



## **SUPPLEMENT**

### **LACM WORLD DEFENSIVE INCOME EQUITY FUND**

**This Supplement forms part of and should be read in conjunction with the Prospectus dated 03 March 2021 for the Fund and which is available at the registered office of the Company at 30 Herbert Street, D02 W329, Dublin 2, Ireland. All terms capitalised in this Supplement shall bear the same meaning as such term is defined in the Prospectus, otherwise expressly stated.**

This Supplement contains specific information in relation to the LACM World Defensive Income Equity Fund (the "Fund"), a sub-fund of Los Angeles Capital Global Funds PLC (the "Company") an umbrella fund with segregated liability between sub-funds, established as an open-ended, variable capital investment company incorporated as a public limited company under the laws of Ireland.

The Company obtained approval from the Central Bank for the establishment of the Fund on 25 November 2019.

#### **1. Share Classes:**

Shares shall be issued to investors as Shares of a Class in the Fund.

The following Classes of Shares will be offered in the Fund:

##### **Euro Class A and Class B**

Denomination of Class	€
Base Currency of Fund	€
Initial Offer Price Per Share	€10
Distribution Status	Accumulating
Minimum Initial Investment	€5,000,000
Minimum Subsequent Investment	None
Minimum Holding	None
Currency Hedging Policy	Unhedged
Commencement of Initial Offer Period	30 July 2020
Closing of Initial Offer Period	29 January 2021

##### **Pound Sterling Class A and Class B**

Denomination of Class	Stg£
Base Currency of Fund	€
Initial Offer Price Per Share	Stg£10
Distribution Status	Accumulating
Minimum Initial Investment	Stg£5,000,000
Minimum Subsequent Investment	None
Minimum Holding	None
Currency Hedging Policy	Unhedged
Commencement of Initial Offer Period	30 July 2020
Closing of Initial Offer Period	29 January 2021



### Swiss Franc Class A and Class B

Denomination of Class	CHF
Initial Offer Price Per Share	CHF10
Distribution Status	Accumulating
Minimum Initial Investment	CHF 5,000,000
Minimum Subsequent Investment	None
Minimum Holding	None
Currency Hedging Policy	Unhedged
Commencement of Initial Offer Period	30 July 2020
Closing of Initial Offer Period	29 January 2021

Other Classes may be created by the Investment Manager to reflect different investor profiles in accordance with the requirements of the Central Bank.

#### 2. Investment Objective:

The investment objective of the Fund is to achieve capital appreciation by investing principally in equity securities of publicly traded Developed Markets while seeking to deliver lower volatility and higher income. To achieve the investment objective, the Fund seeks to preserve capital during down equity markets and invest in equity securities on average with dividend income higher than the market. The value of the Fund could go up or down. The Fund is not a short-term investment. There can be no assurance that the Fund will achieve its objective of capital appreciation.

#### 3. Investment Policies:

The Fund is actively managed and seeks to achieve its investment objective by investing principally in equity securities in Developed Markets, which offer downside protection (i.e., lower beta) and dividend income. In addition, the Fund will seek a dividend yield advantage over the world equity market. Equity securities shall comprise common and preferred stocks, and depository receipts that represent ownership in ordinary shares and exchange traded funds (subject to the limit on investment in collective investment schemes specified below).

The Investment Manager shall not be subject to any limits in relation to the percentage of the Net Asset Value of the Fund that may be invested in any one country. The Investment Manager aims to spread the investments of the Fund across countries and sectors. Currently, the sectors include Communication Services, Consumer Discretionary, Consumer Staples, Energy, Financials, Health Care, Industrials, Information Technology, Materials, Real Estate, and Utilities.

The Investment Manager will attempt to direct the investments of the Fund to higher quality securities that offer appropriate valuations, improving fundamentals and characteristics favoured in the market environment at the time the investment decision is made. The Investment Manager employs its Dynamic Alpha Stock Selection Model® (the "Model"), a quantitative model, to identify the relative attractiveness of a broad universe of securities. In addition, the Investment Manager will consider a stock's volatility, dividend yield, valuation, and quality in portfolio construction.

The Investment Manager believes that investor attitudes or "Investor Preferences" towards key investment risks change over the course of a market cycle and are a key determinant in explaining security returns. The Model seeks to identify shifts in sentiment toward these investment risks and invest in stocks possessing these characteristics. These risks have been identified via the Investment Manager's proprietary internal quantitative research and include, but are not limited to, the relationships between projected and reported earnings, balance



sheet strength, earnings quality, financing and investment decisions and business risks.

The Investment Manager updates the Model by generating return forecasts for stocks in Developed Markets. Return forecasts are developed through a three-step process. First, the investment process measures each stock's exposure to various risk factors through an analysis of financial statements, earnings forecasts, and statistical properties of historic stock returns. Secondly, the Investment Manager determines the "risk premium" or price of each risk factor through a rigorous attribution and statistical analysis of returns. Stock return forecasts are then developed by combining each stock's exposure with the "risk premium" associated with each risk factor.

The transferable securities and Liquid Financial Assets in which the Fund may invest shall comprise common and preferred stocks, and depository receipts that represent ownership in ordinary shares and exchange traded funds (subject to the limit on investment in collective investment schemes specified below). These securities generally must be listed, traded or dealt in on a Regulated Market except that up to 10% of the Net Asset Value of the Fund may be invested in transferable securities and Liquid Financial Assets which are not so listed, traded or dealt. The Fund may invest up to 10% of its Net Asset Value in collective investment schemes, subject to the limits set out in the Prospectus under the heading "Investment Restrictions". The collective investment schemes in which the Fund may invest will have as their objective investment in global markets or in money market instruments. Such investment in collective investment schemes includes investing in other Funds. Where the Fund invests in another Fund, the investing Fund may not charge an annual management and/or investment management fee in respect of the portion of its assets invested in the other Fund. The Regulated Markets on which the Fund's investments will be listed, traded or dealt are set out in Schedule I.

Normally, the Fund will invest substantially all of its assets to meet its investment objectives and policies. However, the Fund may invest in Liquid Financial Assets traded on a Regulated Market and hold cash deposits, particularly during periods of perceived uncertainty and volatility. The Liquid Financial Assets in which the Fund may invest will include securities such as government securities, commercial paper, certificates of deposit, bankers' acceptances, discount notes and treasury bills all rated Investment Grade by a Recognised Rating Agency or deemed by the Investment Manager to have a rating of investment grade or better or daily dealing money market funds which are eligible collective investment schemes for the purposes of the UCITS Regulations and which are established in an EU jurisdiction (subject to the limit on investment in collective investment schemes specified above). Unlike bank deposits, the value of investments in the Fund may fluctuate. For temporary defensive purposes, including during periods of high cash inflows, the Fund may depart from its principal investment strategies and invest part or all of its assets in these securities or may hold cash. During such periods, the Fund may not achieve its investment objectives.

### **Benchmark**

Performance of the Fund is measured against the MSCI World Net Total Return EUR Index, Ticker: MSDEWIN (the "Benchmark Index"). The Benchmark Index covers approximately 85% of the free float-adjusted market capitalization in the Developed Markets equity universe.

The Fund aims to return in excess of 2% relative to the Benchmark Index although there is no guarantee that such levels of outperformance will be achieved.

The Fund is actively managed (meaning that the Investment Manager has discretion over the composition of the Fund's portfolio subject to its stated investment objectives and policy as set out above). Subject to risk controls, the strategy pursued by the Fund does not impose overly restrictive limits on the extent to which portfolio holdings and/or weights must adhere to or may diverge from the composition of the Benchmark Index and while risk controls are implemented relative to the Benchmark Index, it does not prohibit the Fund from taking on active levels of risk across regions, countries, sectors or securities. The purpose of these limits is to ensure the



Fund has appropriate exposure to these active levels of risk. While not required to make any investment in constituent securities of the Benchmark Index, the Fund is nonetheless likely to have exposure to a number of its constituent securities. The Fund has full flexibility to invest in securities not represented in the Benchmark Index.

As set out in the Investment Policy, the Investment Manager employs the Model to drive investment decisions. The Model forecasts returns for more than 9000 stocks globally including all the securities in the Benchmark Index. In constructing the portfolio, the Investment Manager then adopts constraints, depending on market conditions, as to the extent to which the Fund's holdings deviate from the constituents of the Benchmark Index on a regional, country, sector and individual security level. The constraints employed include:

Sector Exposure	+/-6% relative to Benchmark Index
Regions/Country	+/-4.5% Region, +/-5.5% Country relative to Benchmark Index
Security Weight	+/-2% relative to the Benchmark Index
Max Tracking Error	7%

The Investment Manager has discretion to apply, change, and remove any such constraints, which may limit the extent to which the Fund can outperform the Benchmark Index. The Directors reserve the right, if they consider it in the interests of the Fund to do so and with the consent of the Depositary, to substitute another index for the Benchmark Index.

**4. Investment Restrictions:**

The only investment restrictions applicable to the Fund are as set out in the Prospectus under the heading "The Company – Investment Restrictions".

**5. Risk Factors:**

The Risk Factors applicable to the Fund are set out in the Prospectus under the heading "Risk Factors".

**6. Issue of Shares:**

Each Class of Shares shall be issued at a price equal to the Net Asset Value per Shares on the relevant Dealing Day on which the Shares are to be issued. The procedures to be followed in applying for Shares are set out in the Prospectus under the heading "Administration of the Fund – Application for Shares".

**7. Business Day:**

Each day other than a Saturday or Sunday, on which retail banks are open for business in Dublin and New York or such other day or days as the Directors may determine and notify Shareholders in advance.

**8. Dealing Day:**

Each Business Day, or such other Business Day as the Directors may determine from time to time and notify in advance to Shareholders, provided that there shall be at least two Dealing Days at regular intervals per month.

**9. Base Currency:**

Euro.

**10. Redemption Price:**

The payment of redemption monies in respect of the Fund shall normally be made within 4



Business Days of the Dealing Day.

**11. Fees:**

In addition to the fees and expenses of the Depositary and the general management and fund charges set out in the Prospectus under the heading "Fund Charges", the following fees and expenses are payable out of the assets of the Fund:

*Investment Management Fee*

**Class A Shares:** The Investment Manager shall be entitled to receive, out of the assets of the Fund, an investment management fee accrued at each Dealing Day and payable quarterly in arrears, of up to 0.30% per annum of the Net Asset Value of the Fund.

**Class B Shares:** The Investment Manager shall be entitled to receive, out of the Fund, an investment management fee accrued at each Dealing Day and payable quarterly in arrears, of up to 0.15 % per annum of the Net Asset Value of the Fund.

The Investment Manager shall be entitled to be reimbursed by the Company for all reasonable disbursements and out-of-pocket expenses incurred by it, if any.

*Performance Fee*

Each subscriber for Class B Shares and/or Class C Shares shall be required to enter into an agreement with the Investment Manager whereby the subscriber shall agree to pay a performance fee in an amount to be agreed with the Investment Manager. As part of this agreement, the Investment Manager may be authorised to redeem such number of the Shares held by a Class B Shareholder or a Class C Shareholder in order to discharge the performance fee due to the Investment Manager. This will be a separate agreement between the Investment Manager and the Class B Shareholders or the Class C Shareholders.

**12. Distributions:**

It is intended that, in the normal course of business, distributions will not be declared and that any net investment income attributable to each Class will be accumulated in the Net Asset Value per Share of each respective Class. Shareholders will be notified in advance of any change in distribution policy for the Classes and an updated Prospectus will be issued to reflect any such change.

**13. Miscellaneous**

The Company currently has the following sub-funds approved at this date:

1. Los Angeles Capital Global Fund
2. LACM World Defensive Income Equity Fund
3. LACM ESG Solutions Fund – U.S.

Dated: 22 March 2021