

## **E.I. STURDZA FUNDS PLC (THE "COMPANY")**

### **UNITED KINGDOM COUNTRY SUPPLEMENT**

**This Country Supplement forms part of, and should be read in conjunction with, the Prospectus for the Company dated 26<sup>th</sup> November 2020 (the "Prospectus"), as the same may be amended and supplemented from time to time.**

The Directors of the Company, whose names appear in the Prospectus under the heading "Directory", accept responsibility for the information contained in this document. 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 such information. The Directors accept responsibility accordingly.

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

The Directors wish to inform Shareholders and prospective investors in the Company or any of its Funds of the following:

#### **ADDITIONAL INFORMATION FOR INVESTORS IN THE UNITED KINGDOM**

The Company is an open-ended umbrella investment company with variable capital and segregated liability between Funds incorporated with limited liability in Ireland under the Companies Acts 2014 with registration number 461518 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 (the "Regulations").

The Company, and the following Funds, as detailed below, have been recognised by the FCA pursuant to section 264 of the FSMA;

- Strategic China Panda Fund
- Nippon Growth (UCITS) Fund
- Strategic Europe Quality Fund
- Strategic Global Quality Fund
- Strategic European Silver Stars Fund
- Strategic Japan Opportunities Fund
- Sturdza Family Fund
- Strategic Bond Opportunities Fund

The FCA has not approved and takes no responsibility for the contents of the Prospectus or for the financial soundness of the Company or any of its Funds or for the correctness of any statements made or expressed in the Prospectus.

## Facilities Agent

In connection with the Company's recognition under section 264 of the FSMA, the Company, by way of a UK Facilities Agent Agreement dated 17th December 2008, as amended and replaced by an agreement dated 23rd September 2019, has appointed FE Fundinfo (UK) Ltd (the "Facilities Agent") to maintain the facilities required of a recognised scheme pursuant to the rules contained in the Collective Investment Schemes Sourcebook ("COLL") published by the FCA as part of the FCA's Handbook of Rules and Guidance governing recognised schemes.

The facilities will be located at the offices of the Facilities Agent at 3rd Floor, Hollywood House, Church Street East, Woking GU21 6HJ, United Kingdom.

At these facilities, any person may:

1. inspect (free of charge) a copy (in English) of:
  - (a) the Company's Articles of Association and any subsequent amendments thereto;
  - (b) the most recent Prospectus issued by the Company, as the same may be amended and supplemented from time to time;
  - (c) the latest annual and half-yearly reports of the Company;
  - (d) the EEA key investor information document; and
  - (e) any other documents required from time to time by COLL to be made available.
2. obtain a copy of any of the above documents (free of charge in the case of documents (b), (c) and (d));
3. obtain information (in English) about the prices of Shares;
4. redeem or arrange for the redemption of its Shares and obtain payment in relation to such redemption; any redemption requests received by the Facilities Agent shall be sent to SS&C Financial Services (Ireland) Limited, the administrator of the Company, for processing;
5. make a complaint about the operation of the Company, which complaint the Facilities Agent will transmit to the Company and/or the Investment Manager; and
6. obtain, free of charge, details or copies of any notices which have been given or sent to Shareholders.

## **Fees and Expenses**

In consideration of the Facilities Agent providing its services, the Company agrees to pay to the Facilities Agent a charge of £1,500 per quarter exclusive of VAT.

## **Cancellation Rights**

Although the Company is a recognised scheme by the FCA, potential investors in the UK are advised that the rules made by the FCA do not in general apply in relation to the Company's investment business. In particular, rules that provide for the protection of retail customers (for example, those conferring rights to cancel) established under the Financial Services and Markets Act 2000 ("FSMA") do not apply in connection with an investment in the Company.

## **Compensation**

The Company is not authorised and regulated by the FCA under the FSMA and is not a member of the UK Financial Services Compensation Scheme ("UK FSCS"). Investors should also note that Shares held in the Company or any of its Funds will not be covered by the provisions of the UK FSCS nor any similar scheme operated in Ireland.

It is likely therefore that Shareholders will not be entitled to any compensation or redress in the event that the Company becomes insolvent or is otherwise not able to meet its liabilities in full.

## **Complaints**

Complaints in relation to the Company can be addressed to the Complaints Team at Bridge Consulting, 33 Sir John Rogerson's Quay, Dublin 2, Ireland. An outline of the procedures adopted by the Company in relation to complaints is available upon request.

If the complaint is against the Facilities Agent or a distributor or other intermediary and is not resolved to the satisfaction of the Shareholder, it may be possible to refer the complaint to the Financial Ombudsman Service, South Quay Plaza, 183 Marsh Wall, London E14 9SR.

## **United Kingdom Taxation**

**The following information, which relates only to United Kingdom taxation, is applicable to the Company and to persons who are resident (and, in the case of individuals only, domiciled) solely in the United Kingdom and who beneficially own Shares as investments and not as securities to be realised in the course of a trade or for any other purpose. This summary in particular does not address the tax consequences for non UK resident persons who hold the shares in connection with a trade, profession or vocation carried on in the UK (whether through a branch, agency or permanent establishment) ("PE"). It does not deal with the position of certain classes of investors, such as dealers in securities and insurance companies, trusts and persons who have acquired their Shares by reason of their or another's employment.**

The following statements are intended to apply only as a general and non-exhaustive guide to the position under current United Kingdom tax law and HM Revenue & Customs ("HMRC") practice at the date of this document and are not a substitute for professional advice. Investors should note that, as is the case with any investment, there can be no guarantee that the tax position or proposed tax position prevailing at the time an investment in the Company is made will endure indefinitely. The

following statements are based on current UK tax legislation, together with HMRC guidance, all of which are subject to change at any time (possibly 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 Company.

The information is not exhaustive and 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 the Shares in any Fund or of any one class of Shares in any Fund;
- who are members of a special class of taxpayer, such as charities and United Kingdom insurance companies;
- who intend to acquire Shares as part of tax avoidance arrangements; or
- who are in any doubt as to their taxation position,

should consult their professional advisers without delay.

Shareholders who owned Shares prior to a 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.

### ***The Company***

It is the intention of the Directors to conduct the affairs of the Company in such a manner that the central management and control of the Company is not exercised in the United Kingdom and so that the Company does not carry out any trade in the United Kingdom (whether or not through a PE situated there). The Company is not intending to invest in any United Kingdom real property directly or indirectly. On this basis, whilst the position cannot be guaranteed, the Company should not be subject to United Kingdom taxation on its income and gains, other than on certain types of income deriving from a United Kingdom source (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 Company 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 Company can make a DTA claim to avoid or minimise such capital gains tax arising.

### ***Share Classes, Offshore Funds, Distributing Funds and Reporting Fund Status***

Each class of Shares in a Fund of the Company will be regarded as an "offshore fund" for the purposes of United Kingdom taxation. For the purposes of the offshore fund and bond fund rules, each class of Shares should be treated as a separate fund (referred to in this Supplement as a "Notional Fund"). The tax treatment applicable to Shares (as discussed below) will depend on whether the relevant class of Shares has been accepted by HMRC as a "Distributing Fund" or a "Reporting Fund".

The Company obtained certification of the Hedged Sterling Share Class of the Strategic China Panda Fund (the "**Distributing Shares**") as a Distributing Fund for all periods from launch to the accounting period ending on 31 December 2009.

Unless otherwise indicated, the Company intends that (other than JPY Class A of the Nippon Growth (UCITS) Fund, which is not a Reporting Fund) each Notional Fund will be a Reporting Fund from the date of first issue of Shares of the relevant class (or, if the shares were already in issue as at 1 January 2010, from that date).

A list of approved Reporting Funds maintained by HMRC is available on the GOV.UK website at the following address <https://www.gov.uk/government/publications/offshore-funds-list-of-reporting-funds> and Shareholders are advised to check that list carefully in order to confirm whether any particular class of Shares which they hold or intend to acquire is an approved Reporting Fund.

In this Supplement, Shares which have been approved by HMRC as a Reporting Fund are referred to as "**Reporting Shares**".

Following acceptance of any Reporting Share as a Reporting Fund, the Company intends to meet the requirements for acceptance as a Reporting Fund in respect of all future accounting periods for that Reporting Share. However, no guarantee is given in this regard.

For any period where Shares are either certified as Distributing Shares or are accepted as Reporting Shares, such Shares are referred to below as "**Certified Shares**".

If, for any reason, any of the classes of Shares represented by Reporting Shares ceases to be accepted as a Reporting Fund, Shareholders should immediately seek independent tax advice as to any elections that may be made to optimise the resultant tax consequences.

For the purposes of the comments below, any Shares that are not Reporting Shares are referred to as "**Non-Reporting Shares**".

### ***Equalisation***

Shareholders should note that income calculated on a Share Class basis is split across each Share in issue at the end of the reporting period on a pro-rata basis. There will not be any adjustment to reported income to allow for the impact of subscriptions or redemptions during the reporting period.

Investors who subscribe at the end of a period will have the same amount of income 'reported' to them for UK tax purposes as investors who have held their shares throughout the entire period. If material income arises in any period this may result in a disadvantage to investors who only subscribe towards the end of the period.

### ***Bond Funds***

If, at any time in an accounting period, more than 60 per cent. of the assets associated with any class of Shares in a Fund are "qualifying investments", that class of Shares may fall to be treated as a "**Bond Fund**" for the whole of that accounting period. In simple terms, "qualifying investments" are broadly investments that give an interest return or a return that has the nature of interest. It is not the intention of the Company that the pattern of investment of the Strategic China Panda Fund, the Nippon Growth (UCITS) Fund, the

Strategic Europe Quality Fund, the Strategic Global Quality Fund, the Strategic European Smaller Companies Fund, the Strategic Japan Opportunities Fund or the Sturdza Family Fund should result in any class of Shares in any of these Funds being treated as a Bond Fund.

### ***Reported Income***

In respect of any accounting period, to the extent that any reportable income relating to Reporting Shares exceeds dividends paid in relation to those Shares, the excess ("reported income") will be taxed as if a dividend had been paid equal to such excess (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 that they have not actually received.

### ***Dividends***

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

Where the Company pays dividends (either directly or indirectly by way of reinvestment of income), 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.

The following comments outline the tax treatment of dividends paid in respect of Shares where the relevant class of Shares does not constitute a Bond Fund.

In outline, UK resident individuals will pay tax on any dividends received over the annual dividend allowance at the following rates for the 2019/20 year:

- 7.5 per cent. on dividend income within the basic rate band;
- 32.5 per cent. on dividend income within the higher rate band; and
- 38.1 per cent. on dividend income within the additional rate band.

The tax point for distributions actually received by shareholders should be the date on which such distributions were paid. The tax point for any "reported income" should be the date falling 6 months after the end of the reporting period.

The "reported income" should be viewed as foreign dividends for UK taxation purposes.

In certain specified circumstances, shareholders in receipt of dividends can be viewed as receiving trading income. The above summary assumes that all investors will be viewed as holding the shares as investment assets and that the dividends are treated as investment, rather than trading, income for tax purposes.

Shareholders who are subject to corporation tax may be able to claim exemption from United Kingdom corporation tax in respect of any dividend received should any of the dividend fall within one of the dividend exemption categories for corporate receipts. If the actual deemed distributions represented by the reported

income do not fall within one of the dividend exemption categories, they are likely to represent taxable income in the hands of the corporate investor.

The following comments outline the tax treatment of dividends paid in respect of Shares if the relevant class of Shares does constitute a Bond Fund.

- For Shareholders who are individuals, the dividend will be taxable as if it were yearly interest at the rates of tax applicable to interest.
- For Shareholders who are subject to corporation tax, the Shares would (for each accounting period of the Shareholder during which the Shares have at any time been a Bond Fund) be treated as if they were a creditor relationship under the "loan relationships regime". For these purposes, the credits and debits to be brought into account would fall to be determined on the basis of fair value accounting, and the Shareholder would be taxed (or obtain relief from tax) in accordance with such accounting treatment. Accordingly, such persons may be subject to corporation tax on an unrealised increase in the value of their Shares or, as the case may be, obtain relief against corporation tax by reference to an unrealised reduction in the value of their Shares.

### ***Disposals of Shares***

The statements in this section regarding disposals of Shares do not apply in respect of Shareholders within the charge to UK corporation tax where the relevant class of Shares they hold is treated as a Bond Fund (as to which see the section headed "*Further information for Shareholders subject to United Kingdom corporation tax*").

Any gain arising on the sale, redemption or other disposal of Reporting Shares held by a United Kingdom taxpayer, where such Shares have been Certified Shares for the entire period that they were held, will generally be taxed at the time of such sale, redemption or disposal as a capital gain for UK tax purposes. The Shareholder should be entitled to relief for any amount of reported income that has been charged to tax.

Any gain arising on the sale, redemption or other disposal of any Non-Reporting Shares held by a United Kingdom taxpayer, or of any Distributing Shares or Reporting Shares that were not Certified Shares for the entire period that they were held, will generally be taxed at the time of such sale, redemption or disposal as income (i.e. as an offshore income gain) at the investor's marginal rate of income tax and not as a capital gain.

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 1 January 2018, the indexation allowance will be calculated using the RPI or factor for December 2017, irrespective of the date of disposal.

Conversion of one class of Shares for Shares in another class (whether in the same Fund or a different Fund) will generally be regarded as a taxable disposal and subsequent acquisition of Shares. Shareholders should seek independent tax advice before converting from one class of Shares to another.

### ***Further information for Shareholders subject to United Kingdom income tax and capital gains tax***

The Directors intend to manage the affairs of the Company so that the Shares will be eligible investments for inclusion in the stocks and shares component of an *Individual Savings Account* ("ISA").

### ***Further information for Shareholders subject to United Kingdom corporation tax***

If any class of Shares were to be treated as a Bond Fund then, for Shareholders who are subject to corporation tax, the Shares would (for each accounting period of the Shareholder during which the Shares have at any time been a Bond Fund) be treated as if they were a creditor relationship under the "loan relationships regime". For these purposes, the credits and debits to be brought into account would fall to be determined on the basis of fair value accounting, and the Shareholder would be taxed (or obtain relief from tax) in accordance with such accounting treatment. Accordingly, such persons may be subject to corporation tax on an unrealised increase in the value of their Shares or, as the case may be, obtain relief against corporation tax by reference to an unrealised reduction in the value of their Shares.

### ***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 Company. 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:

- Section 3 of the Taxation of Chargeable Gains Act 1992 (Gains attributed to UK resident individuals from non-UK resident close companies)
- Chapter 2 of Part 13 of the Income Tax Act 2007 (Transfer of assets abroad)
- Chapter 1 of Part 13 of the Income Tax Act 2007 and Part 15 of the Corporation Tax Act 2010 (Transaction in Securities)
- Part 9A of Taxation (International and Other Provisions) Act 2010 (Controlled Foreign Companies)

The above are not intended to be an exhaustive list of such anti-avoidance legislation. 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 United Kingdom 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 United Kingdom Stamp Duty or SDRT will be payable on the issue of the Shares. Legal instruments transferring the Shares should not be subject to UK stamp duty provided that such instruments are executed outside the UK and do not relate to matters done or to be done in the UK. Provided that the Shares are not registered in any register of the Company kept in the United Kingdom and the Shares are not paired with any UK shares, any agreement to transfer the Shares should not be subject to United Kingdom SDRT.



Shareholders should note that other aspects of United Kingdom taxation legislation may also be relevant to their investment in the Company.

**Dated: 17 December 2020**