

CIFC CREDIT FUNDS ICAV

Additional information for investors in the United Kingdom (the “Supplement”)

This Supplement, dated 28 September 2021, contains information specific to investors in the United Kingdom regarding CIFC Credit Funds ICAV (the “ICAV”).

This Supplement forms part of, and must be read in conjunction with, the prospectus of the ICAV dated 28 September 2021, as amended from time to time (the “Prospectus”).

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

1. UK FACILITIES AGENT

1.1 In connection with the ICAV’s recognition as a collective investment scheme under section 264 of the Financial Services and Markets Act 2000, as amended from time to time (the “Act”), the ICAV has appointed CIFC Asset Management Europe Limited as facilities agent (the “Facilities Agent”) to maintain the facilities required of a recognised scheme pursuant to the rules contained in the Collective Investment Schemes Sourcebook published by the Financial Conduct Authority (the “FCA”) as part of the FCA’s Handbook of Rules and Guidance governing recognised schemes.

1.2 The facilities will be located at 27 Knightsbridge, London, SW1X 7LY, United Kingdom. At these facilities any person may:

1.2.1 inspect (free of charge) a copy (in English) of:

- (a) the ICAV’s Instrument of Incorporation;
- (b) any instrument amending the ICAV’s Instrument of Incorporation;
- (c) the Prospectus;
- (d) the applicable key investor information documents;
- (e) any other documents specified in the Prospectus as being available for inspection; and
- (f) the latest annual and half-yearly reports most recently prepared and published by the ICAV;

1.2.2 obtain a copy of any of the above documents (free of charge);

1.2.3 obtain information (in English) about the prices of Shares in the ICAV; and

- 1.2.4 make a complaint about the operation of the ICAV, which complaint the Facilities Agent will transmit to the ICAV.
- 1.3 Further, any Shareholder may arrange for redemption of Shares in the ICAV and obtain payment in accordance with the section entitled “Redemption Requests” in the Prospectus or alternatively may submit a valid redemption request to the Facilities Agent or obtain payment from the Facilities Agent in the form and manner as otherwise outlined in the section entitled “Redemption Requests”.

2. UNITED KINGDOM TAXATION

- 2.1 The following information is a summary of the anticipated tax treatment in the UK. This information is based on the law as enacted in the UK on the date of this Supplement, is subject to changes therein (possibly with retrospective effect) and is not exhaustive. The summary applies only to persons who hold their Shares beneficially as an investment and not for trading or other purposes and (save where expressly stated otherwise) who are resident in the UK for UK tax purposes. Prospective investors should consult their own professional advisors if they are in any doubt about their position.
- 2.2 The following information does not constitute legal or tax advice. Prospective investors should consult their own professional advisors on the implications of making an investment in, and holding or disposing of, Shares and the receipt of distributions with respect to such Shares under the law of the countries in which they are liable to taxation.

Taxation of the ICAV

- 2.3 As the ICAV is a UCITS, it should not be treated as resident in the UK for UK taxation purposes. Accordingly, and provided that the ICAV does not carry on a trade in the UK through a permanent establishment situated therein for UK corporation tax purposes, or through a branch or agency situated in the UK which would bring the ICAV within the charge to income tax, the ICAV will not be subject to UK corporation tax or income tax on income and capital gains arising to it, save as noted below in relation to possible withholding tax on certain UK source income. The Directors intend that the affairs of the ICAV are conducted so that no such permanent establishment, branch or agency will arise insofar as this is within their respective control, but it cannot be guaranteed that the conditions necessary to prevent any such permanent establishment, branch or agency coming into being will at all times be satisfied.
- 2.4 Interest and other income received by the ICAV which has a UK source may be subject to withholding taxes in the UK.

Taxation of Shareholders - General

- 2.5 Subject to their personal circumstances, individual Shareholders resident in the UK for taxation purposes will be liable to UK income tax in respect of any dividends or other distributions of income by the ICAV (which may include reportable income

in the case of Classes with reporting fund status), whether or not such distributions are reinvested. The provisions of section 378A Income Tax (Trading and Other Income) Act 2005 may apply to charge those distributions to income tax as if they were payments of interest instead of dividend receipts. This will be the case if the ICAV (or the relevant Class) has more than 60% by market value of its investments invested in qualifying investments (broadly, money placed at interest, securities, building society shares or holdings in unit trusts or other offshore funds with, broadly, more than 60% of their investments similarly invested), at any time during the “relevant period” (as defined therein).

- 2.6 Companies within the charge to UK corporation tax should generally be exempt from UK corporation tax on distributions (including reportable income) made by the ICAV subject to certain exclusions (particularly in the case of “small companies” as defined in section 931S of the Corporation Tax Act 2009 (“CTA 2009”)) and specific anti-avoidance rules.
- 2.7 Each Class will be deemed to constitute an “offshore fund” for the purpose of the offshore fund legislation in Part 8 of the Taxation (International and Other Provisions) Act 2010 (“TIOPA”). As a result, any gain arising on the sale, disposal or redemption of Shares (which may include an in specie redemption by a Fund of the ICAV) held by persons who are resident in the UK for tax purposes will be taxed at the time of such sale, disposal or redemption as income and not as a capital gain. This does not apply, however, where the relevant offshore fund is accepted by HM Revenue & Customs (“HMRC”) as a reporting fund throughout the period during which Shares have been held.
- 2.8 The Directors do not generally intend to seek to apply for approval of Classes of Shares to have “reporting fund” status save in respect of those set out in paragraph 2.9 below. Shareholders in non-reporting Classes who are resident in the UK for tax purposes may be liable to UK income taxation in respect of any gain realised on disposal or redemption of Shares. Any such gain may thus remain taxable notwithstanding any general or specific UK capital gains tax exemption or allowance available to a Shareholder and this may result in certain investors incurring a proportionately greater UK taxation charge. Any losses arising on the disposal of Shares by Shareholders who are resident in the UK will be eligible for capital gains loss relief. The Directors reserve the right to seek reporting fund status in respect of any Class of Shares.
- 2.9 Shareholders should refer to the list of reporting funds maintained by HMRC and published on its website (<https://www.gov.uk/government/publications/offshore-funds-list-of-reporting-funds>) for further information in respect of any relevant reporting fund classes.
- 2.10 In order for a Class to qualify as a reporting fund the ICAV must apply to HMRC for entry of the relevant Class into the reporting fund regime, and for each accounting period it must then report to investors 100 percent of the net income attributable to the relevant Class, that report being made within six months of the end of the relevant accounting period. UK resident individual investors will be

taxable on such reported income, whether or not the income is actually distributed. Income for these purposes is computed by reference to income for accounting purposes as adjusted for capital and other items.

- 2.11 Chapter 6 of Part 3 of the Offshore Funds (Tax) Regulations 2009 (“the Regulations”) provides that specified transactions carried out by a UCITS fund, such as the ICAV, will not generally be treated as trading transactions for the purposes of calculating the reportable income of reporting funds that meet a genuine diversity of ownership condition. The Directors confirm that all Classes with reporting fund status are primarily intended for and marketed to institutional investors. For the purposes of the Regulations, the Directors undertake that all classes in the ICAV with reporting fund status will be widely available and will be marketed and made available sufficiently widely to reach the intended category of investors and in a manner appropriate to attract those kinds of investors.
- 2.12 Provided a Class is approved as a reporting fund throughout the period during which the Shares in such Class have been held, apart from any sums representing accrued income for the period of disposal, gains realised on the disposal of Shares in such Class by UK taxpayers will be subject to taxation as capital and not as income unless the investor is a dealer in securities. Any such gains may accordingly be reduced by any general or specific UK exemption available to a Shareholder and this may result in certain investors incurring a proportionately lower UK tax charge. Although the Directors will endeavour to ensure that approval as a reporting fund is maintained in respect of the Classes of Share with reporting fund status referred to in paragraph 2.9 above, this cannot be guaranteed.
- 2.13 Subject to the regulations mentioned below, under the reporting fund regime reportable income is attributed only to those investors who remain as Shareholders at the end of the relevant accounting period. This means that, particularly where actual dividends are not declared in relation to all the income of a Class which has been approved as a reporting fund, Shareholders could receive a greater or lesser share of dividend income than anticipated in certain circumstances such as when, respectively, class size is shrinking or expanding. Regulations enable a reporting fund to elect to operate dividend equalisation or to make income adjustments, which should minimise this effect.
- 2.14 Part 9A of TIOPA subjects UK resident companies to tax on the profits of companies not so resident (such as the ICAV) in which they have an interest. The provisions, broadly, affect UK resident companies which hold, alone or together with certain other associated persons, shares which confer a right to at least 25 per cent. of the profits of a non-resident company (a “25% Interest”) (or, in the case of an umbrella fund such as the ICAV, a Fund thereof) where that non-resident company (or Fund) is controlled by persons who are resident in the UK and is subject to a lower level of taxation in its territory of residence. The legislation is not directed towards the taxation of capital gains. In addition, these provisions will not apply if the Shareholder reasonably believes that it does not hold a 25% Interest in the ICAV (or Fund) throughout the relevant accounting period.

- 2.15 The attention of persons resident in the UK for taxation purposes is drawn to the provisions of section 13 of the Taxation of Chargeable Gains Act 1992 (“section 13”). Section 13 applies to a “participator” for UK taxation purposes (which term includes a Shareholder) if at any time when any gain accrues to the ICAV which constitutes a chargeable gain for those purposes, at the same time, the ICAV is itself controlled by a sufficiently small number of persons so as to render the ICAV a body corporate that would, were it to have been resident in the UK for taxation purposes, be a “close” company for those purposes. The provisions of section 13 could, if applied, result in any such person who is a “participator” in the ICAV being treated for the purposes of UK taxation of chargeable gains as if a part of any chargeable gain accruing to the ICAV had accrued to that person directly, that part being equal to the proportion of the gain that corresponds on a just and reasonable basis to that person’s proportionate interest in the ICAV as a “participator”. No liability under section 13 could be incurred by such a person where such proportion does not exceed one quarter of the gain and, in addition, exemptions also apply where none of the acquisition, holding or disposal of the assets had a tax avoidance main purpose or where the relevant gains arise on the disposal of assets used only for the purposes of genuine, economically significant business activities carried on outside the UK. In the case of UK resident individuals domiciled outside the UK, section 13 applies only to gains relating to UK situate assets of the ICAV and gains relating to non-UK situate assets if such gains are remitted to the UK.
- 2.16 Chapter 3 of Part 6 of CTA 2009 provides that, if at any time in an accounting period a corporate investor within the charge to UK corporation tax holds an interest in an offshore fund and there is a time in that period when that fund fails to satisfy the “non-qualifying investments test”, the interest held by such a corporate investor will be treated for the accounting period as if it were rights under a creditor relationship for the purposes of the rules relating to the taxation of most corporate debt contained in CTA 2009 (the “Corporate Debt Regime”). The Shares will constitute interests in an offshore fund. In circumstances where the test is not so satisfied (for example, where a Class invests in cash, securities or debt instruments or open-ended companies that themselves do not satisfy the “non-qualifying investments test” and the market value of such investments exceeds 60 per cent. of the market value of all its investments at any time) the Shares in the relevant Class will be treated for corporation tax purposes as within the Corporate Debt Regime. As a consequence, all returns on the Shares in the relevant Class in respect of each corporate investor’s accounting period during which the test is not met (including gains, profits and deficits and exchange gains and losses) will be taxed or relieved as an income receipt or expense on a fair value accounting basis. Accordingly, a corporate investor in the ICAV may, depending on its own circumstances, incur a charge to corporation tax on an unrealised increase in the value of its holding of Shares (and, likewise, obtain relief against corporation tax for an unrealised reduction in the value of its holding of Shares). The provisions relating to non-reporting funds (outlined above) would not then apply to such corporate Shareholders and the effect of the provisions relating to holdings in controlled foreign companies (outlined above) would then be substantially mitigated.

- 2.17 The attention of individual Shareholders resident in the UK is drawn to the provisions of Chapter 2 of Part 13 of the Income Tax Act 2007, under which the income accruing to the ICAV may be attributed to such a Shareholder and may render them liable to taxation in respect of the undistributed income and profits of the ICAV. This legislation will, however, not apply if such a Shareholder can satisfy HMRC that either:
- 2.17.1 it would not be reasonable to draw the conclusion, from all the circumstances of the case, that the purpose of avoiding liability to taxation was the purpose, or one of the purposes, for which the relevant transactions or any of them were effected;
 - 2.17.2 all the relevant transactions are genuine commercial transactions and it would not be reasonable to draw the conclusion, from all the circumstances of the case, that any one or more of the transactions was more than incidentally designed for the purpose of avoiding liability to taxation; or
 - 2.17.3 all the relevant transactions were genuine, arm's length transactions and if the Shareholder were liable to tax under Chapter 2 of Part 13 in respect of such transactions such liability would constitute an unjustified and disproportionate restriction on a freedom protected by Title II or IV of Part Three of the Treaty on the Functioning of the European Union or Part II or III of the EEA Agreement.

The Common Reporting Standard

- 2.18 Shareholders are referred to the section headed "The OECD Common Reporting Standard" in the Prospectus.

3. UNITED KINGDOM SELLING RESTRICTIONS

- 3.1 The ICAV is a recognised collective investment scheme pursuant to s.264 of the Act. The promotion of the ICAV and the Funds and the distribution of the Prospectus in the United Kingdom are in accordance with this law.

4. FEES AND EXPENSES

Information relating to the fees and expenses payable by investors in each of the Funds is set out under the section headed "Fees and Expenses" in the Prospectus. The attention of investors and/or prospective investors is drawn to the information relating to fees and expenses set out therein. Fees and expenses of the Funds, including any payable to the Facilities Agent, will be charged at normal commercial rates.