the application of ESG criteria:*

The Investment Manager does not invest in companies with known practices that are significantly harmful to society, such as corruption, lack of transparency, ethical violations, or other potential human rights violations. Furthermore, the Investment Manager observes the following list of sector exclusions:

- Fossil fuels (extraction and production of fossil energy sources, including thermal coal, natural gas, shale gas, and tar sand) .
- Fossil energy production (energy companies where more than 50% of installed production capacity is intended for fossil fuel energy sources).
- Controversial Weapons (cluster bombs, landmines, chemical and biological weapons, nuclear weapons).
- Tobacco.
- Adult Entertainment.
- Alcohol.
- Gambling.

In addition, the Investment Manager, with respect to the Fund, follows the Norges Bank Investment Management ESG exclusion list of companies. Norges Bank decides on which companies are to be included in the exclusion list of companies. Exclusions on the list as of 1 January 2015 are the decision of Norges Bank's Executive Board. Exclusions previous to this date are decisions made by the Norwegian Ministry of Finance. The decisions are based on recommendations from the Council on Ethics appointed by the Norwegian Ministry of Finance. For the product-based coal criterion, decisions on which companies to exclude are based on recommendations from Norges Bank Investment Management. Securities will not be included in the Fund's portfolio if they are on the Norges Bank exclusion list of companies details of which can be accessed at the following link: <https://www.nbim.no/en/the-fund/responsible-investment/exclusion-of-companies/>

The Investment Manager has committed to reviewing ESG characteristics of securities held in the portfolio on an annual basis and more frequently as needed. Where material ESG issues are identified the impact of these ESG issues is incorporated into our broader company evaluation. This may lead to a decision not to invest or divest from an investment.

The Investment Manager is a signatory of the UN Principles for Responsible Investment and follows its guidelines.

#### ***Principal Adverse Impact Statement***

Taking due account the nature and scale of its activities, neither the Manager nor the Investment Manager currently considers the principal adverse impacts of investment decisions of the Fund on sustainability factors (in the manner specifically contemplated by Article 7(1) (a) of Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector ("**SFDR**"). The Investment Manager consider this an appropriate and proportionate approach to compliance with its obligations under SFDR. The Investment Manager will review this decision annually and more frequently as needed.

#### ***Regulation EU 2020/852 - Taxonomy Regulation***

The investments underlying this Fund do not take into account the EU criteria for environmentally sustainable economic activities. Accordingly, the Fund 's investment in economic activities that qualify as environmentally sustainable within the meaning of Article 3 of the Taxonomy Regulation is 0%. This is on the basis that, while the Fund promotes social and environmental characteristics, as at the date of this Supplement, it does not actively seek

to make investments in one or several economic activities that qualify as environmentally sustainable under the Taxonomy Regulation.

**Pre-Contractual Disclosures in accordance with Commission Delegated Regulation of 6 April 2022 supplementing Regulation (EU) 2019/2088 ("SFDR Level II")**

**Further information can be found in the Fund's Pre-Contractual Disclosures Annex in accordance with SFDR Level II at Appendix 1.**

### **3. INVESTMENT MANAGER**

The ICAV and the Manager have appointed Next Century Growth Investors, LLC (the **Investment Manager**) whose registered office is 5500 Wayzata Blvd, Suite 1275, Minneapolis, Minnesota, United States, as investment manager to the Fund pursuant to an investment management agreement between the ICAV, the Manager and the Investment Manager dated 29 September 2022 (the **Investment Management Agreement**). The Investment Manager is registered with the Securities and Exchange Commission as an investment adviser and its main activity is providing investment management services.

The Investment Management Agreement provides that the appointment of the Investment Manager as investment manager will continue in force unless and until terminated by any party giving to the others 90 days' notice in writing although in certain circumstances the agreement may be terminated forthwith by notice in writing by any party to the others. Under this agreement, the Investment Manager shall not be liable to the ICAV or any Shareholders or otherwise for any error of judgement or loss suffered by the ICAV or any such Shareholder in connection with the Investment Management Agreement unless such loss arises from the negligence, fraud, bad faith, wilful default or wilful misfeasance in the performance or non-performance by the Investment Manager or persons designated by it of its obligations or duties under the agreement or breach of contract on the part of the Investment Manager or any of its agents or delegates or their agents.

### **4. ADVISORY AND MARKETING SUPPORT AGENT**

The ICAV and the Manager have appointed Candoris B.V. (the **Advisory and Marketing Support Agent**) to: (i) provide advisory support services in respect of the Fund pursuant to the terms of an advisory agreement dated 28 August 2017 (as may be amended from time to time) between the ICAV, the Manager and the Advisory and Marketing Support Agent as may be amended; and (ii) provide marketing support services in respect of the Fund pursuant to the terms of a marketing support agreement dated 28 August 2017 between the ICAV, the Manager and the Advisory and Marketing Support Agent (together the **Advisory and Marketing Support Agreements**).

The role of the Advisory and Marketing Support Agent includes the provision of non-discretionary advice to the ICAV, the Manager and the Investment Manager regarding companies to exclude using ESG criteria in accordance with the guidelines for the exclusion of companies set out under the heading "**Investment Strategy**" above. The Advisory and Marketing Support Agent does not have any discretionary powers over the construction of the Fund's portfolio. The Advisory and Marketing Support Agent will also provide support and assistance with registration of the Fund for marketing and distribution, preparation of factsheets and marketing materials and assist with investor/client relations.

### **5. CONFLICTS OF INTEREST**

In addition to the details of the conflicts of interest with the ICAV set out in the Prospectus, at the date of this Supplement:

Dirk (Rick) van de Kamp and Martijn van Vliet are each Directors of the ICAV, and partners and directors of the Advisory and Marketing Support Agent.

## 6. **BORROWINGS**

In accordance with the general provisions set out in the Prospectus, the Fund may borrow up to 10% of its net assets on a temporary basis.

## 7. **LEVERAGE**

The Fund's global exposure will be calculated using the commitment approach. The leverage of the Fund will not exceed 100% of its net assets at any time. The global exposure of the Fund will be measured daily.

## 8. **INVESTMENT RESTRICTIONS**

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

In addition to the general investment restrictions set out in the Prospectus, the Fund will not invest in the equities of any companies that are included on a list of restricted companies maintained by the Fund.

The Fund may not invest in any other collective investment schemes, including other sub-funds of the ICAV.

## 9. **RISK FACTORS**

The general risk factors set out under the heading **RISK FACTORS** section of the Prospectus apply to the Fund. These risk factors are not purported to be exhaustive and potential investors should review the Prospectus and this Supplement carefully and consult with their professional Investment Managers before making a subscription request for Shares. The investments of the Fund may be subject to market fluctuations, currency fluctuations, custody and settlement risks, registration risk and foreign exposure risk.

In addition, the following risk factors apply to the Fund:

### 9.1. **General Risk**

The net asset value of the Fund and investment return will fluctuate based upon changes in the value of its portfolio securities. The market value of a security may move up or down, sometimes rapidly and unpredictably. These fluctuations may cause a security to be worth less than the price originally paid for it, or less than it was worth at an earlier time. Market risk may affect a single issuer, industry, sector of the economy or the market as a whole. U.S. and international markets have experienced, and may continue to experience, volatility, which may increase risks associated with an investment in the Fund. The market value of securities in which the Fund invests is based upon the market's perception of value and is not necessarily an objective measure of the securities' value. In some cases, for example, the stock prices of individual companies have been negatively affected even though there may be little or no apparent degradation in the financial condition or prospects of the issuers. Similarly, the debt markets have experienced substantially lower valuations, reduced liquidity, price volatility, credit downgrades, increased likelihood of default, and valuation difficulties. As a result of this significant volatility, many of the following risks associated with an investment in the Fund may be increased. Continuing market volatility may have adverse effects on the Fund.

### 9.2. **Objective Risk**

There can be no assurance that the Fund will achieve its investment objective. An investor should consider his personal tolerance for an investment based upon equity securities before investing in the Fund.

### 9.3. **Equity Securities Risk**

The Fund invests in common stock, which subjects the Fund and its shareholders to the risks associated with common stock investing. These risks include the financial risk of selecting



securities that do not perform as anticipated, the risk that the stock markets in which the Fund invests may experience periods of turbulence and instability, and the general risk that US and global economies may go through periods of decline and cyclical change. The Fund may also invest in preferred stock which is subject to many of the risks associated with debt securities, including interest rate risk. In addition, preferred stock may not pay a dividend, an issuer may suspend payment of dividends on preferred stock at any time, and in certain situations an issuer may call or redeem its preferred stock or convert it to common stock. Many factors affect the performance of each company, including the strength of the company's management or the demand for its product or services. Investors should be aware that the value of a company's share price may decline as a result of poor decisions made by management or lower demand for the company's products or services. In addition, a company's share price may also decline if its earnings or revenues fall short of expectations. There are overall stock market risks that may also affect the value of the Fund. Over time, the stock markets tend to move in cycles, with periods when stock prices rise generally and periods when stock prices decline generally. The value of the Fund's investments may increase or decrease more than the stock markets in general. Of course, the Fund is subject to these same risks to the extent that it invests directly in common stocks.

#### 9.4. **Small Sized Companies Risk**

Because the Fund invests primarily in securities issued by small-cap companies, it is likely to be more volatile than a fund that focuses on securities issued by larger companies. The earnings and prospects of these companies are more volatile than larger companies. Small sized companies may experience higher failure rates than do larger companies. The trading volume of securities of small sized companies is normally less than that of larger companies and, therefore, may disproportionately affect their market price, tending to make them fall more in response to selling pressure than is the case with larger companies. Small sized companies may have limited markets, product lines or financial resources and may lack management experience. Small-sized companies often have less experienced management, narrower product lines, more limited financial resources, and less publicly available information than larger companies. In addition, smaller companies are typically more sensitive to changes in overall economic conditions and their securities may be difficult to trade.

#### 9.5. **ADR Risk**

The Fund may invest in U.S. dollar denominated ADRs of foreign companies. ADRs are receipts typically issued by a U.S. bank or trust company evidencing its ownership of the underlying foreign securities. The risks of ADRs include many of the risks associated with investing directly in foreign securities such as those listed below.

#### 9.6. **Non-US Securities Risk**

The Fund may invest to a limited extent in non-US securities.. Non-US investments involve additional risks, including less liquidity, currency-rate fluctuations, political and economic instability, differences in financial reporting standards and less strict regulation of the securities markets.

#### 9.7. **Sustainability Risk**

Pursuant to the SFDR, the Manager in respect of the Fund is required to disclose the manner in which sustainability risks are integrated into the investment decision of the Funds and the results of the assessment of the likely impacts of sustainability risks on the returns of the Funds.

Such risks are principally linked to climate-related events resulting from climate change (the so-called physical risks) or to the society's response to climate change (the so-called transition risks), which may result in unanticipated losses that could affect the Funds' investments and financial condition. Social events (e.g. inequality, inclusiveness, labour relations, investment in human capital, accident prevention, changing customer behaviour, etc.) or governance shortcomings (e.g. recurrent significant breach of international agreements, bribery issues, products quality and safety, selling practices, etc.) may also translate into sustainability risks.

The Investment Manager integrates sustainability risks into its investment decision making and risk monitoring of the Fund to the extent that they represent potential or actual material risks and/or opportunities to maximising the long-term risk-adjusted returns. The Investment Manager's assessment is that integration of sustainability risks should help mitigate the potential material negative impact of such risks on the returns of the Fund, although there can be no assurance that all such risks will be mitigated.

**9.8. General risks associated with ESG investing**

Use of ESG criteria by the Investment Manager to select investments for the Fund involves a degree of subjectivity on the part of the Investment Manager. There can be no assurance that the ESG criteria taken into account by the Investment Manager will result in the Fund's investments aligning with a Shareholder's specific values or beliefs. The ESG criteria may be amended at any time without prior notice being given to a Fund or its Shareholders.

The selection of investments based on the Investment Manager's ESG criteria may affect the Fund's ability to select, or maintain exposure to, certain investments. This may result in the performance of the Fund differing from a fund with a similar strategy that does not take ESG criteria into consideration.

**9.9. Management Risk**

Management risk is the risk that the investment process used by the Fund's portfolio manager could fail to achieve the Fund's investment goal and cause an investment in the Fund to lose value.

**9.10. Limited Operating History Risk**

The Fund has a limited history of operation. Accordingly, an investment in the Fund entails a high degree of risk. There can be no assurance that the Fund and the Investment Manager will achieve the Fund's investment objective notwithstanding the performance of any or all of the foregoing or their respective affiliates or principals in other transactions including, without limitation, arrangements similar in nature to the Fund.

**9.11. Conflict of Interest Risk**

The ICAV and the Manager will rely on the Investment Manager in implementing its investment strategies. The Directors together with the Manager have determined the investment policies of the Fund as set out herein and the Investment Manager will monitor the performance of such investments on an on-going basis. The investment Manager will initiate and execute all investments. Investors must rely on the judgement of the Directors and the Manager in determining to invest in the manner set out herein. The Investment Manager and its principals will devote a portion of their business time to the ICAV's business. In addition, where valuations are provided by the Investment Manager there is a possible conflict of interest where their fees are based on or affected by the Net Asset Value of the Fund. Any conflicts of interest will be resolved fairly.

**9.12. Default of Service Provider**

The Fund relies on services provided by a number of third parties. The bankruptcy or liquidation of any such third parties, including the Manager, the Investment Manager, the Administrator or the Depositary may have an adverse impact on the performance of the Fund and its Net Asset Value.

**9.13. Limited Disposal Rights Risk**

There will be no secondary market for Shares of the Fund and transfers of Shares are only permitted to those persons who satisfy the criteria for permitted shareholders. Consequently, investors may be able to dispose of their Shares only by requesting the Fund to repurchase their Shares on a Dealing Day.

#### 9.14. **Taxation Risk**

A risk exists that the tax authorities in countries in which the Fund invests may, where relevant, not be prepared to permit persons in their jurisdictions to pay interest to the Fund (or its subsidiary if any is used) without the imposition of withholding tax in that foreign jurisdiction. Any such withholding tax will impinge upon the return payable by the Fund to investors.

#### 9.15. **Valuations of Net Asset Value Risk**

The valuation of the Fund's assets obtained for the purpose of calculating Net Asset Value may not be reflected in the prices at which such assets are sold. For details of the valuation of assets, please see the section in the Prospectus headed "**Valuation of Assets**".

#### 9.16. **Lack of Operating History Risk**

The Fund has limited operating history. There can be no assurance that the Fund will grow to or maintain an economically viable size, in which case the Directors may determine to liquidate the Fund. Liquidation of the Fund can be initiated by the Directors if it determines it is in the best interest of shareholders. The timing of any Fund liquidation may not be favourable to certain individual shareholders.

### 10. **DIVIDEND POLICY**

Under the Instrument, the Directors have the discretion to decide whether or not any distribution will be made from the income or capital gains of the ICAV in relation to any financial year and (if so) the amount to be distributed. It is not the present intention of the Directors to declare distributions on any Classes of Shares in the Fund. If the dividend policy of a Class should change, full details will be provided in an updated Supplement and Shareholders will be notified in advance of the change in policy.

### 11. **PROFILE OF A TYPICAL INVESTOR**

The Fund is designed for retail and institutional investors seeking pooled exposure to the equity market, and who are comfortable with a higher level of investment risk. It is expected that the Fund will be held as part of a diversified portfolio which may include other assets such as bonds, equities, property and cash. Share prices will fluctuate and may fall in value. It is important to understand that the Fund should be viewed as a medium to long term investment.

### 12. **KEY INFORMATION FOR BUYING AND SELLING**

#### **Base Currency**

The Base Currency of the Fund is US Dollar.

#### **Shares available for subscription**

The following Classes are currently available for subscription:

<b>Share Class</b>	<b>Currency</b>	<b>Minimum Investment</b>	<b>Initial Subsequent Investment</b>
Class I1 Shares	USD	\$1,000,000	\$1,000
Class I2 Shares	USD	\$10,000,000	\$1,000
Class I3 Shares	USD	\$25,000,000	\$1,000
Class I1 Euro Shares	EUR	€1,000,000	€1,000
Class Retail	USD	\$1,000	\$100

The minimum investment and minimum additional investment amounts may be reduced or waived at the discretion of the Directors, provided that Shareholders in the same Class shall be treated equally and fairly.

### **Minimum Fund Size**

If the Fund's assets fall below €25 million, the Directors may, at their absolute discretion, and following discussion with the Manager, resolve to terminate the Fund where the assets of the Fund remain under this size for a period of 6 weeks.

### **Initial Offer Period**

The Initial Offer Period for each class of Shares shall commence from 9:00am (Irish time) on 30 September 2022 and shall continue until 5.00 pm (Irish time) on 29 March 2023 and shall be at the Initial Issue Price, as set out below. The Initial Offer Period of each Class of Shares may be extended or shortened as the Directors may determine in accordance with the requirements of the Central Bank.

### **Initial Issue Price**

During the Initial Offer Period, each class of Share will be available for subscription at \$100.00 per Share (the "**Initial Issue Price**") or the equivalent amount in another currency.

After the Initial Offer Period of each Class, such Class will be available for subscription at the Net Asset Value per Share.

### **Business Day**

Any day (except Saturday or Sunday) on which the banks in Ireland and New York are open generally for business, or such other day as the Directors may, with the consent of the Depositary, determine and notify to Shareholders in advance.

### **Dealing Day**

The Fund shall be open to dealing on every Business Day. There shall be at least one Dealing Day per fortnight.

### **Dealing Deadline**

In respect of a Dealing Day, the Dealing Deadline for Subscriptions and Redemptions is defined as 3:00 p.m. (Irish time) on the relevant Dealing Day or such other day or time as the Directors may determine provided it is prior to the relevant Valuation Point.

### **Settlement Date**

Subscription monies must be received by and generally payment for Shares redeemed will be effected by the 2<sup>nd</sup> Business Day falling after the Dealing Day on which the redemption request was received. However, the ICAV may, at its absolute discretion, refuse to satisfy a redemption request or make any other payment to a Shareholder or at the direction of a Shareholder if such payment would result in a breach of the guidelines in operation from time to time in relation to the detection and prevention of money laundering. Redemption proceeds will be paid in the currency of the relevant Class.

### **Valuation Point**

The Valuation Point shall be 10.00 p.m. (Irish time) / 5.00 p.m. (New York time) on the relevant Dealing Day, or such other time as the Directors may on an exceptional basis determine and notify in advance to Shareholders, provided that there shall always be a Valuation Point for each Dealing Day and the Valuation Point shall always be after the Dealing Deadline. This Supplement shall be updated in the event of a change of the Valuation Point.

### **No Maximum Repurchase Amount on any Dealing Day**

The Directors shall not exercise their option to limit the number of Shares of the Fund which may be repurchased on any Dealing Day as provided for under the Prospectus such that the

ICAV shall repurchase on any Dealing Day all the Shares that any Shareholders desire to have repurchased on such Dealing Day.

### 13. FEES AND EXPENSES

The fees payable by the Fund are currently as set out below. The fees and out-of-pocket expenses of the Manager, the Investment Manager, the Advisory and Marketing Support Agent, the Administrator, the Depositary, the relevant portion of the Directors' fees payable by the ICAV which have been allocated to the Fund, sub-depositary fees (which shall be charged at normal commercial rates), the regulatory levy of the Fund, establishment setting up costs, registration costs and Other Administrative Expenses as described under the heading "Fees and Expenses" in the Prospectus shall be discharged out of the capped total expense ratio ("**Capped TER**") specified below.

The establishment costs of the Fund shall not exceed €25,000. The establishment costs will be amortised over a period of three years.

The maximum management fee covers the fees and out-of-pocket expenses of the Manager, the Investment Manager and the advisory support services of the Advisory and Marketing Support Agent (the "**Fixed Management Fee**"). The other fees and expenses listed above will be paid out of a capped service fee (the "**Capped Service Fee**").

In circumstances where the other fees and expenses accrued by the Fund (excluding the Fixed Management Fee) exceeds the Capped Service Fee set out below, the excess other fees and expenses shall be discharged from the Fixed Management Fee payable out of the assets of the Fund before it is paid to the Manager, Investment Manager and Advisory and Marketing Support Agent and the amount remaining for payment to Advisory and Marketing Support Agent shall be reduced accordingly. Where the actual fees, costs and expenses accrued by the Fund are greater than the Fixed Management Fee and/or the Capped Service Fee, the excess costs above the Capped TER will be paid by the Advisory and Marketing Support Agent.

For the avoidance of doubt, the Fixed Management Fee is payable out of the assets of the Fund at the levels specified below in all cases, including, for example, where the fees and out-of-pocket costs and expenses of the Manager, Investment Manager and Advisory and Marketing Support Agent are less than the Fixed Management Fee. In circumstances, where the actual fees, costs and expenses attributable to the Fixed Management Fee are less than the Fixed Management Fee, the balance will firstly be used to discharge the Capped Service Fee as described above and any remaining balance (if any) will be returned to the account of the relevant Share Class. In circumstances where the actual fees, costs and expenses attributable to the Capped Service Fee are less than the Capped Service Fee any remaining balance (if any) will be returned to the account of the relevant Share Class. In no circumstances will fees and expenses be carried forward.

	Class I1	Class I2	Class I3	Class I1 Euro	Class Retail
<b>Fixed Management Fee</b>	0.95% of NAV	0.85% of NAV	0.79% of NAV	0.95% of NAV	1.50% of NAV
<b>Capped Service Fee</b>	0.20% of NAV	0.20% of NAV	0.20% of NAV	0.20% of NAV	0.20% of NAV
<b>Capped TER</b>	1.15% of NAV	1.05% of NAV	0.99% of NAV	1.15% of NAV	1.70% of NAV

The Fixed Management Fee and Capped Service Fee will accrue daily and are payable quarterly in arrears out of the assets of the Fund.

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

## APPENDIX 1

**Template pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852**

**Product name:** NCG US Small Cap Growth Fund

**Legal entity identifier:** 6354001ANBW4TC1L1092

## Environmental and/or social characteristics

### Does this financial product have a sustainable investment objective?

**Yes**

**No**

It will make a minimum of **sustainable investments with an environmental objective:** \_\_\_%

in economic activities that qualify as environmentally sustainable under the EU Taxonomy

in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

It will make a minimum of **sustainable investments with a social objective:** \_\_\_%

It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of \_\_\_% of sustainable investments

with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy

with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

with a social objective

It promotes E/S characteristics, but **will not make any sustainable investments**

### What environmental and/or social characteristics are promoted by this financial product?

The Fund aims to promote environmental and social characteristics in accordance with Article 8 of SFDR through its investment selection process. The Investment Manager defines environmental and social characteristics as those environmental, social or governance criteria that have a positive environmental and/or social impact.

The Investment Manager promotes the following environmental and social factors when assessing sustainability risks and investment selection to promote environmental and/or social characteristics, including but not limited to:



**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.



### Environmental:

1. Promotes climate change – The Investment Manager evaluates companies for whether their business model will be impacted by varying climate change factors such as: environmental risk exposure (including GHG emissions), product carbon footprint, raw material sourcing, energy management, and climate change risk/vulnerability.

### Social:

1. Employee engagement, diversity & inclusion - Including employee recruitment, development & retention and demographics (gender and race/ethnicity);
2. Customer privacy and cybersecurity - Including data breaches, litigious actions due to cyber breaches; and
3. Human rights - including human rights violations, child labor, health and safety standards, working conditions.

The Investment Manager integrates ESG criteria as part of its Investment Manager's stock selection process (as detailed in the Supplement under the heading Section 2. "Investment Policies" ) through its proprietary research and analysis (in addition to the exclusionary principles as detailed under the sub-heading "*Approach to Sustainability Risk Integration*" – "*Environmental & Social characteristics promoted by the Fund*").

#### ● ***What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?***

The Investment Manager implements the Fund's ESG investment strategy on a continuous basis through the assessment of sustainability indicators as further detailed below and which are fully integrated into the Investment Manager's research process and its decision making process.

Sustainability indicators:

1. Environmental risk exposure including GHG emissions, carbon footprint, exposure to fossil fuel sectors, energy management, percent renewable energy and climate change risk/vulnerability.
2. Board diversity, diversity & metric outcomes and employee ratings on diversity
3. Public controversies and customer privacy. Quality of disclosures on customer privacy.
4. Number of human rights violations.

The Investment Manager utilises both internal and external data as part of its ESG Screening and Analysis process. Part of the pre-investment process is ESG Screening and Analysis which is currently conducted in-house by reviewing publicly available ESG information, third party data through our research provider, Ethos, and direct engagement with management teams. The Investment Manager leverages its strong relationships with the management teams within investee companies to understand material ESG factors applicable to each company, and the commitment to them by such management teams. Where material ESG issues are identified and reliable data is available, the impact of these ESG issues are incorporated into our broader company evaluation. This may lead to a decision not to invest or divest from an investment.

#### ● ***What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?*** Not applicable. The Fund does not hold sustainable investments.

#### ● ***How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable***

**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

**investment objective?** Not applicable. The Fund does not hold sustainable investments.

How have the indicators for adverse impacts on sustainability factors been taken into account?

Not applicable.

How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:

Not applicable.

*The EU Taxonomy sets out a “do no significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.*

The “do no significant harm” principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

*Any other sustainable investments must also not significantly harm any environmental or social objectives.*

Regulation requires that this document include these statements. However, for the avoidance of doubt, this Fund does not: (i) take into account the EU criteria for environmentally sustainable economic activities in the EU Taxonomy; or (ii) calculate its portfolio alignment with the EU Taxonomy. As such, the Fund is 0% aligned with the EU Taxonomy.



**Does this financial product consider principal adverse impacts on sustainability factors?**

Yes, \_\_\_\_\_

No



**What investment strategy does this financial product follow?**

The Investment Manager considers that a portfolio of high growth companies, combined with a strong sell discipline, will lead to a compounding of portfolio value over time. The Fund will invest in companies in multiple sectors in the economy, as long as the Investment Manager’s growth criteria are met, additional details on the Investment Managers growth criteria can be found in the ‘*Investment Philosophy*’ heading within the Supplement. The Investment Manager considers that this team-based, generalist approach enables in-depth growth stock analysis, healthy stock specific and portfolio discussions, and a streamlined decision-making process.

A disciplined approach is followed to construct the Fund's portfolio. The Fund's portfolio will typically hold 40 to 60 stocks and emphasize the fastest-growing sectors

**The investment strategy** guides investment decisions based on factors such as investment objectives and risk tolerance.

of the economy. Individual sectors are generally limited to 2 times that of the Index or 10%, whichever is higher.

The Investment Manager's proprietary ESG research and analysis includes a pre-investment questionnaire which is sent to management and covers the following topics: ESG/Sustainability/CSR (Corporate Social Responsibility) report, management of GHG emissions, cybersecurity incidents, marketing practices, health & safety performance, previous litigation, waste management, product quality and safety, labor practices, climate change/environmental risk exposure, employee engagement, diversity and inclusiveness, human rights violations and anti-bribery or corruption incidents. Where material ESG issues are identified, the impact of these ESG issues are incorporated into the Investment Manager's broader company evaluation. This may lead to a decision not to invest.

The Investment Manager implements the Fund's investment strategy on a continuous basis through the above investment policy process and the assessment of sustainability indicators as further detailed above.

● ***What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?***

The Investment Manager does not invest in companies with known practices that are significantly harmful to society, such as corruption, lack of transparency, ethical violations, or other potential human rights violations. While many factors may be considered in the assessment of any investment, the Fund will seek to avoid investing in companies which themselves or through entities such companies control, which produce or are involved in the following industries:

- Fossil fuels (extraction and production of fossil energy sources, including thermal coal, natural gas, shale gas, and tar sand);
- Fossil energy production (energy companies where more than 50% of installed production capacity is intended for fossil fuel energy sources);
- Controversial Weapons (cluster bombs, landmines, chemical and biological weapons, nuclear weapons);
- Tobacco;
- Adult Entertainment;
- Alcohol; and
- Gambling.

The Investment Manager shall adhere to the exclusionary principles set out in the Supplement under the heading "*Guidelines for the observation and exclusion of companies based on the application of ESG criteria*". The Investment Manager, with respect to the Fund, follows the Norges Bank Investment Management ESG exclusion list of companies and from time to time, may add companies not on that list if where the Investment Manager deems them to be substantially similar to companies falling upon that list. Securities will not be included in the Fund's portfolio if they are on the Norges Bank exclusion list of companies. For the monitoring process, the Compliance Department of the Investment Manager monitors the Norges Bank exclusion list for changes and identifies any newly added companies. Any securities which are moved to these exclusion lists are typically divested within an appropriate time frame as determined by the Investment Manager and in the best interests of Shareholders. The Investment Manager is supported by the Advisory and Marketing Support Agent and an independent ESG research provider.

The Investment Manager is a signatory to the UN Principles for Responsible Investment ("UNPRI"), thereby undertaking to incorporate ESG issues into its analysis and decision-making processes in the investment area. The Investment Manager incorporates the principles of UNPRI in its evaluation of the environmental, social and governance considerations.

● **What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?**

Not applicable – The Investment Manager does not have a committed minimum rate to reduce the scope of investments considered prior to the application of the investment strategy.

● **What is the policy to assess good governance practices of the investee companies?** When analysing 'good governance' practices across the universe of potential investments, the Investment Manager considers several metrics in accordance with the Investment Manager's ESG assessment methodology, as described under the heading "*Investment Policies*" in the Supplement.

The Investment Manager evaluates an investee companies' leadership through due diligence, reviews of executive pay, potential conflicts of interest, internal audit capabilities and internal controls, the reputation of management and stakeholders, evidence of fraud or malfeasance, the adoption of effective ESG and CSR standards and other relevant qualitative factors where available. The Investment Manager is of the opinion that companies should have suitable practices and policies in place across all such governance metrics to ensure that they are best placed to evolve in a sustainable manner over the long-term.

The Investment Manager actively engages with its investee companies on good governance practices during the due diligence process and on a continual basis upon inclusion in the Fund. Throughout the holding period, the Investment Manager interviews management teams within investee companies to make sure the governance profile has not changed.

ESG considerations are identified and implemented by the Fund's Investment Manager. The ICAV and Manager have appointed an Advisory and Marketing Support Agent which provides non-discretionary advice on certain ESG considerations to the Investment Manager to support the assessment of 'good governance' practices, such as:

- Environmental: The Investment Manager assesses how a company performs as a steward of nature. The Investment Manager analyses how the Fund's activities impact the environment and manages environmental risks.
- Social: The Investment Manager examines the strengths and weaknesses of how a company manages relationships with employees, suppliers, customers, and the communities where it operates.
- Governance: The Investment Manager evaluates a company's leadership, executive pay, audits, internal controls, and shareholder rights.
- 

**What is the asset allocation planned for this financial product?** The Fund allocates the majority (in normal market conditions at least 80%) of its NAV in US equity securities of small capitalisation traded on a Recognised Exchange. These investments can be categorised as "#1 Aligned with E/S characteristics". The Fund

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.



**Asset allocation** describes the share of investments in specific assets.

Taxonomy-aligned activities are expressed as a share of:

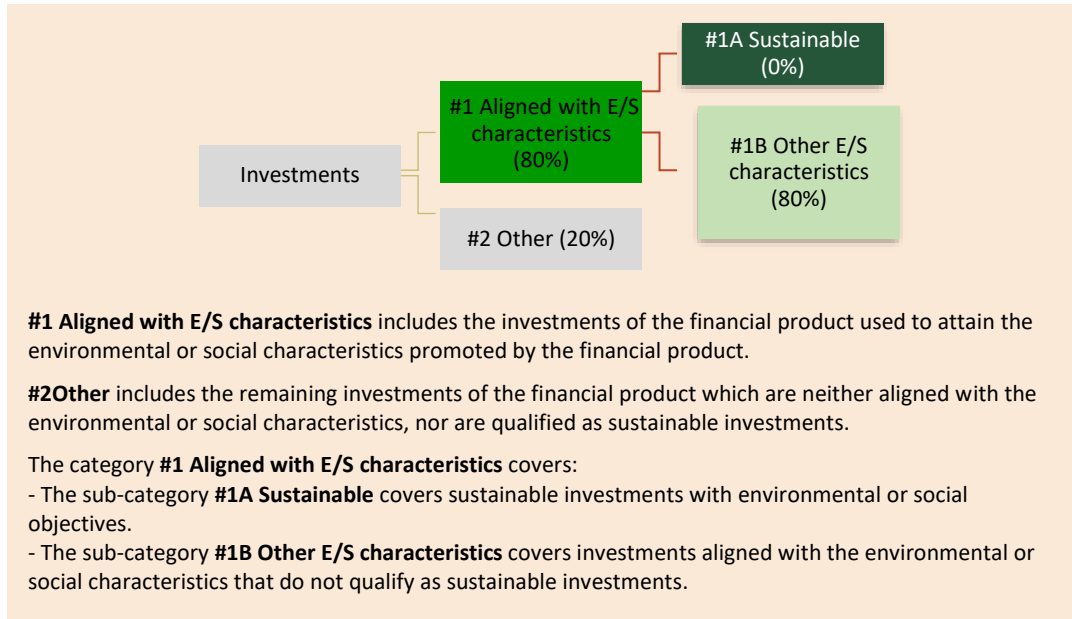
- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.

**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.

**Transitional activities** are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

does not commit to making sustainable investments. The remaining investments in the Fund can be categorised as "#2 Other". Investments that might fall under "#2 Other" include equity positions (not aligned with E/S characteristics), American Depository Receipts (ADRs), cash, money market instruments or other cash equivalents.

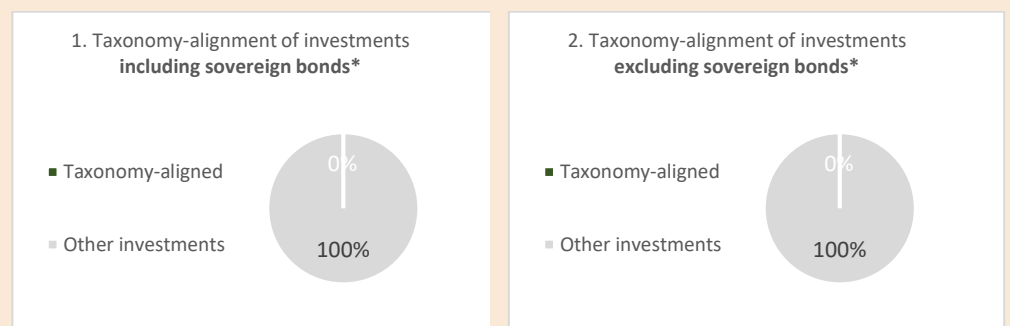


- **How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?** Not applicable



**To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?** The Fund does not invest in sustainable investments with an environmental objective which are aligned with EU Taxonomy under the Taxonomy Regulation. As a result, the percentage of the Fund's investments that will be in economic activities that qualify as environmentally sustainable is 0%.

*The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds\*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.*



\* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures

- **What is the minimum share of investments in transitional and enabling activities?** The proportion of investments in environmentally sustainable economic activities is currently 0% of NAV, which comprises of 0% of NAV in transitional and 0% of NAV in enabling activities.



**What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**

As the Fund does not make any sustainable investments, the minimum share of sustainable investments with an environmental objective that are aligned with the EU Taxonomy is 0% of the NAV.



**What is the minimum share of socially sustainable investments?**

The minimum share of socially sustainable investments is 0% of NAV.



**What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?**

Under #2Other, the Fund may keep up to 10% of its Net Asset Value in cash or money market instruments including short-term US treasury bonds. From time to time, the Fund may invest to a greater extent in cash or cash equivalents (i.e. US treasury bonds) for defensive purposes. The Investment Manager uses its discretion as to when to invest in these asset classes, based on conditions in equity markets and will do so with the aim of reducing the effects of the volatility of equity markets on the Fund’s portfolio and preserving the capital of the Fund. Furthermore, up to 10% of the Net Asset Value of the Fund may be invested in non-US equity securities denominated in US Dollars including ADRs.

Given the nature of such investments, there is no minimum environmental or social safeguards. Although the basic precondition used in the selection of the Fund’s assets is the alignment to the E/S characteristics, there may be occasions when this is not the case.



**Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?**

An index has not been designated as a reference benchmark to meet the environmental or social characteristics promoted by the Fund.

- **How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?**

Not applicable, as above.

- **How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?**

Not applicable, as above.

**Reference benchmarks** are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

- ***How does the designated index differ from a relevant broad market index?***

Not applicable, as above.

- ***Where can the methodology used for the calculation of the designated index be found?***

Not applicable, as above.



### **Where can I find more product specific information online?**

**More product-specific information can be found on the website:** Fund data, documents, supplemental information and contact information is available on: <https://candoris.nl/investment-strategies/us-small-cap-growth/>