

## **EII US PROPERTY FUND**

### **SUPPLEMENT TO THE PROSPECTUS FOR ELEVATION UCITS FUNDS (IRELAND) ICAV**

This document supplements the current prospectus for Elevation UCITS Funds (Ireland) ICAV (the **ICAV**) dated 4 July 2019 (the **Prospectus**). This supplement contains specific information in relation to EII US Property Fund (the **Fund**), a sub-fund of the ICAV, an umbrella fund with segregated liability between sub-funds and an open-ended Irish collective asset-management vehicle with variable capital authorised as a UCITS pursuant to the Regulations.

**This Supplement forms part of and should be read in conjunction with the Prospectus.**

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

**Shareholders should note that management fees and/or all or part of the fees and expenses may be charged (in whole or part) to the capital of the Fund where there is insufficient income to pay such fees and expenses. Where such fees and expenses are charged to capital, Shareholders may not receive back the full amount invested on repurchases of Shares which would have the effect of lowering the capital value of your investment.**

**Date: 4 July 2019**

## 1 DEFINITIONS

**Benchmark Regulations** means Regulation (EU) 2016/1011 of the European Parliament and the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds and amending Directives 2008/48/EC and 2014/17/EU and Regulation (EU) NO 596/2014.

**Distributor** means EII Capital Management, Inc. or any other person or persons for the time being duly appointed Distributor in accordance with the requirements of the Central Bank.

**Index** means the FTSE EPRA Nareit United States Index Net Tri (Bloomberg Ticker: TRNUSU) or such substitute or alternative index as may be agreed from time to time between the Manager and Investment Manager.

**Investment Manager** means EII Capital Management, Inc. or any other person or persons for the time being duly appointed Investment Manager in accordance with the requirements of the Central Bank.

**Property Companies** means REITs and other companies and issuers which derive more than 50% of their total assets and revenues from property holdings (and each a **Property Company**).

**REOC** means a real estate operating company, an investment vehicle whose shares trade on a public exchange and which invests primarily in income producing real estate or real estate related loans and reinvests its earnings;

## 2 INVESTMENT MANAGER AND DISTRIBUTOR

EII Capital Management, Inc. (**EII**) has been appointed Investment Manager and Distributor of the Fund and is responsible for, inter alia, the purchase, sale and exchange of investments representing the assets of the Fund and the distribution of the Fund. EII was incorporated in the state of Delaware on 14 March, 1983 and has its place of business in New York. EII is engaged in the business of providing global real estate securities portfolio management services to investors and focuses on investing in both U.S. and non-U.S. companies whose business is to own, operate and manage real estate. EII is a privately held company owned by its management. EII is regulated by the SEC.

## 3 PROFILE OF A TYPICAL INVESTOR

Investors seeking long term capital growth through investment in Property Company equities and equity related securities with a focus on the United States. It is expected that the Fund may exhibit medium levels of volatility. Investors should be prepared to bear losses.

## 4 INVESTMENT OBJECTIVES

The investment objective of the Fund is to provide long term capital appreciation through investment in Property Company equities and equity related securities which are listed on major exchanges and regulated markets located throughout the world.

## 5 INVESTMENT POLICY

The Fund will seek to achieve long term capital appreciation through the appreciation of the securities invested in as further described below.

The investments of the Fund will primarily be selected from the securities that are the constituents of the Index. As it is not intended to track the Index, the Investment Manager will not be constrained by the weightings of the constituents of the Index. Accordingly, the Investment Manager will have the discretion to invest in such securities in greater or less weightings than the constituents of the Index and the Fund's portfolio may be more concentrated than the composition of the Index in order to maximize returns to investors, while also striving for diversification across the major property sectors and geographies within

the United States. The Investment Manager may increase the exposure of the Fund to markets, sectors, sub-sectors or cities considered by the Investment Manager to have positive real estate fundamentals by overweighting corresponding Index constituents or selecting investments outside the Index. The Investment manager may also decrease the exposure of the Fund to markets, sectors, sub-sectors or cities considered by the Investment Manager to have negative or neutral real estate fundamentals by underweighting corresponding Index constituents or not investing such constituents at all. The Fund also has discretion to invest in securities that are not constituents of the Index considered by the Investment Manager to have positive real estate fundamentals. Real estate fundamentals include but are not limited to: supply growth, demand growth, change in rental rates, concessions, taxes, vacancy rates, impact of labour market growth, economic growth, monetary policy, interest rates and leverage. Based on the Investment Manager's assessment of the real estate fundamentals, it will use a top-down active investment approach to allocate weightings to Index constituents and select securities for investment which are not constituents of the Index. The Investment Manager separates Index constituents into groups based on their Index weighting. Their grouping determines the extent to which the Investment Manager over or under weights that Index constituent. Large Index constituents will have a closer correlation in their weighting to the Index. Smaller Index constituents may be over weighted by 100%, where they are considered to have positive real estate fundamentals. They may be under weighted or excluded from the Fund's portfolio entirely where they are considered to have neutral or negative real estate fundamentals.

Securities that qualify for investment, including the securities constituting the Index, include equity securities and equity related securities such as warrants and real estate investment trusts (**REITs**).

While the investments of the Fund may be primarily selected from the securities that are constituents of the Index, it is expected that the assets of the Fund will under normal trading circumstances be invested in accordance with the principle of risk diversification as follows:

- i. The Fund will invest in common equity shares of primarily US REITs and REOCs. The Fund may also invest in warrants, preferred shares and convertible bonds issued by the same US companies that issue the US REITs and REOCs. The bonds may be fixed or floating rate and may or may not be of investment grade.
- ii. Furthermore, the Fund may invest up to 10% of its net assets in common equity shares of REITs and REOCs outside of the U.S., in Canada and Latin America.
- iii. The Fund is permitted to invest up to 10% of its net assets in other open ended collective investment schemes which, subject to the requirements of the Central Bank, have a similar investment policy to the Fund.
- iv. The investment limits applicable to the Fund may be exceeded for reasons beyond the control of the Fund, such as the appreciation or depreciation of investments of the Fund, the execution of entitlements from rights issues or options and the change of the value of the entire Fund, for example, due to subscriptions and redemptions. Such breaches will be rectified as a priority, taking due account of the interests of the Shareholders.
- v. The Investment Manager will seek to maintain the exposure of the Fund to each sector to between zero and two times the sector weighting in the Index.

The Fund plans to be fully invested but may have up to 10% direct or indirect exposure to cash and short term liquid assets.

Subject to section 3.5.1 of the Prospectus, the Fund will only invest in securities traded on a Regulated Market located in the U.S., Canada & Latin America as well as additional countries in which American Depositary Receipts, Global Depositary Receipts and European Depositary Receipts are traded.

The Investment Manager may seek to manage risks relating to the currency exposure of the Fund using forward foreign exchange contracts as outlined in the Prospectus and below.

## 5.1 The Index

The Index is designed to track the performance of listed real estate companies and REITS in the United States. Relevant activities for constituents are defined as the ownership, disposal and development of income-producing real estate. The Index is net of tax total returns which means that it is calculated based on the maximum withholding tax rates applicable to dividends received by institutional investors who are not resident in the same country as the remitting company and who do not benefit from double taxation treaties. The Index is rebalanced quarterly in March, June, September and December. As the Fund does not intend to track the Index, it is not anticipated that transaction fees incurred as a result of such rebalancing's will have a significant impact on the Fund. The Financial Conduct Authority (**FCA**) has granted FTSE International Limited authorisation as a benchmark administrator under the Benchmark Regulations. FTSE International Limited is listed on the FCA register and appears on the ESMA register for administrators. The Investment Manager has adopted written plans setting out the actions it would take in the event that the Index materially changes or ceases to be provided in accordance with Article 28 of the Benchmark Regulations. Further information in relation to the Index is available at [www.ftserussell.com](http://www.ftserussell.com).

## 5.2 USE OF FDI AND EFFICIENT PORTFOLIO MANAGEMENT

The Fund may use FDI for the purpose of efficient portfolio management (including transactions entered into for hedging purposes). The Fund may passively receive rights as a result of corporate actions relating to transferable securities held by the Fund. The Fund may use forward foreign exchange contracts as further described in the Prospectus, for the purposes of managing currency risk associated with over or under weighting exposure to certain countries. The Fund may also invest in warrants or convertible bonds as described below. The Investment Manager will employ a risk management process which will enable it to accurately measure, monitor and manage the risks attached to such FDI positions. Details of this process have been provided to the Central Bank. The Investment Manager will not utilise FDIs which have not been included in the risk management process until such time as a revised risk management process has been submitted to the Central Bank, in accordance with the Central Bank's requirements.

The Investment Manager will use the commitment approach to calculate daily global exposure, being the incremental exposure and leverage generated through the use of FDI, in accordance with its risk management process and the requirements of the Central Bank and the Fund will not be leveraged in excess of 100% of its total Net Asset Value through the use of FDI..

### 5.2.1 *Convertible Bonds*

Investment may be made in convertible bonds which are a form of transferable security with embedded derivatives used to gain exposure to an underlying security as a more efficient and cheaper alternative to direct investment in that security. Convertible bonds give the holder exposure to a debt instrument with an option (usually at a fixed point of time in the future) to convert the debt into equity at a fixed price. Therefore the holder has an option on the underlying equity of the particular company. The investment rationale is that a convertible bond gives an interest stream whilst also giving exposure to the underlying equity.

### 5.2.2 *Warrants and rights*

A warrant is a security that entitles the holder to buy stock of the company that issued the warrant at future date at a specified price. Warrants have similar characteristics to call options, but are typically issued together with preferred stocks or bonds or in connection with corporate actions. Rights are similar to warrants, but normally have a shorter duration and are offered or distributed to shareholders of a company. The commercial purpose of warrants can be to hedge against the movements of a particular market or financial instrument or to gain exposure to a particular market or financial instrument instead of using a physical security.

## **6 INVESTMENT RESTRICTIONS**

The general restrictions as set out in the section of the Prospectus entitled Investment Restrictions shall apply.

In addition, the Investment Manager may not acquire on behalf of a Fund more than 5% of any issuer's securities.

The Fund may not take or seek to take legal or management control of the issuer of any of its underlying investments.

The Fund may not invest directly in property.

The Fund will not invest more than 10% of its net assets in other open ended collective investment schemes.

## **7 BORROWING AND LEVERAGE**

The Fund may borrow on a temporary basis up to 10 per cent of its net assets. Without prejudice to the powers of the Fund to invest in transferable securities, the Fund may not lend, or act as guarantor on behalf of third parties.

The Fund will not be leveraged in excess of 100% of its total Net Asset Value through the use of FDI.

## **8 RISK FACTORS**

The risk factors set out in the Prospectus shall apply to the Fund.

The Fund will invest primarily in issuers whose activities are real estate related. Risks associated with investing in the securities of companies in the real estate industry include the following; declines in the value of real estate, risks related to general and local economic conditions, overbidding and increased competition, increases in property taxes and operating expenses, changes in zoning laws, casualty or condemnation losses, variations in rental income, changes in neighbourhood values, the appeal of properties to tenants and increases in interest rates.

In addition, equity REITs may be affected by changes in the value of the underlying property owned by the trusts, while mortgage REITs may be affected by the quality of credit extended. Equity and mortgage REITs are dependent upon management skills, may not be diversified and are subject to the risks of financing projects. Such trusts are also subject to heavy cash flow dependency, defaults by borrowers, self-liquidation and the possibility of failing to qualify for tax-free pass-through of income under the U.S. Internal Revenue Code of 1986, as amended, and to maintain exemption from the U.S. Investment Company Act of 1940, as amended. It should also be noted that shares in REITs may not be as liquid as other types of securities.

## **9 KEY INFORMATION FOR PURCHASING AND REPURCHASING**

### **9.1 Classes of Shares**

The following classes of shares are currently available for subscription:

USD Class A Shares

USD Class I Shares

## 9.2 How to buy Shares

The Initial Offer Period for the USD Class A Shares and USD Class I Shares commences at 9am (Irish time) on 5 July 2019 and ends at noon (Irish time) on 3 January 2019 (or such longer or shorter period as the Directors may determine and, where required, notify to the Central Bank).

The Initial Offer Price of the USD Class I Shares will be calculated as corresponding to the Net Asset Value of the corresponding USD Class I unit classes in the EII US Property Fund, a sub-fund of EII Property Funds (an umbrella unit trust authorised as a UCITS by the Central Bank of Ireland) as at its valuation point on the Business Day immediately preceding the Launch Date. The net asset values will be made available to the Administrator. The Launch Date shall be the final day of the Initial Offer Period and will be determined by the Directors.

During the Initial Offer Period, Shares in the USD Class A Share Class will be issued at an Initial Issue Price of US\$100.00.

After the Initial Offer Period, Shares will be continuously available for subscription at the Net Asset Value per Share on each Dealing Day.

## 9.3 Base Currency

USD

## 9.4 Dealing Requirements

Dealing Requirements	Minimum Initial Subscription	Minimum Additional Subscription	Minimum Holding
USD Class A Shares	US\$5,000	US\$1,000	US\$5,000
USD Class I Shares	US\$1 million	US\$100,000	US\$1 million

## 9.5 Preliminary Charge

Up to 3% of the issue price of the Shares.

## 9.6 Repurchase Charge

Up to 3% of the repurchase amount of the Shares.

## 9.7 Business Day

Every day on which banks in Dublin and New York are open for normal business (for the avoidance of doubt, days during which banks in Ireland are closed due to red weather warnings issued by the Met Éireann will not be a Business Day unless the Directors determine otherwise).

## 9.8 Dealing Days

Every Business Day.

## 9.9 Dealing Deadline

4pm (Irish time) on the Business Day prior to the relevant Dealing Day.

#### 9.10 **Settlement Date**

In respect of applications for Shares the Business Day following the relevant Dealing Day, and, in the case of repurchase of Shares, two Business Days after the relevant Dealing Day and after receipt of the original application form and the duly signed repurchase documents.

#### 9.11 **Valuation Date**

The point in time by reference to which the Net Asset Value of the Fund is calculated which, unless otherwise specified by the Investment Manager, shall be 11pm. in Dublin on the Business Day prior to each Dealing Day of the Fund.

#### 9.12 **Accounting Date**

The Accounting Date for the Fund is 31 December in each year. The half-yearly Accounting Date is 30 June in each year. The first half-yearly accounts will be prepared up to 30 June 2020. The first annual audited accounts will be prepared up to 31 December 2019.

### 10 **PURCHASES OF SHARES**

An application to purchase shares must be made on the Application Form and be submitted to the Administrator by post, fax or other approved electronic means including email on or prior to the Dealing Deadline for the relevant Dealing Day with supporting documentation in relation to anti-money laundering delivered to the Administrator promptly prior to the relevant Dealing Deadline. Following an initial subscription, subsequent subscriptions may be accepted by post, fax or other approved electronic means including email in such format or method as shall be agreed in writing in advance with the Administrator and subject to and in accordance with the requirements of the Administrator and the Central Bank. Unless the ICAV otherwise agrees, payment for shares in the Fund must be received in cleared funds by the Settlement Date in the Base Currency.

For further information please read the section of the Prospectus entitled **Subscription for Shares** in the Prospectus.

### 11 **REPURCHASES OF SHARES**

Requests for the repurchase of shares must be submitted to the Administrator by post, fax or other approved electronic means including email by way of a signed repurchase application form on or prior to the Dealing Deadline for the relevant Dealing Day. A repurchase request once received will not be capable of revocation without the consent of the Directors. Payment of the proceeds of repurchase will only be made on receipt by the Administrator of all documentation required by the Administrator (including any documents in connection with anti-money laundering procedures) and the anti-money laundering procedures having been completed.

For further information please read the section of the Prospectus entitled **Repurchases of Shares** in the Prospectus.

### 12 **DISTRIBUTION POLICY**

It is intended to distribute all net dividends, interest and other income received by the Fund annually within one month of the end of each Accounting Period. Any such distribution shall be reinvested for additional Shares of the same class unless a Shareholder specifically requests payment in cash.

### 13 **FEES AND EXPENSES**

In addition to the below, details of the other fees and expenses borne by the Fund are set out in the section of the Prospectus entitled **Fees and Expenses**.

### 13.1 Costs of Establishment

The cost of establishment of the Fund, including the cost of preparation and printing of this Supplement of the Prospectus and the fees of all professionals in relation thereto, which are not expected to exceed €55,000, will be borne by the Fund and amortised over the first five years of the Fund's operation or such shorter period as the Manager, in consultation with the Investment Manager may determine.

### 13.2 Manager's Fee

The Manager's annual charge for each Share Class is calculated on the basis of the Net Asset Value of each Share Class. The annual charge is dependent on the Net Asset Value of the Fund and shall be charged in accordance with the following:

Net Asset Value	Annual Charge of the Manager
Up to €90 million	0.14% (subject to a minimum fee of €110,000)
€90 million to €140 million	0.13%
€140 million to €200 million	0.12%
Above €200 million	0.11%

The fee shall accrue daily and will be calculated and paid monthly in arrears. The Manager shall be entitled to its reasonable out of pocket expenses.

The Manager, on behalf of the ICAV, shall pay out of the Manager's annual charge the following:

- 13.2.1 fees and charges payable to the Administrator in respect of the provision of services to the Fund;
- 13.2.2 fees and expenses of each of the ICAV Secretary, the money laundering reporting officer, the Auditors, the Directors (including Directors' insurance costs) and FATCA and CRS reporting charges proportionate to the Fund;
- 13.2.3 the Fund's annual regulatory levy; and
- 13.2.4 costs of preparation and dissemination of financial statements and other reports and notifications to Shareholders of the Fund.

### 13.3 Depositary's Fee

The Depositary's annual charge is calculated on the basis of the Net Asset Value of the Fund and shall be up to 0.03% per annum which will be payable out of the assets of the Fund. The Depositary's annual charge is subject to a minimum annual fee of €20,000 in the first year of the Fund, €27,500 in the second year and €35,000 thereafter. The fee shall accrue daily and will be calculated and paid monthly in arrears. The Depositary shall be entitled to its reasonable out of pocket expenses.

### 13.4 Additional Operating Expenses

Fees, costs and charges not outlined in sections above or in the Fees and Expenses section of the Prospectus which are incurred in respect of the Fund will be charged (at normal commercial rates) directly to the Fund. These might include, where relevant, bank charges, custody fees and fees for the production of key investor information documents.

### 13.5 Investment Manager and Distributor Fee

The Investment Manager and Distributor is entitled under the Investment Management and Distribution Agreement to a fee of 0.95% per annum of the Net Asset Value of the USD Class A Shares of the Fund which will be payable out of the assets of the Fund attributable to each such class which shall accrue daily and will be calculated and paid monthly in arrears and may be increased up to 1.5% per annum on giving



prior notification to the relevant Shareholders in the Fund. The Investment Manager and Distributor may from time to time by agreement with the Manager to accept a lesser fee.

The Investment Manager and Distributor is entitled under the Investment Management and Distribution Agreement to a fee of 0.6% per annum of the Net Asset Value of Fund attributable to the USD Class I Shares of the Fund which will be payable out of the assets of the Fund attributable to each such class which shall accrue daily and will be calculated and paid monthly in arrears and may be increased up to 0.9% per annum on giving prior notification to the relevant Shareholders in the Fund. The Investment Manager and Distributor may from time to time by agreement with the Manager accept a lesser fee.

#### 14 **NET ASSET VALUE**

The Net Asset Value per Share is rounded to the nearest three decimal places. Following calculation, the Net Asset Value of a Share in the Fund will be available on request from the Administrator and will be published each time it is calculated on [www.bloomberg.com](http://www.bloomberg.com).

#### 15 **MATERIAL CONTRACTS**

##### 15.1 **Investment Management and Distribution Agreement**

The Investment Management and Distribution Agreement between the ICAV, the Manager and the Investment Manager dated 4 July 2019 provides for the appointment of EII Capital Management, Inc. as the Investment Manager and Distributor and to continue until terminated by the Manager or Investment Manager giving not less than 90 days' written notice to the to the other party; this agreement contains certain indemnities in favour of the Investment Manager which are restricted to exclude matters resulting from the fraud, negligence or wilful default of the Investment Manager in the performance or non-performance of its obligations and duties.