

PERSONAL PORTFOLIO 2 FUND (the Fund)

a sub-fund of

EQUATOR ICAV

Supplement to the Prospectus

This Supplement contains specific information in relation to Personal Portfolio 2 Fund (the Fund), a sub-fund of Equator ICAV (the ICAV), an open-ended umbrella body corporate limited by shares, with variable capital and segregated liability between sub-funds, which is registered under the laws of Ireland and authorised under the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations, 2011 (as amended).

This Supplement forms part of the Prospectus of the ICAV dated 10 May 2019 (the Prospectus) and should be read in the context of and together with the Prospectus.

The Directors of the ICAV, whose names appear under the section entitled **Directors of the ICAV** in 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 importance 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: 10 May 2019

DIRECTORY

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1. INVESTMENT OBJECTIVE AND POLICIES

Investment Objective

The Fund aims to provide a total return over the medium to longer-term through investing in a diversified portfolio of assets.

Profile of a Typical Investor

This Fund is designed for retail customers with little or no experience of investing in collective investment schemes and basic or no knowledge of the characteristics and risks of investing in equities and bonds (capital markets).

A typical investor in the Fund has a low to medium tolerance for risk; they accept that the value of their investment may fluctuate and they have a low to medium tolerance to bear losses to their capital. The minimum investment horizon is 5 years.

Investment Policy

The Investment Manager will actively select a mix of assets (e.g. equities and bonds) and the combination of developed and emerging markets, best placed to meet the overall objective of the Fund. To meet the expectations of the typical investor it is intended to invest at least 50% of the Net Asset Value of the Fund in debt instruments, with some exposure to equities and equity related securities. Other asset classes may include exposure to property (through Real Estate Investment Trusts (REITs)), commodities (through Exchange Traded Products (ETPs)), ancillary liquid assets and cash. The Fund may also hold units in other collective investment schemes.

Exposure to UK assets will be typically higher than the global market capitalisation weightings. The reference currency of the Fund will be Sterling.

Exposure to property and commodities through REITs and ETPs combined will be limited to 20%. There will be times when such exposure is nil. The purpose of such exposure is to allow the Investment Manager to diversify and complement the exposure to debt and equity asset classes to achieve the Fund's objective.

Debt Instruments

The fund will gain exposure to debt instruments either directly or indirectly through eligible collective investment schemes. These fixed and variable interest bearing securities will consist of bonds and bond related instruments (i.e. convertible bonds and bonds with warrants), commercial paper and certificates of deposit. A small number of convertible bonds may include embedded derivatives.

These securities will be listed and/or traded on regulated markets set out in Appendix I of the Prospectus (subject to any exceptions permitted under the Regulations). Debt securities may earn fixed or variable rate income or may be non-interest bearing such as discounted securities. The securities may be issued by governments, government related agencies, supra nationals and corporate entities. Debt securities may be Investment Grade or, where unrated, deemed equivalent thereto by the Investment Manager, or may be sub-Investment Grade. Not more than 30% of the Net Asset Value of the Fund will be sub-Investment Grade or thereto deemed.

Equities and Equity Related Securities

The Fund may also gain exposure to equity and equity related securities either directly, or more typically indirectly through investment in eligible collective investment schemes. Equity related securities will consist of American Depositary Receipts (**ADRs**) and Global Depositary Receipts (**GDRs**) and preference shares of companies of all capitalisations. These investments will be listed and/or traded on regulated markets set out in Appendix I of the Prospectus (subject to any exceptions permitted by the Regulations).

Collective Investment Schemes

The Fund may invest all of its assets in other collective investment schemes (which may include exchange traded funds (ETFs)). These collective investment schemes and ETFs may be UCITS or

non-UCITS and will be established in jurisdictions such as Ireland, other member states of the EEA, Jersey, Guernsey, the Isle of Man, the United States or the United Kingdom. Any Non-UCITS invested in must be regulated and ensure that the requirements of the Central Bank are satisfied.

The Fund will not invest in a collective investment scheme where the annual management fee (excluding any performance fee) is greater than 5% of the Fund's assets. The Fund will not invest in other collective investment schemes, which themselves invest more than 10% of their assets in other collective investment schemes.

Property

The Fund may seek exposure to property through REITs. Investment in REITs allows the Fund to gain exposure to the property sector through eligible liquid investments with transparent pricing. The focus of the REITs will be on the UK property sector in line with the overall Funds investment policy.

Commodities

Exposure to commodities such as gold and other precious metals may be gained indirectly through ETPs. ETPs are securities which are listed and traded on a regulated stock exchange. ETPs include Exchange Traded Funds (ETFs), Exchange Traded Commodities (ETCs), Exchange Traded Notes (ETNs) or collateralised exchange traded securities. The Fund will not seek to gain exposure to commodities through the use of short or leveraged ETPs. Such investments will be listed and/or traded on regulated markets set out in Appendix I of the Prospectus (subject to any exceptions permitted under the Regulations).

Ancillary Liquid Assets and Cash

A portion of the Fund's assets may be held in ancillary liquid assets, such as short term bank deposits, money market instruments, money market funds and other securities that offer high liquidity. Money market instruments are short term assets and securities that are traded on money markets such as certificates of deposit, commercial paper and short-term money market funds. Other securities include short term government debt and unconditional and irrevocable letters of credit with a residual maturity of less than three months. The Fund may also hold cash on an ancillary basis.

In exceptional circumstances the Fund may hold a high level of liquid assets, including cash.

Investment Selection

In developing the investment universe, the Investment Manager starts by considering which asset types may benefit the Fund having regard to the Fund's investment objective and policies as well as economic and market conditions. This will result in an overall allocation of debt securities, equities, equity related securities, and other assets, which may be spread between selected geographic areas and/or industry sectors. This is reviewed, and may change as economic and market conditions change.

The next step is to determine how the Fund will gain access to the chosen asset allocation. This might be by direct investment in debt securities and equities, exposure to equities via collective investment schemes or ETPs which invest in the relevant assets. Within the instruments available, the Investment Manager will consider the relative costs and risks involved. Individual investments available in the market are then researched and, if appropriate, selected for the Fund. The Investment Manager will aim to follow an index-tracking approach, either indirectly through the use of other collective investment schemes or directly through a selection of direct investments described above.

When selecting debt securities, such as government or corporate bonds, the Investment Manager will look at factors such as the coupon, price, maturity and credit rating of the instrument.

When selecting equities and equity related securities, the Investment Manager will look at a range of factors such as potential for growth, historic price fluctuation and dividend income.

The Fund may make small allocations to property and/or commodities. This might occur, for example, where having regard to historic prices and/or market outlook, the Investment Manager considers an allocation offers the potential for better growth or income than can be achieved from the other assets in the Fund, or for defensive reasons.

Geographic Bias

Exposure to UK assets will be typically higher than the global market capitalisation weightings. The reference currency of the Fund will be Sterling. Investments in non-UK assets may be made in order to achieve diversification, in particular where the Investment Manager feels that a particular non UK / Sterling exposed investment offers a similar profile to a UK investment but offers the potential for more attractive returns while maintaining a commensurate level of risk.

To the extent that these investments are not denominated in Sterling, the Investment Manager may, at its discretion, hedge the currency exposure.

2. FINANCIAL DERIVATIVE INSTRUMENTS & EFFICIENT PORTFOLIO MANAGEMENT

The Fund may use the types of financial derivative instruments (FDI) set out below for efficient portfolio management only, where the use of derivatives is considered a cheaper, more efficient method to gain exposure to certain asset classes, for risk management and for hedging purposes as further described in this section below and in the **Utilisation of FDI and Efficient Portfolio Management** section in the Prospectus.

Derivatives are generally expected to be exchange traded, although over-the-counter (**OTC**) instruments may also be used. This is further described in this section below. The use by the Fund of FDI will not result in the Fund being leveraged in excess of 100% of Net Asset Value.

The Fund may invest in assets which themselves use FDI for efficient portfolio management and investment purposes.

Collective investment schemes in which the Fund invests may invest in derivatives for investment purposes as well as for hedging and efficient portfolio management. Such use of derivatives by other collective investment schemes may be extensive.

The Fund may seek to manage currency exposure by hedging foreign exchange exposure back to the base currency of the Fund using instruments such as forward foreign exchange contracts. The Fund is not obliged to hedge currency exposure.

Currency Forwards and Currency Swaps: The Investment Manager may hedge currency exposure or income flows through the use of foreign exchange contracts such as currency forwards and currency swaps. A currency forward, which is a foreign exchange non-standardized, negotiated, over-the-counter contract executed between two parties to purchase or sell a specific currency at an agreed price at a future settlement date, reduces exposure to changes in the value of the currency to be delivered and increases exposure to changes in the value of the currency to be received for the duration of the contract. A currency swap comprises two currency forwards, executed simultaneously where one forward is in the reverse direction of the other, each settling on different dates. The Fund may enter into such contracts to seek to hedge against exchange rate risks, increase exposure to a currency or shift exposure to currency fluctuations from one currency to another. To the extent that the Fund and any underlying collective investment scheme in which it invests holds assets, including cash, are denominated in currencies other than the Base Currency of the Fund, the Fund will have foreign currency exposure. Accordingly, the Investment Manager will exercise its discretion in deciding whether or not to hedge all or some of such currency exposures back into the Base Currency of the Fund or otherwise alter the currency exposure characteristics of the assets held. Any such decisions will be based, in part, upon the Investment Manager's view of the likely trend of future exchange rates.

Options: The Fund may purchase put options on a tactical basis (including equity index options, options on futures and options on swaps) to seek to, for example, provide an efficient, liquid and effective mechanism for "locking in" gains and /or protecting against future declines in the value of securities that it owns in order to benefit from future gains in the value of a security without the risk of the fall in value of the security below the strike price. Put options are contracts that give the buyer in return for the premium paid, the right, but not the obligation, to sell to the seller of the contract, a specific quantity of the securities underlying the option contract at a specified price during the term of the option contract.

The Fund may also purchase call options (including equity index options and options on futures) to

provide an efficient, liquid and effective mechanism for taking positions in securities in order to benefit from future gains in the value of a security without the need to purchase and hold the security. The Fund may also purchase call options on currencies for the purposes of efficient portfolio management to seek protection against exchange rate risks. Call options are contracts sold for a premium that give the buyer the right, but not the obligation, to buy the securities underlying the option at the specified exercise price from the seller of the option at any time during the term of the option contract. Options may be cash or physically settled.

Structured Notes: A Fund may invest in structured notes which would typically be a freely transferable debt instrument, with an embedded derivative, where the return is linked to the performance of an underlying eligible asset or index. The commercial purpose for acquiring such structured notes would be to benefit from some, or all of the rise in the value or level of the asset or index while offering capital protection if the value ever falls. For example, a structured note such as an equity-linked structured note would give a return based on the performance of the underlying equity or equity index. The maximum loss on any structured note acquired by the Fund would not exceed the amount of initial investment. There would be issuer risk to the issuer of the structured note. Some structured notes may be traded on regulated exchanges (e.g. exchange traded notes). Other types of structured notes are traded over-the-counter by authorised credit institutions. Exposure to assets gained through the use of the embedded derivative will only be to assets that the Fund may acquire directly. The investment in structured notes will not form a significant part of the Fund's assets. There will be times when such exposure is nil.

Futures: Futures are contracts to buy or sell a standard quantity of a specific asset (or, in some cases, receive or pay cash based on the performance of an underlying asset, instrument or index) at a pre-determined future date and at a price agreed through a transaction undertaken on an exchange. Futures contracts allow investors to hedge against market risk or gain exposure to the underlying market. Since these contracts are marked-to-market daily, investors can, by closing out their position, exit from their obligation to buy or sell the underlying assets prior to the contract's delivery date. Futures may also be used to manage cash balances, both pending investment of a cash flow and with respect to fixed cash targets.

Interest Rate Swaps: An interest rate swap is an agreement negotiated between two parties to exchange LIBOR and/or other similarly recognised interest rate cash flows, calculated on a notional amount, at specified dates during the life of the swap. The notional amount is used only to determine the payments under the swap and is not exchanged. The payment obligation of each party is calculated using a different interest rate, typically with one party paying a floating interest rate in return for receiving a fixed interest rate, either at regular intervals during the life of the swap or at the maturity of the swap. Interest rate swaps may be used to take short positions or to manage interest rate risk and duration exposure.

Where the Fund uses interest rate swaps, it will be to alter the interest rate characteristics of transferable securities held by the Fund in accordance with the investment policy of the Fund. Such swaps will be employed in order to generate additional capital or income for the Fund or for risk management purposes in accordance with the investment policy of the Fund.

Credit Default Swaps: The Fund may enter into credit default swaps to isolate and transfer the credit risk associated with a particular reference asset. Credit default swaps provide a measure of protection against defaults of debt issuers. The Fund's use of credit default swaps does not assure their use will be effective or will have the desired result. The Fund may either be the buyer or seller in a credit default swap transaction. Credit default swaps are transactions under which the parties' obligations depend on whether a credit event has occurred in relation to the reference asset. The credit events are specified in the contract and are intended to identify the occurrence of a significant deterioration in the creditworthiness of the reference asset. On settlement, credit default products may be cash settled or involve the physical delivery of an obligation of the reference entity following a default. The buyer in a credit default swap contract is obligated to pay the seller a periodic stream of payments over the term of the contract provided that no event of default on an underlying reference asset has occurred. If a credit event occurs, the seller must pay the buyer the full notional value of the reference asset that may have little or no value. If the Fund is a buyer and no credit event occurs the Fund's losses will be limited to the periodic stream of payments over the term of the contract. As a seller, the Fund will receive a fixed rate of income throughout the term of the contract, provided that there is no credit event. If a credit event occurs, the seller must pay the buyer the full notional value of the reference obligation.

Total Return Swaps: The Fund may enter into total return swaps with certain entities as outlined in

paragraph 6.3 of the section "FUNDS - Investment Restrictions" in the Prospectus. Subject to compliance with those conditions, the Investment Manager has full discretion as to the appointment of counterparties when entering into total return swap in furtherance of the Fund's investment objective and policies. It is not possible to comprehensively list in this Supplement all the counterparties as they have not, as of the date of issue of this Supplement, been selected and they may change from time to time.

A total return swap is a contract whereby one party (e.g. the total return payer) agrees to make a series of payments to another party (e.g. the receiver) based on the change in the market value of the assets underlying such contract (which can include a security or baskets thereof or eligible index) during the specified period. In exchange, the other party to the contract agrees to make a series of payments calculated by reference to an interest rate and/or some other agreed-upon amount (including the change in market value of other underlying assets). The Fund may use total return swaps to gain exposure to an investment which is consistent with the investment policy of the Fund, without owning it or taking physical custody of it. For example, if the Fund invests in a total return swap on an underlying security, it will receive the price appreciation of the underlying security in exchange for a series of payments at an agreed rate. The Fund may use total return swaps to gain/reduce exposure in a cost effective manner. Total return swaps are typically used on single reference entities.

All FDI transactions entered into will be dealt in on a Regulated Market or on an over the counter basis (OTC) and in the case of OTC transactions will be with counterparties which are credit institutions authorised within the EEA, Switzerland, Jersey, Guernsey, the Isle of Man, the United States, Canada, Japan, Australia or New Zealand. In the case of a counterparty which is not a credit institution, the counterparty has (or is deemed by the ICAV to have) a credit rating of at least A2 or equivalent or otherwise meets the requirements of the Central Bank. The Fund will not be leveraged in excess of 100% of its Net Asset Value through the use of FDI and the Fund will use the commitment approach to calculate its 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. The underlying assets of these FDIs will be one of the asset classes referred to above in the Investment Policies section.

3. BORROWING

In accordance with the general provisions set out in the Prospectus under the heading Borrowing and Lending Powers and Restrictions, the Fund may borrow up to 10% of its total Net Asset Value on a temporary basis and not for speculative purposes.

4. INVESTMENT RESTRICTIONS

The investment restrictions applicable to the Fund are set out under the section entitled **Investment Restrictions** in the Prospectus.

5. INVESTMENT MANAGER

Investment Manager

The Manager has appointed Coutts & Co as Investment Manager of the Fund. Under the terms of the Investment Management Agreement the Investment Manager is responsible, subject to the overall supervision and control of the Manager, for managing the assets and investments of the Personal Funds in accordance with the investment objective and policies of each Fund.

The Investment Manager was established in 1692 and is authorised in the UK by the PRA and authorised and regulated in the UK by the FCA in the conduct of its designated investment business. The Investment Manager is ultimately a wholly owned subsidiary of The Royal Bank of Scotland Group plc, a public limited company incorporated in Scotland and listed on the London Stock Exchange. The Investment Manager carries out business in a wide range of banking and financial services including investment management. As at 31 December 2018 the Investment Manager was responsible for managing approximately GBP 21.8 billion of clients' assets.

The Manager may, with prior approval from the Central Bank, delegate its functions to other companies within the Royal Bank of Scotland Group plc or to third parties.

6. RISK FACTORS

The risk factors under the section entitled Risk Factors in the Prospectus apply to this Fund. Prospective investors should review these carefully and raise any questions they have with their advisers.

7. DIVIDEND POLICY

The Directors may determine at their sole discretion to declare dividends and to distribute any income on the Distributing Shares. Dividends will be declared out of net income (i.e. income less expenses) in May and November of each year and, if so, it will be paid within four months of the declaration date. Distributions will be paid in the currency denomination of the relevant Share Class.

No declarations or distributions shall be made in respect of Accumulating Shares. Accordingly, any distributable income will remain in the Fund's assets and will be reflected in the Net Asset Value of the Accumulating Shares.

8. UK TAX STATUS

Each Share Class of the Fund has UK reporting fund status as at the date of this Supplement. Further details are set out in the Prospectus.

9. KEY INFORMATION FOR SUBSCRIBING AND REDEEMING

Base Currency

Sterling

The Base Currency of the Fund is Sterling but investments may be denominated in other currencies.

Share Classes

The ICAV may issue Shares in each of the Share Classes set out below.

GBP Class A – Accumulating
GBP Class A – Distributing
GBP Class B – Accumulating

Class A is designed for investors whose Shares are to be held as part of a service provided or offered by RBS Companies. The Directors may at their absolute discretion switch an investor's Class A Shares into another Class of Shares or compulsorily redeem such Shares where they no longer consider this to be the case.

Class B is offered generally.

Where a shareholding value is, or falls, below the Minimum Shareholding for a particular Class and to enable the investor to continue to be invested in the relevant Fund, the Directors may compulsorily repurchase the relevant Shares and apply the proceeds in the purchase of Shares of another Class in the Fund.

The Directors (upon written confirmation to the Administrator) reserve the right to differentiate between Shareholders and to waive or reduce the Minimum Shareholding, Minimum Initial Investment Amount, and Minimum Additional Investment Amount for any such Shareholders or to refuse an application for any such Shares in their absolute discretion.

Additional classes of Shares may be created in accordance with the requirements of the Central Bank.

Issue Price for Class A and Class B Shares

The Issue Price for Class A Shares and Class B Shares in the Fund is Net Asset Value per Share.

Minimum Investment and Minimum Shareholding

The minimum initial subscription by each investor for Class A is £250,000. The minimum additional subscription for Class A is £1,000. The minimum Shareholding for Class A Shares is £125,000.

The minimum initial subscription by each investor for Class B is £50,000. The minimum additional subscription for Class B is £1000. The minimum Shareholding for Class B Shares is £25,000

The Directors reserve the right to vary or waive the Minimum Initial Investment Amount, the Minimum Additional Investment Amount and the Minimum Shareholding.

Minimum Fund Size

£15,000,000

Subscription Charge

The Fund will not impose an initial subscription charge.

Redemption Charge

The Fund will not impose a redemption charge.

Anti-Dilution levy

The Fund may impose an anti-dilution levy in accordance with the section entitled **Fees and Expenses** and the **Share Dealings** sections in the Prospectus.

Exchange Charge

The Fund will not impose an exchange charge.

Business Day

Any day on which the London Stock Exchange is open for business.

Dealing Day

Every Business Day.

Dealing Deadline

The Dealing Deadline is 15:00 UK time on the Business Day immediately preceding the relevant Dealing Day or such other day or time as the Directors may determine provided the Shareholders are notified in advance and it is prior to the relevant Valuation Point.

Valuation Point

The Valuation Point is 23:00 UK time on the business day immediately preceding the Dealing Day or such other day or time as may be determined by the Directors and approved by the Depositary.

Settlement Date

The Settlement Date for the receipt of monies for subscription for Shares shall be 3 Business Days following the relevant Dealing Day. The Settlement Date for the dispatch of monies for the redemption of Shares shall be 3 Business Days following the relevant Dealing Day provided that all the required documentation, including anti-money laundering documentation, has been furnished to and received by the Administrator.

10. HOW TO SUBSCRIBE FOR SHARES

Requests for the subscription for Shares should be made in accordance with the provisions set out in the section entitled **Subscription for Shares** in the Prospectus.

11. HOW TO REDEEM SHARES

Requests for the redemption of Shares should be made in accordance with the provisions set out in the section entitled **Redemption of Shares** in the Prospectus.

Redemption requests can be made in terms of number of Shares or a cash amount.

12. ANTI-MONEY LAUNDERING

Measures aimed at the prevention of money laundering may require an applicant for Shares to verify their identity to the Administrator. The anti-money laundering provisions of the Prospectus apply to this Fund.

13. FEES AND EXPENSES

The following sections on fees should be read in conjunction with the section entitled **Fees and Expenses** in the Prospectus.

Management Fee

The Manager shall be entitled to a management fee payable out of the assets of the Fund (the **Management Fee**).

The Management Fee is payable monthly in arrears and is calculated by reference to the average Net Asset Value of the Fund as at each Dealing Day.

The Management Fee will not exceed 1.2% for Class A Shares and 2% for Class B Shares per annum of the Net Asset Value of the Fund.

The Manager pays out of its fee the fees and expenses of all other service providers, including the Administrator, Depositary, Investment Manager and any Sub-Investment Managers. The Manager shall also be reimbursed by the Fund for all fees and properly vouched expenses reasonably incurred by the Manager in the performance of its duties.

Costs of Establishment

The cost of establishing this Fund, Personal Portfolio 1 Fund, Personal Portfolio 3 Fund, Personal Portfolio 4 Fund, Personal Portfolio 5 Fund (the **Personal Funds**), obtaining authorisation from any authority, listing the Shares on any stock exchange, where applicable, filing fees, the preparation and printing of the Prospectus and relevant Supplements, marketing costs and the fees of all professionals relating to it may be paid out of the assets of the Personal Funds and may be amortised over the first five Accounting Periods of the Personal Funds. The preliminary expenses incurred in connection with the establishment and initial issue of Shares in the Personal Funds are estimated not to exceed £200,000.

14. MISCELLANEOUS

At the date of this Supplement, there are 14 other Funds of the ICAV currently in existence as follows:

1. Coutts Multi Asset UK Balanced Fund
2. Coutts Multi Asset UK Defensive Fund
3. Coutts Multi Asset UK Growth Fund
4. Coutts Multi Asset UK Equity Growth Fund
5. Coutts Multi Asset Global Defensive Fund
6. Coutts Multi Asset Global Balanced Fund
7. Coutts Multi Asset Global Growth Fund

8. Personal Portfolio 1 Fund
9. Personal Portfolio 3 Fund
10. Personal Portfolio 4 Fund
11. Personal Portfolio 5 Fund
12. Equator US Equity Fund
13. Equator UK Equity Fund
14. Equator UK Sovereign Bond Fund