

# **BELFUND SICAV**

*SOCIÉTÉ D'INVESTISSEMENT À CAPITAL VARIABLE*

**PROSPECTUS**

**1 JANUARY 2026**

## IMPORTANT INFORMATION

### General

Belfund SICAV (the **Company**) is registered in the Grand Duchy of Luxembourg as an undertaking for collective investment pursuant to Part I of the act of 17 December 2010 relating to undertakings for collective investment, as amended (the **2010 Act**) and qualifies as an undertaking for collective investments in transferable securities (**UCITS**) under the EC Directive 2009/65 of 13 July 2009 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities, as may be amended or supplemented from time to time (**UCITS Directive**), and may therefore be offered for sale in European Union (**EU**) Member States (subject to applicable notification process). The Company is structured as an umbrella fund to provide both institutional and retail investors with a variety of sub-funds (the **Sub-funds**, each a **Sub-fund**).

The registration of the Company does not require any Luxembourg authority to approve or disapprove either the adequacy or accuracy of this Prospectus or the assets held in the various Sub-funds.

### Definitions

Unless the context otherwise requires, or as otherwise provided in this Prospectus, capitalised words and expressions will bear the respective meanings ascribed thereto in the Section "Definitions" below.

### Reliance

Shares in the Company are offered solely on the basis of the information and the representations contained in the current Prospectus accompanied by the PRIIPs-KID(s), the latest annual report and semi-annual report, if published after the latest annual report, as well as the documents mentioned herein which may be inspected by the public at the offices of the Company and UCI Administrator. The annual report and the semi-annual report form an integral part of the Prospectus. All Shareholders are entitled to the benefit of, are bound by and are deemed to have notice of, the provisions of the Prospectus and the Articles.

In addition to the General Section, investors must refer to the relevant Special Section(s) attached at the end of the Prospectus. Each Special Section sets out the specific objectives, policy and other features of the relevant Sub-fund to which the Special Section relates as well as risk factors and other information specific to the relevant Sub-fund.

No person has been authorised to issue any advertisement or to give any information, or to make any representations in connection with the offering, placing, subscription, sale, conversion or redemption of Shares other than those contained in this Prospectus and the PRIIPs-KID(s) and, if issued, given or made, such advertisement, information or representations must not be relied upon as having been authorised by the Company. Neither the delivery of this Prospectus or of the PRIIPs-KID(s) nor the offer, placement, subscription or issue of any of the Shares will under any circumstances create any implication or constitute a representation that the information given in this Prospectus and in the KID(s) is correct as of any time subsequent to the date hereof.

### Responsibility for the Prospectus

The members of the board of directors of the Company (the **Board**), whose names appear under the Section "General Information", accept joint responsibility for the information and statements contained in this Prospectus and in the PRIIPs-KID issued for each Sub-fund. They have taken all reasonable care to ensure that the information contained in this Prospectus and in the PRIIPs-KID(s) is, to the best of their knowledge and belief, true and accurate in all material respects and that there are no other material facts the omission of which makes misleading any statement herein, whether of

fact or opinion at the date indicated on this Prospectus.

### **Umbrella structure and Sub-funds**

Investors may, subject to applicable law, invest in any Sub-fund offered by the Company. Investors should choose the Sub-fund that best suits their specific risk and return expectations as well as their diversification needs and are encouraged to seek independent advice in that regard. A separate pool of assets will be maintained for each Sub-fund and will be invested in accordance with the Investment Policy applicable to the relevant Sub-fund in seeking to achieve its Investment Objective. The Net Asset Value and the performance of the Shares of the different Sub-funds and Classes thereof are expected to differ. The price of Shares and the income (if any) from them may fall as well as rise and there is no guarantee or assurance that the stated Investment Objective of a Sub-fund will be achieved.

### **Disclosure of identity**

The Board, the Management Company, the UCI Administrator, the Depositary or any other service provider may be required by law, regulation or government authority or where it is in the best interests of the Company to disclose information in respect of the identity of the Shareholders.

The Company is required under Luxembourg law to (i) obtain and hold accurate and up-to-date information (i.e. full names, nationality/ies, date and place of birth, address and country of residence, national identification number, nature and extent of the interest in the Company) about its beneficial owners (as such term is defined under the Luxembourg act of 12 November 2004 on the fight against money laundering and terrorist financing, as amended (the **AML Act**)) and relevant supporting evidence and (ii) file such information and supporting evidence with the Luxembourg Register of beneficial owners (the **RBO**) in accordance with the Luxembourg act of 13 January 2019 creating a register of beneficial owners, as may be amended from time to time (the **RBO Act**).

The attention of Shareholders is drawn to the fact that the information contained in the RBO (save for the national identification number and address of the beneficial owner) is available to every person with a legitimate interest, unless a limited access exemption is applied for and granted. This means that Luxembourg national authorities and professionals (as referred to in the AML Act) as well as persons with a legitimate interest may access the information on the beneficial owner(s) of the Company (as well as its legal owners), and beneficial ownership may evolve or change from time to time in light of the factual or legal circumstances. Beneficial owners are under a statutory obligation to provide to the Company all relevant information about them as referred to above. Non-compliance with this obligation may expose beneficial owners to criminal sanctions.

Each investor will be required in its subscription form to agree that the Company and any of its services providers cannot incur any liability for any disclosure about a beneficial owner made in good faith to comply with Luxembourg laws.

Each investor will be required in its subscription form to make such representations and warranties that it will promptly provide upon request, all information, documents and evidence that the Company may require to satisfy its obligations under any applicable laws and in particular the RBO Act.

### **General risk warnings**

An investment in the Company involves investment risks including those set out in Schedule 2. In addition, investors should refer to the Section "Specific risk factors" of the Special Section of the relevant Sub-fund (if any) in order to assess and inform themselves on the specific risks associated with an investment in such Sub-fund.

The Company is allowed to invest in financial derivative instruments. While the prudent use of derivatives can be beneficial, derivatives also involve risks different from, and, in certain cases, greater

than, the risks presented by more traditional investments. A more detailed description of the risks relating to the use of derivatives is set out in Schedule 2. The Special Section relating to each Sub-fund will give more precise information on the types of derivatives, if any, which may be used by a Sub-fund for investment purposes.

### **Selling restrictions**

The distribution of this Prospectus and the offering or purchase of Shares is restricted in certain jurisdictions. This Prospectus and the PRIIPs-KID(s) do not constitute an offer of or invitation or solicitation to subscribe for or acquire any Shares in any jurisdiction in which such offer or solicitation is not permitted, authorised or would be unlawful. Persons receiving a copy of this Prospectus or of the PRIIPs-KID(s) in any jurisdiction may not treat this Prospectus or PRIIPs-KID(s) as constituting an offer, invitation or solicitation to them to subscribe for or acquire Shares notwithstanding that, in the relevant jurisdiction, such an offer, invitation or solicitation could lawfully be made to them without compliance with any registration or other legal requirement. It is the responsibility of any persons in possession of this Prospectus or of the PRIIPs-KID(s) and any persons wishing to apply for or acquire Shares to inform themselves of, and to observe, all applicable laws and regulations of any relevant jurisdiction. In particular, prospective applicants for or purchasers of Shares should inform themselves as to the legal requirements of so applying or purchasing, and any applicable exchange control regulations and taxes in the countries of their respective citizenship, residence or domicile. Prospective investors should review this Prospectus carefully and in its entirety and consult with their legal, tax and financial advisers in relation to (i) the legal and regulatory requirements within their own countries for the subscribing, purchasing, holding, switching, redeeming or disposing of Shares; (ii) any foreign exchange restrictions to which they are subject in their own countries in relation to the subscribing, purchasing, holding, switching, redeeming or disposing of Shares; (iii) the legal, tax, financial or other consequences of subscribing for, purchasing, holding, switching, redeeming or disposing of Shares; and (iv) any other consequences of such activities.

### **Information for investors with links to the United States:**

The Management Company can restrict or forbid the ownership of Shares for any individual who is subject to taxation in the United States (US). Natural persons subject to taxation in the US include, for example, persons who

- a) were born in the US or one of its territories or possessions,
- b) are naturalised citizens (including green card holders),
- c) were born abroad to a US citizen,
- d) are not citizens of the US but spend the majority of their time in the US or
- e) are married to a US citizen.

Legal persons considered subject to taxation in the US include, for example:

- a) companies and stock corporations established under the laws of one of the 50 states of the US or the District of Columbia,
- b) a company or partnership incorporated under an Act of Congress, or
- c) pension funds established as US trusts.

Investors classified as “Restricted Persons” under US Regulation No. 2790 of the National Association of Securities Dealers (NASD 2790) must immediately report their holdings in the investment fund to the Management Company.

“US persons” are US citizens or persons with a regular place of residence in the US or stock corporations or limited partnerships or estates or trusts, except inheritances or fiduciary relationships, established under the laws of the states, territories or possessions of the US whose income comes from sources outside the US and is not taken into account when calculating gross income for US income tax purposes, or any companies, shareholders or other legal structures – regardless of nationality,

domicile, location and registered office – if their ownership is assigned to one or more US persons pursuant to the applicable US income tax law or persons defined as “US persons” in Regulation S issued under the US Securities Act of 1933 or the US Internal Revenue Code of 1986, as amended, or other regulations (e.g. FATCA).

### **Foreign Account Tax Compliance Act**

The Fund is subject to the Hiring Incentives to Restore Employment Act (the HIRE Act), which was passed by the United States in March 2010. The HIRE Act contains provisions that are generally defined as the US Foreign Account Tax Compliance Act (**FATCA**).

The FATCA regulations specify that certain information must be reported to the Internal Revenue Service (IRS), the US tax authority. This reporting obligation covers information on non-US financial institutions that do not conform to the FATCA regulations as well as US accounts and non-US legal entities that are direct or indirect owners of specific US entities. A violation of this reporting obligation may cause a special withholding tax of thirty percent (30%) to be levied on specific income (including dividends and interest) that originates in the US as well as gross sales proceeds from the sale or other transfer of property that results in interest or dividend payments originating in the US.

If the Fund is subject to withholding tax as a result of the FATCA regulations, the value of the Shares held by investors may fall significantly.

Under the FATCA regulations, the Fund is treated as a foreign financial institution (FFI) as defined by the FATCA provisions. Consequently, the Fund may require investors to provide proof of their tax residency, as well as any other information which is required to satisfy the above regulations.

Unless provisions in this Prospectus provide otherwise, the Fund is entitled to take the following measures:

- a) The Fund may withhold all taxes or similar charges as long as this is required in order to meet its legal or other obligations (with regard to the Fund’s investments).
- b) The Fund may require that each investor or beneficial owner immediately provide all personal information that the Fund considers necessary to meet its legal obligations and/or to promptly determine the amount to be withheld.
- c) The Fund is entitled to disclose personal information to any tax authority provided that this is required by law or by a tax authority.
- d) The Fund may withhold the payment of dividends or proceeds from the redemption or repurchase of Shares from an investor until the Fund has sufficient information available to determine the amount to be withheld.

### **Common Reporting Standard**

In accordance with the Luxembourg law of 18 December 2015 (**CRS Law**), the Fund is subject to the standard for the automatic exchange of tax information (**Standard**) and its Common Reporting Standard (**CRS**).

It is assumed that the Fund will be classified as a “Reporting Financial Institution” (*institution financière déclarante*) for purposes of the CRS Law.

The Fund is subject to certain reporting and due diligence requirements as a Reporting Financial Institution in accordance with the CRS Law. These obligations also include an obligation on the part of the Fund to report personal and financial data to the Luxembourg tax authority relating to the identification of i) investors deemed Reportable Persons in accordance with the CRS Law (*Personnes*

*devant faire l'objet d'une déclaration*) and ii) investors deemed Controlling Persons of certain Non-Reporting Financial Institutions in accordance with the CRS Law who are Reportable Persons (*Personnes détenant le contrôle*). The personal and financial data to be disclosed is listed in appendix 1 to the CRS Law (the **Information**).

The Fund's ability to meet its obligations under the CRS Law depends on the cooperation of investors who are required to provide the Information and any necessary supporting evidence to the Fund. All investors are informed that the Fund processes the Information it receives for purposes of the CRS Law and undertakes to inform its Controlling Persons of this processing.

All investors are also informed that the Information regarding Reportable Persons in accordance with the CRS Law is passed on to the Luxembourg tax authority each year.

Reportable Persons are advised in particular that extracts are issued in order to report on certain operations that they execute and that part of this Information serves as the basis for the annual exchange of information with the Luxembourg tax authority.

Moreover, all investors agree to inform the Fund within thirty (30) days of receipt of these reports if the personal data received is incorrect.

Investors undertake to provide the Fund with all documents and evidence that may affect the Information within thirty (30) days.

Any investors that fail to comply with a request for relevant Information or documentation shall be subject to those taxes or penalties that are consequently imposed on the Fund in accordance with the CRS Law and the Fund may redeem their Shares at its discretion.

### **Prevailing language**

The distribution of this Prospectus and the PRIIPs-KID(s) in certain countries may require that these documents be translated into the official languages of those countries. Should any inconsistency arise between the translated versions of this Prospectus, the English version will always prevail.

### **SFDR**

Pursuant to EU Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector, the Fund is required to disclose the manner in which Sustainability Risks (as defined below) are integrated into the investment decision and the results of the assessment of the likely impacts of Sustainability Risks on the returns of this Fund.

**Sustainability Risk** means an environmental, social or governance event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of the investments made by the Sub-Funds.

Unless otherwise specified in the special section concerning the specific features of the Sub-Funds, the sub-funds of the Fund do not promote sustainability factors (i.e. environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters) (**Sustainability Factors**) and do not maximize portfolio alignment with Sustainability Factors; however they remain exposed to Sustainability Risks. Such Sustainability Risks are integrated into the investment decision making and risk monitoring to the extent that they represent a potential or actual material risks and/or opportunities to maximizing the long-term risk-adjusted returns.

The impacts following the occurrence of a Sustainability Risk may be numerous and vary depending on the specific risk, region and asset class. In general, where a sustainability risk occurs in respect of an asset, there will be a negative impact on, or entire loss of, its value.

Unless otherwise specified in the special section concerning the specific features of the Sub-Funds, each Sub-Fund has a highly diversified portfolio. Therefore, the Investment Manager believes that the Sub-Funds will be exposed to a broad range of Sustainability Risks, which will differ from company to company. Some markets and sectors will have greater exposure to Sustainability Risks than others. For instance, the energy sector is known as a major Greenhouse Gas (GHG) producer and may be subject to greater regulatory or public pressure than other sectors and, thus, greater risk. However, it is not anticipated that any single Sustainability Risk will drive a material negative financial impact on the value of the Sub-Funds.

The Management Company does not consider the adverse impacts of its investment decisions on Sustainability Factors as there is no sufficient data available in a satisfactory quality to allow the Management Company to adequately assess the potential adverse impact of its investment decision on sustainability factors.

**The approach to addressing adverse impacts of investment decisions on sustainability factors at VP Fund Solutions (Liechtenstein) AG / VP Fund Solutions (Luxembourg) SA can be viewed here: <https://www.vpbank.com/en/vpfundsolutions/client-information/sustainability-related-disclosures>.**

### **Data Protection**

Investors are hereby informed that, in connection with a subscription for Shares in the Fund, they are agreeing to disclose information to the Fund or to the Management Company which qualifies as personal data within the meaning of the Law of 2 August 2002, as amended, as well as Regulation 2016/679 of the European Parliament and the Council of 27.04.2016 for the protection of natural entities during the processing of personal data, and to the free movement of data and the application of Directive 95/46/EG (**General Data Protection Regulation** or **GDPR**). The processing of this data is carried out by the Fund or the management company (joint responsibility) in accordance with the provisions of the GDPR and the Luxembourg Law of 2 August 2002, as amended, regarding the protection of personal data during data processing.

In respect of the data, this can in detail involve names, addresses and identification numbers, as well as contact data of actual commercial owners, members of the Board of Directors and persons who directly or indirectly hold shares in respectively subscribing companies. It will be used for the purposes of: (i) the maintenance of a Registry of Holders of Investment Units, (ii) the processing of subscriptions, redemptions and conversion of units, and dividend payments to unit holders, (iii) carrying out of compliance checks, (iv) compliance with relevant money laundering regulations, (v) identification with tax entities, which can be required in accordance with Luxembourgish or foreign laws and regulations (including those in connection with FATCA and CRS), as well as compliance with other laws and regulations, and the identification and reporting obligations related to these as applicable to the area of operations of the Fund or the Management Company.

The Fund, or the Management Company, can assign the processing of personal data to another company (the **Processor**), e.g. to the UCI Administrator, a company related to the Fund or to the Management Company, or any other third party in accordance with, and within the limits of, the applicable laws and regulations. A Processor can in turn commission a further processor to carry out certain processing activities in the name of the Fund or the Management Company, if the Fund or the Management Company has given prior approval. These companies (processors and subcontracted processors) can be based either within the European Union or in countries outside of the European Union whose data protection laws offer an appropriate level of protection such as, for example, (especially but not exclusively) in the Principality of Liechtenstein. Every Processor or subcontracted processor processes the personal data under the same conditions, and for the same purposes, as the Fund or the Management Company.

Personal data can also be passed on to the Luxembourgish tax authorities, which in turn act as a data

processing agency, and are thus also able to pass on such data to foreign tax authorities. In addition, personal data can also be passed to the Fund's service providers and advisers (e.g. the investment manager, the depositary etc), as well as to companies related to these within the European Union, or in countries outside of the European Union whose data protection laws offer an appropriate level of protection. In this context it must be established that, in the course of fulfilling the legal and regulatory duties placed upon them, these companies are also potentially able to process the data passed to them as a responsible agency within the meaning of, and in accordance with, the provisions of the GDPR.

Every Shareholder has the right of access to his/her personal data and, if this is incorrect and/or incomplete, can request correction of the same. Every unit holder can also object to the processing of his/her personal data on grounds of legitimate interest, or request the deletion of such data, if the provisions in accordance with the data protection law are fulfilled.

Further information on the processing of personal data, as well as the rights of natural entities affected by data processing, can be seen in the data protection notices featured on the website of the Management Company <https://www.vpbank.com/en/vpfundsolutions/data-protection>.

## GENERAL INFORMATION

### Registered office

2, rue Edward Steichen  
L-2540 Luxembourg  
Grand Duchy of Luxembourg

### Members of the board of directors

Mr Thomas Künzle, Belesta AG, chairman, Breitistrasse 8A, 5506 Mägenwil, Switzerland

Mr Jean-Paul Gennari, 20, rue Breimtrausch, L-3317, Bergem, Grand Duchy of Luxembourg

Mr Vincent Roduit, Green Wealth Partners AG, Gartenstrasse 33, 8002 Zurich, Switzerland

### Management Company

VP Fund Solutions (Luxembourg) S.A.  
2, rue Edward Steichen  
L-2540 Luxembourg  
Grand Duchy of Luxembourg

### Directors of the Management Company

Dr. Rolf Steiner  
Chairman of the Board  
VP Fund Solutions (Luxembourg) SA, Luxembourg  
2, rue Edward Steichen  
L-2540 Luxembourg

Dr. Daniel Siepmann  
Director  
VP Fund Solutions (Luxembourg) SA, Luxembourg  
2, rue Edward Steichen  
L-2540 Luxembourg

Jean-Paul Gennari  
Director  
20, rue Breimtrausch,  
L-3317, Bergem  
Grand Duchy of Luxembourg

### Conducting persons of the Management Company

Torsten Ries, Chief Executive Officer  
Günter Lauer, Chief Risk Officer  
Anja Richter, Chief Compliance Officer  
Louis LeGoff, Chief Investment Officer

### Depositary

VP Bank (Luxembourg) S.A.  
2, rue Edward Steichen  
L-2540 Luxembourg

Grand Duchy of Luxembourg

**UCI Administrator**

VP Fund Solutions (Luxembourg) S.A.  
2, rue Edward Steichen  
L-2540 Luxembourg  
Grand Duchy of Luxembourg

**Auditor**

Grant Thornton Audit & Assurance  
13, rue de Bitbourg  
L-1273 Luxembourg  
Grand Duchy of Luxembourg

**Legal adviser (Luxembourg law)**

GSK Stockmann SA  
44, Avenue John F. Kennedy  
L-1855 Luxembourg  
Grand Duchy of Luxembourg

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## DEFINITIONS

In this Prospectus, the following terms have the following meanings.

**144 A Securities** means Shares sold to US Persons who are "qualified institutional buyers" within the meaning of Rule 144A under the US Securities Act and "qualified purchasers" within the meaning of Section 2(a)(51) of the Investment Company Act.

**1915 Act** means the Luxembourg act of 10 August 1915 on commercial companies, as amended.

**2008 Regulation** means the grand-ducal regulation of 8 February 2008 implementing Commission Directive 2007/16 of 19 March 2007 as regards the clarification of certain definitions.

**2010 Act** means the act dated 17 December 2010 on undertakings for collective investment, as amended.

**Accumulation Class** means a Class for which it is not intended to make distributions, as set out in the relevant Special Section.

**Administration Agreement** means the agreement between the Company, the Management Company and the UCI Administrator as amended, supplemented or otherwise modified from time to time.

**Affiliate** means in relation to any person, any entity Controlled by or Controlling such person or under common Control.

**AIFM** means an alternative investment fund manager.

**AIFM Law** means the law of 12 July 2013, on alternative investment fund managers, as amended.

**AML Act** means the Luxembourg act of 12 November 2004 on the fight against money laundering and terrorist financing, as amended.

**Articles** means the articles of incorporation of the Company as the same may be amended, supplemented or otherwise modified from time to time.

**Auditor** means Grant Thornton Audit & Assurance.

**Benchmark and Administrator Register** has the meaning set out in 1.10(a) of Schedule 1.

**Benchmark Regulation** means Regulation (EU) 2016/1011 of the European Parliament and of 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, as may be amended or supplemented from time to time.

**Board** means the board of directors of the Company.

**Business Day** means, unless otherwise defined in respect of a specific Sub-fund in the relevant Special Section, a day on which banks are generally open for business in Luxembourg during the whole day (excluding Saturdays and Sundays and public holidays).

**Cash Equivalents** means bank term deposits, Money Market Instruments, money market UCITS and/or other UCIs or, any other financial instruments (listed under article 41(1) of the 2010 Act) that are highly liquid assets and that can be easily converted into cash.

**CFTC** means the United States Commodity Futures Trading Commission.

**CHF** means the currency of Switzerland.

**Circular 04/146** means the CSSF circular 04/146 on the protection of UCIs and their investors against Late Trading and Market Timing practices.

**Circular 14/592** means the CSSF circular 14/592 implementing the ESMA guidelines 2014/937 of 1 August 2014 on ETFs and other UCITS issues.

**Circular 18/698** means the CSSF circular 18/698 regarding the authorisation and organisation of investment fund managers incorporated under Luxembourg law; Specific provisions on the fight against money laundering and terrorist financing applicable to investment fund managers and entities carrying out the activity of registrar agent of 23 August 2018.

**Class** means a class of Shares issued in any Sub-fund.

**Class Launch Date** means the date, as determined by the Board, on which the Company (re)opens a Class for subscription.

**Clearstream** means Clearstream Banking, *société anonyme*.

**Company** or **Fund** means Belfund SICAV, a public limited liability company incorporated as an investment company with variable capital under the laws of Luxembourg and registered pursuant to part I of the 2010 Act.

**Contingency Plan** has the meaning set out in 1.10(b) of the Schedule 1.

**Control** means, in relation to an entity: (a) the holding, directly or indirectly, of the majority votes which may be cast at that entity's ordinary shareholders', partners' or members' meetings or the votes necessary to direct or cause the direction of that entity's ordinary shareholders', partners' or members' meetings. and (b) any contractual relationship by virtue of which a person can direct the business activities of a company or other entity and "controlled" or "to control" will be construed accordingly.

**Conversion Fee** means the fee that may be paid by Shareholders in the event of a conversion of Shares as described under Section 6.4 of the General Section.

**CRS** means common reporting standard subject to the CRS Law.

**CRS Directive** means the Council Directive 2014/107/EU, which amends Directive 2011/16/EU on the obligation to automatically exchange information in the field of taxation.

**CRS Law** means the Luxembourg law of 18 December 2015 on automatic exchange of financial account information in the field of taxation, as amended.

**CSSF** means the *Commission de Surveillance du Secteur Financier*, the Luxembourg supervisory authority of the financial sector.

**DAC Directive** means directive 2014/107/EU amending Directive 2011/16/EU of 15 February 2011 on administrative cooperation in the field of taxation, which provides for the automatic exchange of information on financial accounts between EU member states.

**Depository** means VP Bank (Luxembourg) S.A., in its capacity as depository of the Company.

**Depository Agreement** means the depository agreement between the Company and the Depository as amended, supplemented or otherwise modified from time to time.

**Directive 78/660/EEC** means Council Directive 78/660/EEC of 25 July 1978 based on Article 54 (3)

g) of the Treaty on the annual accounts of certain types of companies, as amended from time to time.

**Directive 83/349/EEC** means Council Directive 83/349/EEC of 13 June 1983 based on the Article 54 (3) (g) of the Treaty on consolidated accounts, as amended from time to time.

**Directive 2009/65/EC** means Directive 2009/65/EC of the European Parliament and of the Council of 13 July 2009 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in Transferable Securities (UCITS), as may be amended or supplemented from time to time.

**Directors** means the directors of the Company, whose details are set out in this Prospectus and/or the annual and semi-annual reports.

**Distribution Class** means a Class for which it is intended to make distributions, as set out in the relevant Special Section.

**Distributors** means any person from time to time appointed or authorised by the Company to distribute the Shares of one or more Sub-funds or Classes (including, for the avoidance of doubt, the Management Company).

**EEA** means the European Economic Area.

**Eligible Investments** means eligible investments for UCITS within the meaning of Article 41 (1) of the 2010 Act.

**Eligible Investor** means, in relation to each Class in each Sub-fund, an investor that satisfies the relevant criteria to invest in the relevant Class as is stipulated in the relevant Special Section and that is not a Restricted Person.

**EPM Techniques** means (reverse) repurchase transactions or securities lending transactions as more fully described in Schedule 1, Section 1.7 et seq.

**Equity participations** are (i) shares in corporations which are admitted to official trading on a stock exchange or listed in another organized market, (ii) shares in corporations which are not real estate companies and which are domiciled in and subject to, and not exempt from, corporate income taxation in an EU Member State or another EEA Member State, (iii) shares in corporations which are not real estate companies and which are domiciled in and subject to, and not exempt from, corporate income taxation in a non-EU Member State at a rate of at least 15%, (iv) units or shares in other investment funds within the meaning of the InvStG 2018 (Target Funds) which, in line with their investment regulations, invest at least 51% of their value in the above-mentioned shares in corporations, in an amount equaling 51% of their value, or (v) units or shares in Target Funds which, in line with their investment regulations, invest at least 25% of their value in the above-mentioned shares in corporations, in an amount equaling 25% of their value.

**ESG** means environmental, social and governance.

**EU** means the European Union whose member States at the date of this Prospectus include Austria, Belgium, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, The Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain and Sweden.

**EU Member State** means a member State of the EU.

**EUR** or **€** means the Euro, the single currency of the Participating Member States.

**Euroclear** means Euroclear Bank S.A./N.V. as the operator of the Euroclear System.

**FATCA** means the US Foreign Account Tax Compliance Act.

**First Class Institutions** means first class financial institutions selected by the Company, subject to prudential supervision and belonging to the categories approved by the CSSF for the purposes of the OTC Derivative transactions and EPM Techniques and specialised in this type of transaction.

**Fiscal Year** means the twelve (12) month period ending on 31 December in each year.

**General Section** means the general section of the Prospectus that sets out the general terms and conditions applicable to all Sub-funds of the Company, unless otherwise provided in any of the Special Sections.

**Global Fee** means, in respect of each Sub-fund, the global fee to be paid out of the assets of that Sub-fund to the Management Company, the Depositary and the UCI Administrator (or any of its sub-contractors) as further described in the relevant Special Section. The Global Fee will be payable to the Management Company, the UCI Administrator, the Depositary and any sub-contractor on the basis of allocation rules as agreed from time to time between the Company, the Management Company, the Depositary and the UCI Administrator.

**Initial Sub-fund** means Belfund SICAV – Belinvest Equity Fund.

**Initial Subscription Period** or **Initial Subscription Date** means, with respect to each Sub-fund, the first offering of Shares in a Sub-fund made pursuant to the terms of the Prospectus and the relevant Special Section.

**Initial Subscription Price** means the price at which Shares are issued in respect of subscriptions received during the Initial Subscription Period or on the Initial Subscription Date or on the Class Launch Date, as determined for each Sub-fund and Class in the relevant Special Section.

**Institutional Investors** means investors who qualify as institutional investors according to article 174 of the 2010 Act.

**Investing Sub-fund** has the meaning ascribed to this term in Schedule 1, Section 1.9.

**Investment Adviser** means such person from time to time appointed by the Company as the investment adviser to a particular Sub-fund and disclosed (if and to the extent required) in the relevant Special Section.

**Investment Company Act** means the United States Investment Company Act of 1940, as amended.

**Investment Manager** means such person from time to time appointed by the Company and the Management Company as the investment manager to a particular Sub-fund and disclosed in the relevant Special Section.

**Investment Objective** means the investment objective of a Sub-fund as specified in the relevant Special Section.

**Investment Policy** means the investment policy of a Sub-fund as specified in the relevant Special Section.

**Investment Restrictions** means the investment restrictions applicable to the Sub-funds. The investment restrictions applicable to all Sub-funds are set out under Section 3 of the General Section. Additional investment restrictions may be applicable to each Sub-fund as set out in the relevant Special

Section.

**Late Trading** means any market timing practice within the meaning of Circular 04/146 or as that term may be amended or revised by the CSSF in any subsequent circular, i.e., the acceptance of a subscription, conversion or redemption order after the time limit fixed for accepting orders (cut-off time) on the relevant day and the execution of such order at the price based on the net asset value applicable to such same day.

**Launch Date** means the date on which the Company issues Shares relating to a Sub-fund in respect of subscriptions received during the Initial Subscription Period or on the Initial Subscription Date as set out in respect of each Sub-fund in the relevant Special Section.

**Luxembourg** means the Grand Duchy of Luxembourg.

**Luxembourg Law** means the applicable laws of the Grand Duchy of Luxembourg.

**Management Company** means VP Fund Solutions (Luxembourg) S.A.

**Management Company Service Agreement** means the agreement between the Company and the Management Company as amended, supplemented or otherwise modified from time to time.

**Market Timing** means any market timing practice within the meaning of Circular 04/146 or as that term may be amended or revised by the CSSF in any subsequent circular, i.e., an arbitrage method through which an investor systematically subscribes and redeems or converts units or shares of the same Luxembourg undertaking for collective investment within a short time period, by taking advantage of time differences and/or imperfections or deficiencies in the methods of determination of the net asset value of the UCI.

**Mémorial** means the Luxembourg *Mémorial C, Recueil des Sociétés et Associations*.

**Minimum Holding Amount** means the minimum number of Shares or amount which a Shareholder must hold at any time in a particular Class in a particular Sub-fund, as set out in the relevant Special Section.

**Minimum Net Asset Value** means the minimum Net Asset Value for a Sub-fund to be operated in an economically efficient manner. Unless otherwise specified in respect of a Sub-fund in the relevant Special Section, the Minimum Net Asset Value per Sub-fund will be EUR 5 million (or the equivalent in the Reference Currency of the relevant Sub-fund). If the Net Asset Value of a Sub-fund falls below the Minimum Net Asset Value, the Board may decide to proceed to the liquidation of such Sub-fund (or to merge such Sub-fund) in accordance with the terms of Section 12.6 of the General Section.

**Minimum Subscription Amount** means the minimum number of Shares or amount which a Shareholder or subscriber must subscribe for in a particular Class in a particular Sub-fund in which the Shareholder or subscriber does not hold Share(s) prior to such subscription, as set out in the relevant Special Section.

**Minimum Subsequent Subscription Amount** means the minimum number of Shares or amount which a Shareholder must subscribe for in a particular Class in a particular Sub-fund when subscribing for additional Shares of the relevant Class, as set out in the relevant Special Section.

**Money Market Instruments** means instruments normally dealt in on a money market which are liquid and have a value which can be accurately determined at any time.

**NAV Calculation Day** means the Business Day on which the Net Asset Value is calculated in respect of a specific Valuation Day. Unless otherwise provided for in respect of a specific Sub-fund in the

relevant Special Section and provided that the subscription, conversion or redemption request is received on the Valuation Day before the applicable Subscription Cut-Off Time or Redemption Cut-Off Time, the NAV Calculation Day will be the first Business Day following the relevant Valuation Day.

**Net Asset Value** or **NAV** means the net asset value of the Company, each Sub-fund, each Class and each Share as determined in accordance with Section 11 of the General Section.

**OECD** means the Organisation for Economic Co-operation and Development.

**OECD Member State** means any of the member States of the OECD.

**OTC** means over-the-counter.

**OTC Derivative** means any financial derivative instrument dealt in over-the-counter.

**Participating Member State** means any member state of the European Union that adopts or has adopted and, in each case, continues to adopt the Euro as its lawful currency in accordance with the legislation of the European Union.

**Performance Fee** means the performance fee to which the Management Company or an Investment Manager may be entitled, in accordance with the relevant Special Section.

**PRIIPs-KID** means key information document in respect of each Sub-fund or category of Shares (as appropriate) for the purposes of Regulation (EU) 1286/2014 of the European Parliament and of the Council of 26 November 2014 on key information documents for packaged retail and insurance-based investment products (PRIIPs), as amended.

**Prospectus** means this prospectus, as amended or supplemented from time to time.

**RBO** has the meaning set out in the Section “Important Information”.

**RBO Act** the Luxembourg act of 13 January 2019 creating a register of beneficial owners, as may be amended from time to time.

**Redemption Cut-Off Time** means the deadline for the submission of redemption requests as set out in Section 7.1 of the General Section, unless otherwise specified in respect of a specific Sub-fund in the relevant Special Section.

**Redemption Fee** means the fee that may be levied in case of redemption of Shares of any Class in any Sub-fund, details of which are set out in the relevant Special Section.

**Reference Currency** means, in relation to each Sub-fund and Class, the currency in which the Net Asset Value of such Sub-fund or Class is calculated, as stipulated in the relevant Special Section.

**Regulated Market** means a regulated market as defined in Directive 2014/65/EU of the European Parliament and of the Council dated 15 May 2014 on markets in financial instrument. (The term is now defined in Article 4(1) no. (21) of Directive 2014/65/EU of the European Parliament and of the Council on markets in financial instruments and amending Directives 2002/92/EC and 2011/61/EU).

**RESA** means *Recueil Electronique des Sociétés et Associations*, the Luxembourg official gazette.

**Restricted Person** means any US Person and any person, determined in the sole discretion of the Board as being not entitled to subscribe or hold Shares in the Company or any Sub-fund or Class if, in the opinion of the Board, (i) such person would not comply with the eligibility criteria of a given Class or Sub-fund, (ii) a holding by such person would cause or is likely to cause the Company some

pecuniary, tax or regulatory disadvantage or (iii) a holding by such person would cause or is likely to cause the Company to be in breach of the law or requirements of any country or governmental authority applicable to the Company.

**Retail Investor** means any investor not qualifying as an Institutional Investor.

**Securities financing transaction** or **SFT** means (i) a repurchase transaction; (ii) securities or commodities lending and securities or commodities borrowing; (iii) a buy-sell back transaction or sell-buy back transaction; (iv) a margin lending transaction as defined under the SFTR.

**Service Agreements** means the Depositary Agreement, the Management Company Agreement the Administration Agreement and any other agreement between the Company and/or the Management Company on account of one or more Sub-fund(s) and any other Service Provider.

**Service Providers** means the Management Company, the Investment Manager(s) (if any), the Investment Adviser(s) (if any), the Depositary, and the UCI Administrator and any other person who provides services to the Company from time to time (including, for the avoidance of doubt, any Investment Adviser or Investment Manager).

**SFDR** means Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector.

**SFTR** means Regulation (EU) 2015/2365 of the European Parliament and of the Council of 25 November 2015 on transparency of securities financing transactions and of reuse and amending Regulation (EU) No 648/2012 (including any implementation measure of guidelines issued by ESMA).

**Shareholder** means any registered holder of Shares.

**Shareholder Servicing Fee** has the meaning set out in Section 2.6 of the General Section.

**Shares** means all shares issued by the Company from time to time, representing the total outstanding shares.

**Special Section** means each and every supplement to this Prospectus describing the specific features of a Sub-fund. Each such supplement is to be regarded as an integral part of the Prospectus.

**Sub-Classes** means each sub-class of Shares which may be issued within each Class with a distinct valuation currency.

**Sub-fund** means a separate portfolio of assets established for one or more Classes of the Company which is invested in accordance with a specific Investment Objective. The Sub-funds do not have a legal existence distinct from the Company; however each Sub-fund is liable only for the debts, liabilities and obligations attributable to it. The specifications of each Sub-fund will be described in the relevant Special Section.

**Subscription Cut-Off Time** means the deadline for the submission of subscription requests as set out in Section 5.2(a) of the General Section, unless otherwise specified in respect of a specific Sub-fund in the relevant Special Section.

**Subscription Fee** means the fee that may be levied in case of subscription of Shares of any Class in any Sub-fund, details of which are set out in the relevant Special Section.

**Supermajority Resolution** means a resolution of the Shareholders' meeting in accordance with the quorum and majority requirements set out in the 1915 Act for amendments to the Articles, i.e., a

resolution passed at a meeting where holders representing half of the issued share capital are present or represented and that is passed by not less than two-thirds of the votes cast in relation to such resolution provided that if the quorum requirement is not fulfilled at the occasion of the first general meeting, a second meeting may be convened at which meeting resolutions are passed at a two third majority of the votes cast without any quorum requirement.

**Sustainability Risk** means an environmental, social or governance event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of the investment and potentially a total loss of its value and therefore an impact on the Net Asset Value of the concerned Sub-fund.

**Target Sub-fund** has the meaning ascribed to this term in Section 1.9.

**Taxonomy Regulation** means Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088.

**Territories** means the Netherlands Antilles, Aruba, Jersey, Guernsey, Isle of Man, Montserrat and the British Virgin Islands.

**Transferable Securities** means:

- shares and other securities equivalent to shares;
- bonds and other debt instruments;
- any other negotiable securities which carry the right to acquire any such transferable securities by subscription or to exchanges, with the exclusion of techniques and instruments.

**TRS** means total return swap, i.e., a derivative contract as defined in point (7) of article 2 of the SFTR in which one counterparty transfers the total economic performance, including income from interest and fees, gains and losses from price movements, and credit losses, of a reference obligation to another counterparty.

**UCI** means an undertaking for collective investment within the meaning of article 1, paragraph (2), points a) and b) of the UCITS Directive, whether situated in a EU Member State or not, provided that:

- such UCI is authorised under laws which provide that it is subject to supervision that is considered by the CSSF to be equivalent to that laid down in EU law, and that cooperation between authorities is sufficiently ensured;
- the level of guaranteed protection for Shareholders in such UCI is equivalent to that provided for Shareholders in a UCITS, and in particular that the rules on asset segregation, borrowing, lending, and uncovered sales of Transferable Securities and Money Market Instruments are equivalent to the requirements of the UCITS Directive;
- the business of such UCI is reported in half-yearly and annual reports to enable an assessment to be made of the assets and liabilities, income and operations over the reporting period.

**UCI Administrator** means the Management Company in its capacity as administrative agent, registrar and transfer agent, paying agent and domiciliary agent.

**UCITS** means an undertaking for collective investment in transferable securities under the UCITS Directive.

**UCITS Directive** means Directive 2009/65/EC.

**USD** means the currency of the United States of America.

**US Person** means a person that is a US person for purposes of Regulation S under the US Securities Act and CFTC Rule 4.7 or a US resident within the meaning of the Investment Company Act, which includes any natural person who is a resident of the United States, any partnership or corporation organised or incorporated under the laws of the United States, any estate of which any executor or administrator is a US person and the income of such estate is subject to United States income tax regardless of source, any trust of which any trustee is a US person and the income of such trust is subject to United States income tax regardless of source and any other US person that is a US person or US resident for purposes of Regulation S under the US Securities Act, the Investment Company Act and CFTC Rule 4.7.

**US Securities Act** means the US Securities Act of 1933, as amended.

**Valuation Day** means such day as is specified in each Special Section as a Valuation Day and as of which the NAV of the relevant Sub-fund (and each Class and Share) will be calculated.

## PART A – GENERAL SECTION

The General Section applies to all Sub-funds of the Company. Each Sub-fund is subject to specific rules which are set forth in the Special Section.

### 1. STRUCTURE OF THE COMPANY

#### 1.1 The Company

The Company is an open-ended investment company organised under the laws of Luxembourg as a *société d'investissement à capital variable (SICAV)*, incorporated on 14 March 2016 under the form of a public limited liability company (*société anonyme*) under Part I of the 2010 Act. The Company is registered with the Luxembourg trade and companies register under number B204739 and its deed of incorporation was published in the *Mémorial* number 908 on 29 March 2016.

The Company is subject to the provisions of the 2010 Act and of the 1915 Act insofar as the 2010 Act does not derogate therefrom.

The Shares are not currently listed on the Luxembourg Stock Exchange but the Board may decide that one or more Classes of a Sub-fund be listed or admitted to trading on the Luxembourg or any other stock exchange, regulated or alternative market.

There is no limit to the number of Shares which may be issued. Shares will be issued to subscribers, in registered form or dematerialised form.

Shares will have the same voting rights and will have no pre-emptive subscription rights. In the event of the liquidation of the Company, each Share is entitled to its proportionate share of the relevant Sub-fund's assets after payment of the Company's debts and expenses, taking into account the Company's rules for the allocation of assets and liabilities.

The initial subscribed capital of the Company was EUR 31,000. The minimum share capital of the Company must at all times be EUR 1,250,000 which amount was attained within six months of the Company's authorisation to operate as a UCI, being provided that Shares of a Target Sub-fund held by an Investing Sub-fund will not be taken into account for the purpose of the calculation of the EUR 1,250,000 minimum capital requirement. The Company's share capital is at all times equal to its Net Asset Value. The Company's share capital is automatically adjusted when additional Shares are issued or outstanding Shares are redeemed, and no special announcements or publicity are necessary in relation thereto.

#### 1.2 Shares

Any Eligible Investor may acquire Shares in the Company against payment of the subscription price as defined in Section 5.1 of the General Section.

Shares may be issued in registered or dematerialised form. A holder of dematerialised Shares will have its Shares deposited on a securities account in the name of its beneficiary. All Shares must be fully paid up. Fractional Shares may be issued up to five (5) decimal places and will carry rights in proportion to the fraction of a Share they represent but will carry no voting rights.

The register of the Shareholders will be kept by the UCI Administrator on behalf of the Company, and the register (and the Shareholders' personal data contained therein) will be available for inspection by any Shareholder. The register will contain the name of each owner of registered Shares, his/her/its residence or elected domicile as indicated to the Company and the number and Class held by him/her/it and the transfer of Shares and the dates of such transfers. The ownership of the Shares will be established by the entry in this register.

Each registered Shareholder will provide the Company with an address, fax number and email address to which all notices and announcements may be sent. Such address will also be entered into the register of Shareholders. Shareholders may, at any time, change their address as entered into the register of Shareholders by way of a written notification sent to the Company.

The Shares confer no preferential subscription rights at the time of the issue of new Shares.

Within the same Sub-fund, all Shares have equal rights as regards voting rights in all general meetings of Shareholders and in all meetings of the Sub-fund concerned.

The Special Sections indicate, for each Sub-fund, which Classes are available and their characteristics.

For each Sub-fund, the Board may, in respect of Shares in one or several Class(es) if any, decide to close subscriptions temporarily or definitively, including those arising from the conversion of Shares of another Class or another Sub-fund.

Shareholders may ask for the conversion of all or a part of their Shares from one Class to another in compliance with the provisions of Section 5 of the General Section.

### 1.3 Umbrella structure - Sub-funds and Classes

The Company has an umbrella structure consisting of one or several Sub-funds. A separate portfolio of assets is maintained for each Sub-fund and is invested in accordance with the Investment Objective and Investment Policy applicable to that Sub-fund. The Investment Objective, Investment Policy, as well as the other specific features of each Sub-fund (such as risk profile and duration (including limited duration)) are set forth in the relevant Special Section.

The Company is one single legal entity. However, the rights of the Shareholders and creditors relating to a Sub-fund or arising from the setting-up, operation and liquidation of a Sub-fund are limited to the assets of that Sub-fund. The assets of a Sub-fund are exclusively dedicated to the satisfaction of the rights of the Shareholders relating to that Sub-fund and the rights of those creditors whose claims have arisen in connection with the setting-up, operation and liquidation of that Sub-fund.

The Company may be comprised of one or more feeder Sub-funds, with each such feeder Sub-fund being authorised to invest up to 100% of its assets in units of another eligible master UCITS (or sub-fund thereof) under the conditions set out by applicable law, as may be set forth in the relevant Special Section.

Within a Sub-fund, the Board may decide to issue one or more Classes in each Sub-fund of which will be commonly invested but subject to different fee structures, distribution, marketing targets, currency or other specific features. A separate Net Asset Value per Share, which may differ as a consequence of these variable factors, will be calculated for each Class. The Board may, at any time, create additional Classes whose features may differ from the existing Classes and additional Sub-funds whose Investment Objectives may differ from those of the Sub-funds then existing. Upon creation of new Sub-funds or Classes, the Prospectus will be updated, if necessary, or supplemented by a new Special Section. Classes of some Sub-funds, indicated in the Special Sections, may, on the decision of the Board, be subdivided into several Sub-Classes with a different valuation currency. **The attention of investors is drawn to the fact that, depending on whether foreign exchange hedging instruments are used in respect of each Class, an investor may be exposed to the risk that the Net Asset Value of one Class denominated in a given valuation currency may fluctuate in a way that compares unfavourably to that of another Class denominated in another valuation currency. It should nevertheless be noted that all expenses associated with the financial instruments, if any, used for the purpose of hedging foreign exchange risks related to the Sub-Class concerned will be allocated to that Sub-Class.** To the extent permitted by the Prospectus, and in relation to Sub-Classes that are denominated in a currency other than the Reference Currency of a

Sub-fund or Class, the Company may (but is under no obligation to) employ techniques and instruments intended to provide protection, so far as possible, against movements of the currency in which the relevant Sub-Class is denominated.

The Sub-funds are described in more detail in the relevant Special Sections.

Investors should note however that some Sub-funds or Classes may not be available to all investors. The Company retains the right to offer only one or more Classes for purchase by investors in any particular jurisdiction in order to conform to local law, customs or business practice or for fiscal or any other reason. The Company may further reserve one or more Sub-funds or Classes to Institutional Investors only.

#### **1.4 Term of the Company – Term of the Sub-funds**

The Company will exist for an indefinite period. However, the Company will be automatically put into liquidation upon the termination of a Sub-fund if no further Sub-fund is active at that time.

The Sub-funds may be created with a limited duration in which case Shares for which no redemption request has been submitted in respect of the maturity date as set out in the relevant Special Section will be compulsorily redeemed at the Net Asset Value per Share calculated as at such maturity date.

## **2. MANAGEMENT, ADMINISTRATION AND DISTRIBUTION**

### **2.1 The Board**

The Company will be managed by the Board. The Board is vested with the broadest powers to perform all acts of administration and disposition in the Company's interests. All powers not expressly reserved by law to the general meeting of Shareholders fall within the competence of the Board.

The Board must be composed at all times of at least three Directors (including the chairman of the Board).

Any Director may be removed with or without cause or be replaced at any time by resolution adopted by the general meeting of Shareholders.

The Company may indemnify any Director or officer, and his heirs, executors and administrators against expenses reasonably incurred by him or her in connection with any action, suit proceeding to which he or she may be made a party by reason of his or her being or having been a director or officer of the Company or, at its request, of any other company of which the Company is a shareholder or creditor and from which he or she is not entitled to be indemnified, except in relation to matters as which he or she shall be finally adjudged in such action, suit or proceeding to be liable for gross negligence or wilful misconduct; in the event of a settlement, indemnification shall be provided only in connection with such matters covered by the settlement as to which the Company is advised by counsel that the person to be indemnified did not commit such a breach of duty. The foregoing right of indemnification shall not exclude other rights to which he or she may be entitled.

The Board is currently composed as follows:

- Mr Thomas Künzle, chairman, Belest AG, Breitstrasse 8A, 5506 Mägenwil, Switzerland;
- Mr Jean-Paul Gennari, Independent Director, 20, rue Breimtrausch, L-3317, Bergem, Grand Duchy of Luxembourg; and
- Mr Vincent Roduit, Green Wealth Partners AG, Gartenstrasse 33, 8002 Zurich, Switzerland.

The Board will appoint a chairman. The chairman will have a casting vote in case of a tied vote.

## 2.2 Management Company and UCI Administrator

The management company of the Company is VP Fund Solutions (Luxembourg) SA (the **Management Company**)<sup>1</sup>, a joint stock company under Luxembourg law with its registered office in Luxembourg. VP Fund Solutions (Luxembourg) SA was established on 28 January 1993 under the name De Maertelaere Luxembourg S.A. and its articles of association were published in the *Mémorial C, Recueil Spécial des Sociétés et Associations (Mémorial)* on 30 April 1993.

The last amendment to the articles of association of VP Fund Solutions (Luxembourg) SA was made with effect from 18 May 2016 and was published in the *Recueil électronique des sociétés et associations (RESA)* on 6 June 2016. The Management Company is entered in the Luxembourg Trade and Companies Register under register number B 42.828.

On 31 December 2024, the Management Company's equity totalled CHF 5,000,000.

It is authorised as a management company within the meaning of Chapter 15 of the 2010 Act and as an alternative investment fund manager (**AIFM**) within the meaning of the Law of 12 July 2013 on alternative investment fund managers (the **AIFM Law**).

The corporate purpose of the Management Company is to launch and manage undertakings for collective investment in transferable securities (**UCITS**) as defined in Directive 2009/65/EC and other undertakings for collective investment (**UCI**), and to act as an AIFM within the meaning of the AIFM Law.

The Management Company performs all ongoing management obligations for the Company and its Sub-funds.

In accordance with Article 111a. and Article 111b. of the 2010 Act, the Management Company has established a remuneration policy for the categories of employees whose work has a significant influence on the Management Company's risk profile or the funds it manages. These employees include the management, risk takers, employees with control functions and employees who, based on their total remuneration, are at the same income level as the management and risk takers. This policy is consistent with and supports solid, effective risk management, does not encourage employees to take risks that are not compatible with the Fund's or a Sub-fund's risk profile or its Articles of Association, and does not prevent the Management Company from acting in the best interests of the Fund in accordance with its obligations.

The remuneration policy is in line with the business strategy, objectives, values and interests of the Management Company and of the UCITS under its management, as well as investors in any such UCITS, and it includes measures for avoiding conflicts of interest.

Performance evaluation is carried out within a multi-annual framework that adequately takes account of the holding period recommended to investors in UCITS managed by the Management Company so as to ensure that the assessment process is based on the longer term performance of the UCITS and its investment risks and the actual payment of performance-based remuneration components is spread over the same period.

The fixed and variable components of total remuneration are in an appropriate relationship to each other whereby the portion of the fixed element in the total remuneration is high enough to provide full flexibility in relation to the variable remuneration components, including the option to dispense with payment of a variable component.

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<sup>1</sup> FundPartner Solutions (Europe) S.A. acted as management company and UCI administrator of the Company until 31 December 2025, at midnight.

The current remuneration policy of the Management Company, including, but not limited to, a description of how the remuneration and other benefits are calculated, and the identity of the persons responsible for the allocation of compensation and other benefits, is available free of charge at the registered office of the Management Company on request. A summary is available on the website <https://vpfundsolutions.vpbank.com/de/kundeninformationen/verguetungspolitik>.

Additional information that the Management Company is required by the applicable Luxembourg legal or regulatory provisions to provide to investors, e.g. procedures concerning the processing of investor complaints, principles for dealing with conflicts of interest, strategies for exercising voting rights etc., can be obtained from the registered office of the Management Company.

The Management Company can transfer part of the management fee and all or part of any front-end loads to its distribution partners in the form of commission payments for their agency services. The amount of the commission payments will be determined depending on the distribution channel according to the fund volume or average fund volume brokered. In this context, a considerable part of the management fee may be transferred to the distribution partners of the Management Company in the form of commission payments. In addition, all or part of any portfolio commissions from target fund investments may be transferred to the Depositary, the Investment Manager, the Management Company or the Distributors. Furthermore, a portion of the annual management fee for these funds may be reimbursed in full or in part from target fund investments to the Depositary, the Investment Manager, the Management Company or the Distributors. In addition to the management fee, Distributors may receive additional payment from the Management Company if they manage to sell products from the Management Company's total portfolio in a quantity that goes beyond a previously determined threshold value. The Management Company also grants its distribution partners further benefits in the form of support in kind (e.g. training of employees) and, where appropriate, efficiency bonuses likewise connected with the distribution performance of those partners, which are not charged separately to the Company's assets. The granting of such is not at variance with the interests of investors, but is intended to maintain and further improve the quality of services provided by the distribution partners. Investors may obtain further information on these benefits from distribution partners.

The Management Company acts in its own name and for the collective account of shareholders. It acts independently of the Depositary and solely in the interests of the shareholders.

The Management Company may, under its own responsibility and control and in connection with the management of the Company's assets, outsource all or some of its activities to third parties.

#### **Duties of VP Fund Solutions (Luxembourg) S.A. as UCI Administrator**

The Management Company also provides administrative agency, registrar and transfer agency and domiciliary services to the Company (the Management Company in this capacity, the **UCI Administrator**). In that context and as further described in the relevant agreement, the UCI Administrator is responsible for the following:

- register and transfer agency: Maintaining the register of Shareholders and handling, inter alia, the issuance, conversion, and redemption of Shares in accordance with this Prospectus and the Articles;
- Net Asset Value calculation and fund accounting: The Management Company is responsible for the Net Asset Value Calculation and the fund accounting in accordance with the 2010 Act, the Articles and this Prospectus.
- Client Communication: Managing investor and customer communications on behalf of the Company.

- domiciliary agent services: Receiving and keeping safely any and all notices, correspondence, telephonic advice or other representations and communications received for the account of the Company, and providing such other facilities as may from time to time be necessary in the course of the day-to-day administration of the Company.

### 2.3 Investment Manager(s)

The Management Company may, with the consent of the Company, determine that an Investment Manager be appointed to carry out investment management services and to be responsible for a Sub-fund's investment activities within the parameters and restrictions set out in this Prospectus and the relevant Special Section.

The Investment Manager will provide or procure each such Sub-fund investment advisory and investment management services, pursuant to the provisions of the Investment Management Agreement and in accordance with the investment policy, objective and restrictions of the relevant Sub-fund as set out in the Articles, the Prospectus and the relevant Special Section and with the aim to achieve the Sub-fund's investment objective.

Any such Investment Manager may be assisted by one or more Investment Advisers or delegate its functions, with the approval of the CSSF, the Management Company and the Board, to one or more sub-managers. In case sub-managers/advisers are appointed, the relevant Special Section will be updated.

Based on article 110(1)(g) of the 2010 Act, the Management Company may (i) give any further instructions to, and (ii) terminate the mandate of, any Investment Manager which is appointed in accordance with the above paragraph, at any time when this is in the interests of the Shareholders.

Unless otherwise stated in the relevant Special Section, the Investment Manager is responsible for, among other matters, identifying and acquiring the investments of the Company. The Investment Manager is granted full power and authority and all rights necessary to enable it to manage the investments of the relevant Sub-funds and provide other investment management services to assist the Company and the Management Company to achieve the investment objectives and policy set out in this Prospectus and any specific investment objective and policy set out in the relevant Special Section. Consequently, the responsibility for making decisions to buy, sell or hold a particular security or asset rests with the Board, the Management Company, the Investment Manager and, as the case may be, the relevant sub-investment manager appointed by them, subject always to the overall policies, direction, control and responsibility of the Board and the Management Company.

If an Investment Manager is entitled to receive a remuneration out of the assets of the relevant Sub-fund, then such remuneration will be disclosed in the relevant Special Section.

### 2.4 Investment Adviser(s)

The Management Company or an Investment Manager may appoint one or more Investment Advisers to provide advisory services in respect of a Sub-fund as stipulated in the relevant Special Section.

If an Investment Adviser is entitled to receive a remuneration directly out of the assets of the relevant Sub-fund, then such remuneration will be disclosed in the relevant Special Section.

### 2.5 Depositary and Paying Agent

VP Bank (Luxembourg) SA (the **Depositary**) was appointed by the Company and the Management Company as the Depositary of the Fund<sup>2</sup> and entrusted with (i) the safekeeping of the Fund's assets,

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<sup>2</sup> Bank Pictet & Cie (Europe) AG, succursale de Luxembourg acted as depositary of the Fund until 31 December 2025, midnight.

(ii) cash monitoring, (iii) control functions and (iv) all other functions agreed from time to time and laid down in the Depositary and Paying Agent Agreement.

The Depositary is a financial institution domiciled in Luxembourg with its registered office in Luxembourg City and is registered in the Luxembourg Commercial Register under registration number B 29.509.

It has been given permission to carry out banking transactions of any kind within the meaning of the Law of 5 April 1993 on the financial sector, as amended. The Depositary is responsible for the safekeeping of the Fund's assets.

#### Obligations of the Depositary

The Depositary is entrusted with safekeeping the Fund's assets. This may include financial instruments that can be deposited, either directly by the Depositary or, in the scope permitted by law, by any third-party or sub-custodian whose guarantees can be considered as equivalent to those of the Depositary, i.e. in the case of Luxembourg institutions, credit institutions as defined in the Law of 5 April 1993 on the financial sector, as amended, or, in the case of foreign institutions, financial institutions which are subject to supervision considered equivalent to the requirements under Community law. The Depositary shall also ensure that the Fund's cash flows are monitored properly and in particular that the subscription amounts are received and all cash belonging to the Fund is properly registered to accounts which are opened (i) in the name of the Fund or sub-fund, or (ii) in the name of the Depositary acting on behalf of the Fund.

The Depositary shall also ensure that:

- the sale, issue, redemption, payout and cancellation of Fund shares are carried out in accordance with Luxembourg law and the Articles of Association
- the value of the Fund shares is calculated in accordance with Luxembourg law and the Articles of Association;
- the instructions of the Fund or the Management Company for the account of the Fund are followed, unless these instructions violate Luxembourg law or the Articles of Association;
- in the case of Fund asset transactions, the countervalue is transferred to the Fund within the usual time period;
- the Fund's income is used in accordance with Luxembourg law and the Articles of Association.
- The Depositary shall provide the Management Company with a complete inventory of all assets of the individual sub-funds on a regular basis.

#### Delegation of tasks

In accordance with the provisions of Article 34bis of the 2010 Act and the Depositary and Paying Agent Agreement, under certain conditions and to effectively fulfil its duties, the Depositary may delegate its Depositary obligations in relation to the assets of the Fund, including the safekeeping of assets and, in the case of assets which cannot be held in custody due to their nature, the verification of the ownership structure and the management of records relating to these assets, in accordance with Article 34 (3) of the 2010 Act in part or in full to one or more third parties appointed by the Depositary from time to time.

To ensure that each third party has the necessary skills and expertise and maintains these skills and

this expertise, the Depositary shall act with due care and diligence when selecting and appointing third parties.

The Depositary shall also regularly check whether the third party fulfils all applicable statutory and regulatory requirements and subjects all third parties to continuous monitoring to ensure that the obligations of the third parties continue to be fulfilled in a competent manner.

The liability of the Depositary remains unaffected by the fact that custody of the Company's assets is transferred in full or in part to a third party.

The Depositary has commissioned VP Bank AG, Aeulestrasse 6, LI-9490 Vaduz, (the **Central Sub-Custodian**), a credit institution under Liechtenstein law which is subject to the supervision of the Liechtenstein Financial Market Authority (FMA), with the custodianship of all the Fund's assets as far as possible. The Depositary is a wholly owned subsidiary of the Central Sub-Custodian. In the context of the safekeeping of the Fund's assets, the Central Sub-Custodian shall be deemed a third party with respect to the Depositary. The Central Sub-Custodian shall hold the assets entrusted to it by the Depositary in custody at several third-party Depositaries appointed and supervised by it. The appointment of the Central Sub-Custodian does not release the Depositary from the legal or supervisory obligations imposed on it, the performance of which the Depositary must ensure.

The Management Company and the Company's Depositary shall transmit data relating to the Fund's activities to a system located in Liechtenstein operated by the parent company VP Bank AG, Vaduz, and store it in this system.

In the case of the loss of a financial instrument held in custody, the Depositary shall return a financial instrument of the same type or a corresponding amount to the Fund without delay, unless the loss is based on external events which could not reasonably be controlled by the Depositary and the consequences of which could not be avoided in spite of reasonable efforts.

Foreign securities that are purchased or sold abroad or which are held by the Depositary domestically or abroad are often subject to a foreign legal system. The rights and duties of the Depositary or the Fund are therefore determined according to this legal system, which may also provide for the disclosure of the investor's name. The investor should be aware when buying Fund shares that the Depositary must provide information to this effect to foreign authorities as required, as it is obligated to do so by legal and/or supervisory regulations.

The list of appointed third parties is available on request free of charge at the registered office of the Depositary and can be accessed at [lu.vpbank.com/en/intermediaries/services/custodian-bank/standard-settlement-instructions](http://lu.vpbank.com/en/intermediaries/services/custodian-bank/standard-settlement-instructions).

#### Conflicts of interest

In performing its tasks, the Depositary shall act honestly, professionally, independently and exclusively in the interests of the Fund and its investors.

However, potential conflicts of interest may arise from time to time based on the provision of other services by the Depositary and/or its subsidiaries for the Fund and/or other parties (including conflicts of interest between the Depositary and third parties to which it has delegated tasks in accordance with the previous section). These cross-connections, if and insofar as permitted under national law, could lead to conflicts of interest. This presents a risk of fraud (irregularities which are not reported to the competent authorities to maintain a good reputation), risk of recourse to legal remedies (denial or avoidance of legal steps against the Depositary), distortion of selection (selection of the Depositary not based on quality and price), risk of insolvency (lower standards for the special custody of assets or the insolvency of the Depositary) or risk within a group (investments within the group of companies). For example, the Depositary and/or its subsidiaries may act as a custodian, depository

and/or administrator of other funds. It is therefore possible that the Depositary (or one of its subsidiaries) could have conflicts of interest or potential conflicts of interest between the Fund and/or other funds for which the Depositary (or one of its subsidiaries) works in the exercise of its business activities.

If a conflict of interest or potential conflict of interest arises, the Depositary shall carry out its duties and treat the Fund and the other funds for which it works fairly and ensure, to the extent practicable, that each transaction is carried out under conditions based on objective, previously specified criteria and in the sole interests of the UCITS and its investors. The potential conflicts of interest are properly determined, managed and monitored through, inter alia, a functional and hierarchical separation of the execution of the tasks of VP Bank (Luxembourg) SA as Depositary from its other tasks which constitute a potential conflict and through compliance with the Depositary's principles for conflicts of interest.

Further information on the current and potential conflicts of interest identified above is available on request free of charge at the registered office of the Depositary.

#### Miscellaneous

The Depositary, the Fund and the Management Company are all entitled to terminate the appointment of the Depositary at any time within three months in accordance with the Depositary and Paying Agent Agreement (or in the case of certain violations of the Depositary and Paying Agent Agreement, including the insolvency of one of the parties, at an earlier time). In this case, the Fund and the Management Company will make every effort to appoint another bank as depositary subject to the approval of the competent supervisory authority within two months. Until the appointment of a new depositary, the previous Depositary shall continue to fulfil its obligations to protect the interests of the shareholders as depositary in full.

Current information on the description of the tasks of the Depositary, the conflicts of interest which may arise and the custody functions which are delegated by the Depositary and a list of all relevant third parties and all conflicts of interest which may arise from such a delegation is available to the investor at the registered office of the Depositary on request.

The Depositary has also been appointed as the main paying agent for the Fund, with the obligation to pay out any dividends and the redemption price on redeemed units and other payments.

## **2.6 Distributors and nominees**

The Company and the Management Company may enter into distribution agreement(s) to appoint Distributor(s) to distribute Shares of different Sub-funds from time to time.

It is expected that the Management Company and/or any distributor(s) will offer to enter into arrangements with investors to provide nominee services to those investors in relation to the Shares or arrange for third party nominee service providers to provide such nominee services to the underlying investors.

All distributors that are entitled to receive subscription monies and/or subscription, redemption or conversion orders on behalf of the Company and nominee service providers must be (i) professionals of the financial sector of a FATF member country which are subject under their local regulations to anti money laundering rules equivalent to those required by Luxembourg law or (ii) professionals established in a non-FATF member State provided they are a subsidiary of a professional of the financial sector of a FATF member State and they are obliged to follow anti money laundering and terrorism financing rules equivalent to those required by Luxembourg law because of internal group policies. Whilst and to the extent that such arrangements subsist, underlying investors will not appear in the register of the Company and will have no direct right of recourse against the Company.

The Management Company and/or any distributors or nominee service providers holding their Shares through Euroclear or Clearstream or any other relevant clearing system as an accountholder also will not be recognised as the registered Shareholder in the register. The relevant nominee of Euroclear or Clearstream or the other relevant clearing system will be recognised as the registered Shareholder in the register in such event, and in turn would hold the Shares for the benefit of the relevant accountholders in accordance with the relevant arrangements.

The terms and conditions of any (sub-)distribution agreement(s) with arrangements to provide nominee services will have to allow that an underlying investor who (i) has invested in the Company through a nominee and (ii) is an Eligible Investor, may at any time, require the transfer in his/her/its name of the Shares subscribed through the nominee. After this transfer, the investor will receive evidence of his shareholding at the confirmation of the transfer from the nominee.

Investors may subscribe directly to the Company without having to go through the Management Company or any distributors or nominee.

Copies of the various agreements between the Company, the Management Company and distributors or nominee(s) are available at the registered office of the Company as well as at the registered office of the UCI Administrator or of the Management Company, distributor(s)/nominee(s) during the normal business hours on any Business Day.

The Management Company and any Investment Manager or Investment Adviser may enter into retrocession fee arrangements with any distributor in relation to their distribution services. Any such retrocession fee will be paid by the Management Company, the Investment Manager or the Investment Adviser out of its own remuneration.

## **2.7 Auditor**

Grant Thornton Audit & Assurance has been appointed as the Company's approved statutory auditor and will fulfil all duties prescribed by the 2010 Act.

## **3. INVESTMENT OBJECTIVE, POLICY AND RESTRICTIONS**

### **3.1 Investment Objective and Investment Policy**

The Investment Objective and Investment Policy of each Sub-fund are as set out in respect of that Sub-fund in the relevant Special Section.

### **3.2 Investment Restrictions**

The Company and the Sub-funds are subject to the Investment Restrictions set forth in Schedule 1.

### **3.3 Use of financial derivative instruments**

Certain Sub-funds are authorised to use financial derivative instruments either for hedging or efficient portfolio management purposes or as part of their investment strategies as described in the relevant Special Sections. Unless stated otherwise in a Special Section, a Sub-fund which uses financial derivative instruments will do so for hedging and/or efficient portfolio management purposes only. Sub-funds using derivatives will do so within the limits specified in Schedule 1. **Investors should refer to the risk factors in Schedule 2 for special risk considerations applicable to financial derivative instruments. The Sub-funds will only enter into OTC transactions with first class financial institutions specialised in those transactions.**

### **3.4 Use of EPM Techniques**

Certain Sub-funds are authorised to employ EPM Techniques within the limits specified in Schedule 1. **Investors should refer to the risk factors in Schedule 2 for special risk considerations applicable to EPM Techniques.**

#### **4. CO-MANAGEMENT**

Subject to the general provisions of the Articles, the Board may choose to co-manage the assets of certain Sub-funds on a pooled basis for the purposes of efficient portfolio management. In these cases, assets of the Sub-funds participating in the co-management process will be managed according to a common investment objective and will be referred to as a "pool". These pools, however, are used solely for internal management efficiency purposes or to reduce management costs.

The pools do not constitute separate legal entities and are not directly accessible to Shareholders. Cash, or other assets, may be allocated from one or more Sub-funds into one or more of the pools established by the Company. Further allocations may be made, from time to time, thereafter. Transfers from the pool(s) back to the Sub-funds may only be made up to the amount of that Sub-fund's participation in the pool(s).

The proportion of any Sub-fund's participation in a particular pool will be measured by reference to its initial allocation of cash and/or other assets to such a pool and, on an ongoing basis, according to adjustments made for further allocations or withdrawals.

The entitlement of each Sub-fund participating in the pool, to the co-managed assets applies proportionally to each and every single asset of such pool.

Where the Company incurs a liability relating to any asset of a particular pool or to any action taken in connection with an asset of a particular pool, such liability is allocated to the relevant pool. Assets or liabilities of the Company which cannot be attributed to a particular pool, are allocated to the Sub-fund they belong or relate to. Assets or expenses which are not directly attributable to a particular Sub-fund are allocated among the various Sub-funds pro rata, in proportion to the Net Asset Value of each Sub-fund.

Upon dissolution of the pool, the pool's assets will be allocated to the Sub-fund(s) in proportion to its/their participation in the pool.

Dividends, interest, and other distributions of an income nature earned in respect of the assets of a particular pool will be immediately credited to the Sub-funds in proportion to its respective participation in the pool at the time such income is recorded.

Expenses directly attributable to a particular pool will be recorded as a charge to that pool and, where applicable, will be allocated to the Sub-funds in proportion to their respective participation in the pool at the time such expense is incurred. Expenses, that are not attributable to a particular pool, will be charged to the relevant Sub-fund(s).

In the books and accounts of the Company the assets and liabilities of a Sub-fund, whether participating or not in a pool, will, at all times, be identified or identifiable as an asset or liability of the Sub-fund concerned including, as the case may be, between two accounting periods a proportionate entitlement of a Sub-fund to a given asset. Accordingly, such assets can, at any time, be segregated. On the Depository's records for the Sub-fund such assets and liabilities will also be identified as a given Sub-fund's assets and liabilities and, accordingly, segregated on the Depository's books.

#### **5. SUBSCRIPTION FOR SHARES**

##### **5.1 Initial Subscription Period/Date and Ongoing Subscriptions**

During the Initial Subscription Period or on the Initial Subscription Date or on the Class Launch Date, the Company is offering the Shares under the terms and conditions as set forth in the relevant Special Section. The Company may offer Shares in one or several Sub-funds or in one or more Classes in each Sub-fund. If so provided for in a Special Section, the Board may extend the Initial Subscription Period and/or postpone the Launch Date subject to the terms of the relevant Special Section.

After the Initial Subscription Period, the Initial Subscription Date or the Class Launch Date, the Company may offer Shares of each existing Class in each existing Sub-fund on any day that is a Valuation Day, as stipulated in the relevant Special Section. The Company may decide that for a particular Class or Sub-fund no further Shares will be issued after the Initial Subscription Period or Initial Subscription Date (as will be set forth in the relevant Special Section). However, the Board reserves the right to authorise at any time and without notice the issue and sale of Shares for Classes or Sub-funds that were previously closed for further subscriptions. Such decision will be made by the Board with due regard to the interest of the existing Shareholders in the relevant Class or Sub-fund.

The Board may in its discretion decide to cancel the offering of a Sub-fund. The Board may also decide to cancel the offering of a new Class. In such case, investors having made an application for subscription will be duly informed and any subscription monies already paid will be returned. For the avoidance of doubt, no interest will be payable on such amount prior to their return to the relevant investors.

Shareholders or prospective investors may subscribe for a Class in a Sub-fund at a subscription price per Share equal to:

- (a) the Initial Subscription Price where the subscription relates to the Initial Subscription Period, the Initial Subscription Date or the Class Launch Date; or
- (b) the Net Asset Value per Share as of the Valuation Day on which the subscription is effected where the subscription relates to a subsequent offering (other than the Initial Subscription Period, the Initial Subscription Date or the Class Launch Date) of Shares of an existing Class in an existing Sub-fund.

A Subscription Fee may be added to the subscription price to be paid by the investor. The applicable Subscription Fee will be stipulated in the relevant Special Section. This fee will be payable to the Company, the Management Company or the Distributor, unless otherwise specified in respect of a Sub-fund in the relevant Special Section.

Subscriptions will be accepted in amounts and number of Shares.

With regard to the Initial Subscription Period or Initial Subscription Date, Shares will be issued on the Initial Subscription Date or the first Business Day following the end of the Initial Subscription Period. With regards to the Class Launch Date, Shares will be issued on the Class Launch Date.

## **5.2 Subscription procedure**

After the end of the Initial Subscription Period, the Initial Subscription Date or the Class Launch Date, subscriptions may be made only by investors who are Eligible Investors by:

- (a) submitting a written subscription request by fax, swift or any other transmission method allowed by the UCI Administrator to the UCI Administrator or Distributor(s) to be received by the UCI Administrator by such time as set out in the relevant Special Section (the **Subscription Cut-Off Time**). Subscription orders for Shares received by the UCI Administrator in respect of a Valuation Day prior to the relevant Subscription Cut-Off Time, will be processed on the first NAV Calculation Day following such Valuation Day on the basis of the Net Asset Value per Share calculated on such NAV Calculation Day. Any

applications received after the Subscription Cut-Off Time in respect of the relevant Valuation Day will be deferred to the next Valuation Day and will be dealt with on the basis of the Net Asset Value per Share calculated on the NAV Calculation Day immediately following such next Valuation Day;

- (b) delivering to the account of the Depositary cleared funds for the full amount of the subscription price (plus any Subscription Fee) of the Shares being subscribed for pursuant to the subscription request by such time as set out in the relevant Special Section.

If the Depositary does not receive the funds in time the investor will be liable for the costs of late or non-payment in which the case the Board will have the power to redeem all or part of the investor's holding of Shares in the Company in order to meet such costs. In circumstances where it is not practical or feasible to recoup a loss from an applicant for Shares, any losses incurred by the Company due to late or non-payment of the subscription proceeds in respect of subscription applications received may be borne by the relevant Sub-fund.

Subscribers for Shares must make payment in the Reference Currency of the relevant Sub-fund or Class.

Subscribers for Shares are to indicate the allocation of the subscription monies among one or more of the Sub-funds and/or Classes offered by the Company. Subscription requests are irrevocable, unless in the period during which the calculation of the Net Asset Value is suspended in accordance with Section 11.2 of the General Section.

In the event that the subscription order is incomplete (i.e., all requested papers are not received by the UCI Administrator or a Distributor by the relevant deadline set out above) the subscription order will be rejected and a new subscription order will have to be submitted.

The applicable Minimum Subscription Amount, Minimum Holding Amount and Minimum Subsequent Subscription Amount may be waived or varied on a case-by-case basis, by the Company.

In the event that the Company or the Management Company decide to reject any application to subscribe for Shares the monies transferred by a relevant applicant will be returned to the prospective investor without undue delay (unless otherwise provided for by law or regulations).

### **5.3 Ownership Restrictions**

A person who is a Restricted Person may not invest in the Company. In addition, each applicant for Shares must certify that it is either (a) not a US Person or (b) a "qualified institutional buyer" within the meaning of Rule 144A under the US Securities Act and a "qualified purchaser" within the meaning of Section 2(a)(51) of the Investment Company Act. The Company may, in its sole discretion, decline to accept an application to subscribe for Shares from any prospective subscriber, including any Restricted Person or any person failing to make the certification set forth in (a) or (b) above. Shares may not be transferred to or owned by any Restricted Person. The Shares are subject to restrictions on transferability to a US Person and may not be transferred or re-sold except pursuant to an exemption from registration under the US Securities Act or an effective registration statement under the US Securities Act. In the absence of an exemption or registration, any resale or transfer of any of the Shares in the United States or to US Persons may constitute a violation of US law (See "Important Information – Selling Restrictions"). It is the responsibility of the Board to verify that Shares are not transferred in breach of the above. The Company reserves the right to redeem any Shares which are or become owned, directly or indirectly, by a Restricted Person or (a) in the case of Regulation S Shares, are or become owned, directly or indirectly, by a US Person or (b) in the case of 144 A Securities, are or become owned, directly or indirectly, by a US Person who is not a "qualified institutional buyer" within the meaning of Rule 144A under the US Securities Act and a "qualified purchaser" within the meaning of Section 2(a)(51) of the Investment Company Act in accordance with the Articles. Any

prospective investor will only be issued Shares for Institutional Investor if such person provides a representation that it qualifies as an Institutional Investor pursuant to Luxembourg law.

#### **5.4 Subscription in kind**

At the entire discretion of the Board, Shares may be issued against contributions of Transferable Securities or other eligible assets to the Sub-funds provided that these assets are Eligible Investments and the contributions comply with the investment policies and restrictions laid out in the Prospectus and the relevant Special Sections and have a value equal to the issue price of the Shares concerned. The assets contributed to the Sub-fund, as described above, will be valued separately in a special report of the Auditor. These contributions in kind of assets are not subject to brokerage costs. The Board will only have recourse to this possibility (i) at the request of the relevant investor and (ii) if the transfer does not negatively affect current Shareholders. All costs related to a contribution in kind will be paid for by the Sub-fund concerned provided that they are lower than the brokerage costs which the Sub-fund would have paid if the assets concerned had been acquired on the market. If the costs relating to the contribution in kind are higher than the brokerage costs which the Sub-fund concerned would have paid if the assets concerned had been acquired on the market, the exceeding portion thereof will be supported by the subscriber.

#### **5.5 Institutional Investors**

The sale of Shares of certain Sub-funds or Classes may be restricted to Institutional Investors and the Company will not issue or give effect to any transfer of Shares of such Sub-funds or Classes to any investor who may not be considered as an Institutional Investor. The Company may, at its discretion, delay the acceptance of any subscription for shares of a Sub-fund or Class restricted to Institutional Investors until such date as it has received sufficient evidence on the qualification of the investor as an Institutional Investor. If it appears at any time that a holder of Shares of a Sub-fund or Class restricted to Institutional Investors is not an Institutional Investor, the Company will, at its discretion, either redeem the relevant shares in accordance with Section 7.9 of this General Section or convert such Shares into Shares of a Sub-fund or Class which is not restricted to Institutional Investors (provided there exists such a Sub-fund or Class with similar characteristics) and which is essentially identical to the restricted Sub-fund or Class in terms of its investment object (but, for avoidance of doubt, not necessarily in terms of the fees and expenses payable by such Sub-fund or Class), unless such holding is the result of an error of the Company or its agents, and notify the relevant Shareholder of such conversion.

Considering the qualification of a subscriber or a transferee as Institutional Investor, the Company will have due regard to the guidelines or recommendations (if any) of the competent supervisory authorities.

Institutional Investors subscribing in their own name, but on behalf of a third party, may be required to certify that such subscription is made either on behalf of an Institutional Investor or on behalf of a Retail Investor provided in the latter case that the Institutional Investor is acting within the framework of a discretionary management mandate and that the Retail Investor has no right to lay a claim against the Company for direct ownership of the Shares.

### **6. CONVERSION OF SHARES**

#### **6.1 General**

Unless otherwise stated in the relevant Special Section, Shareholders are allowed to convert all, or part, of the Shares of a given Class into Shares of the same Class of another Sub-fund. However, the right to convert Shares is subject to compliance with any condition (including any Minimum Subscription Amounts and eligibility requirements) applicable to the Class into which conversion is to be effected. Therefore, if, as a result of a conversion, the value of a Shareholder's holding in the

new Class would be less than the applicable Minimum Subscription Amount, the Board may decide not to accept the request for conversion of the Shares. In addition, if, as a result of a conversion, the value of a Shareholder's holding in the original Class would become less than the relevant Minimum Holding Amount as stipulated in the relevant Special Section, the Shareholder may be deemed (if the Board so decides) to have requested the conversion of all of his Shares. Shareholders are not allowed to convert all, or part, of their Shares into Shares of a Sub-fund which is closed for further subscriptions after the Initial Subscription Period or Initial Subscription Date (as will be set forth in the relevant Special Section).

## **6.2 Procedure**

If the criteria to become a Shareholder of such other Class and/or such other Sub-fund are fulfilled, the Shareholder will make an application to convert Shares by sending a written request by swift or fax for conversion to the Distributor or the UCI Administrator. Shares may be converted at the request of the Shareholders on any day that is a Valuation Day. The conversion request must be received by the Distributor or the UCI Administrator by such time as set out in the relevant Special Section on the relevant Valuation Day. Conversion requests received after this deadline will be deemed received at the next forthcoming Valuation Day and will be processed on the basis of the Net Asset Value per Share as of the first Valuation Day after the relevant Valuation Day. The conversion request must state the number of Shares of the relevant Classes in the relevant Sub-fund, which the Shareholder wishes to convert.

## **6.3 10% Gate**

If any application for conversion is received in respect of any one Valuation Day (the **First Valuation Day**) which either singly or when aggregated with other applications so received (including redemption requests), is more than 10% of the total net assets of the relevant Sub-fund, the Company reserves the right in its sole and absolute discretion (and taking into account the best interests of the remaining Shareholders) to scale down pro rata each application with respect to such First Valuation Day so that not more than 10% of the total net assets of the Sub-fund be redeemed or converted on such First Valuation Day. To the extent that any application is not given full effect on such First Valuation Day by virtue of the exercise of the power to prorate applications, it will be treated with respect to the unsatisfied balance thereof as if a further request had been made by the Shareholder in respect of the next Valuation Day and, if necessary, subsequent Valuation Days. With respect to any application received in respect of the First Valuation Day, to the extent that subsequent applications will be received in respect of following Valuation Days, such later applications will be postponed in priority to the satisfaction of applications relating to the First Valuation Day, but subject thereto will be dealt with as set out in the preceding sentence.

## **6.4 Conversion Fee**

A Conversion Fee, in favour of a Sub-fund from which the Shares are converted, may be levied to cover conversion costs. The applicable Conversion Fee will be applied to all conversion requests (deemed) received on the same Valuation Day. The Conversion Fee applicable to the Shares or class of shares of a Sub-fund will be mentioned in the relevant Special Section.

## **6.5 Conversion process**

Conversion of Shares will be effected on the first NAV Calculation Day after the relevant Valuation Day on which the conversion request is deemed received, by the simultaneous:

- (a) redemption of the number of Shares of the relevant Class in the relevant Sub-fund specified in the conversion request at the Net Asset Value per Share of the relevant Class in the relevant Sub-fund; and

- (b) issue of Shares on that Valuation Day in the new Sub-fund or Class, into which the original Shares are to be converted, at the Net Asset Value per Share for Shares of the relevant Class in the (new) Sub-fund.

Subject to any currency conversion (if applicable) the proceeds resulting from the redemption of the original Shares will be applied immediately as the subscription monies for the Shares in the new Class or Sub-fund into which the original Shares are converted.

Where Shares denominated in one currency are converted into Shares denominated in another currency, the number of such Shares to be issued will be calculated by converting the proceeds resulting from the redemption of the Shares into the currency in which the Shares to be issued are denominated. The exchange rate for such currency conversion will be calculated by the Depositary in accordance with the rules laid down in Section 11 of the General Section.

If conversion requests would result in a residual holding in any one Sub-fund or Class of less than the Minimum Net Asset Value applicable, the Company reserves the right to compulsorily redeem the residual Shares in that Sub-fund or Class at the relevant redemption price and make payment of the proceeds thereof to the Shareholders.

## **7. REDEMPTION OF SHARES**

### **7.1 Timing, form of redemption request**

Shares in a Sub-fund may be redeemed at the request of the Shareholders on any day that is a Valuation Day. Redemption requests must be sent in writing by fax, swift or any other transmission method allowed by the UCI Administrator to the Distributor(s) or the UCI Administrator or such other place as the Company may advise. Redemption requests must be received by the UCI Administrator at the time specified in the relevant Special Section (the **Redemption Cut-Off Time**) to be eligible for processing as of such Valuation Day (unless another Redemption Cut-Off Time is specified in respect of a Sub-fund in the relevant Special Section). Redemption requests received after the Redemption Cut-Off Time will be deemed received at the next forthcoming Valuation Day and will be processed on the basis of the Net Asset Value per Share as of the first NAV Calculation Day after the relevant Valuation Day.

The Board, the UCI Administrator and the Distributor(s) will ensure that the relevant Redemption Cut-Off Times of each Sub-fund are strictly complied with and will therefore take all adequate measures to prevent practices known as "Late Trading".

Requests for redemption must be for either a number of Shares or an amount denominated in the Reference Currency of the Class of the Sub-fund. Redemption requests must be addressed to the UCI Administrator or the Distributor. Redemption requests will not be accepted by telephone or telex. Redemption requests are irrevocable (except during any period where the determination of the Net Asset Value, the issue, redemption and conversion of Shares is suspended) and proceeds of the redemption will be remitted to the account indicated by the Shareholder in its subscription request. The Company reserves the right not to redeem any Shares if it has not been provided with evidence satisfactory to the Company that the redemption request was made by a Shareholder of the Company. Failure to provide appropriate documentation to the UCI Administrator may result in the withholding of redemption proceeds.

### **7.2 Redemption Price**

A Shareholder who redeems his/her/its Shares will receive an amount per Share redeemed equal to the Net Asset Value per Share as of the applicable Valuation Day for the relevant Class in the relevant Sub-fund, less, as the case may be, the Redemption Fee as stipulated in the relevant Special Section and any tax or duty imposed on the redemption of the Shares.

### **7.3 Redemption Fee**

If a Shareholder wants to redeem Shares of the Company, a Redemption Fee may be levied on the amount to be paid to the Shareholder. The applicable Redemption Fee will be stipulated in the relevant Special Section. This fee will be payable to the Company, unless otherwise specified in respect of a Sub-fund in the relevant Special Section. For the avoidance of doubt, the Redemption Fee is calculated on the redemption price of the Shares.

### **7.4 Payment of the redemption price**

Payment of the redemption proceeds will be made generally within three (3) Business Days following the relevant Valuation Day (unless otherwise specified in respect of a Sub-fund in the relevant Special Section). Where a Shareholder redeems Shares that he/she/it has not paid for within the required subscription settlement period, in circumstances where the redemption proceeds would exceed the subscription amount that he/she/it owes, the Company will be entitled to retain such excess for the benefit of the Company.

### **7.5 Minimum Holding Amount - Minimum Net Asset Value**

If as a result of a redemption, the value of a Shareholder's holding would become less than the relevant Minimum Holding Amount as stipulated in the relevant Special Section, the Shareholder may be deemed (if the Board so decides) to have requested the redemption of all his Shares.

If redemption requests would result in a residual holding in any one Sub-fund or Class of less than the Minimum Net Asset Value applicable, the Company reserves the right to compulsorily redeem the residual Shares in that Sub-fund or Class at the relevant redemption price and make payment of the proceeds thereof to the Shareholder.

### **7.6 Suspension of redemption**

Redemption of Shares may be suspended for certain periods of time as described under Section 11.2 of the General Section.

### **7.7 10% Gate**

If any application for redemption is received in respect of a Valuation Day which either singly or when aggregated with other applications so received (including conversion requests), is more than 10% of the total net assets of the relevant Sub-fund, the Company reserves the right in its sole and absolute discretion (and taking into account the best interests of the remaining Shareholders) to scale down pro rata each application with respect to such Valuation Day so that not more than 10% of the total net assets of the Sub-fund be redeemed or converted on such Valuation Day. To the extent that any application is not given full effect on such Valuation Day by virtue of the exercise of the power to prorate applications, it will be treated with respect to the unsatisfied balance thereof as if a further request had been made by the Shareholder in respect of the next Valuation Day and, if necessary, subsequent Valuation Days. With respect to any application received in respect of the relevant Valuation Day, to the extent that subsequent applications will be received in respect of following Valuation Days, such later applications will be postponed in priority to the satisfaction of applications relating to the relevant Valuation Day, but subject thereto will be dealt with as set out in the preceding sentence.

### **7.8 Redemption in-kind**

The Company may, at the request of a Shareholder, agree to make, in whole or in part, a distribution in-kind of securities of the Sub-fund to that Shareholder in lieu of paying to that Shareholder redemption proceeds in cash. The Company will agree to do so if it determines that such a transaction

would not be detrimental to the best interests of the remaining Shareholders of the relevant Sub-fund. Such redemption will be effected at the Net Asset Value per Share of the relevant Class of the Sub-fund which the Shareholder is redeeming, and thus will constitute a pro rata portion of the Sub-fund's assets attributable in that Class in terms of value. The assets to be transferred to such Shareholder will be determined by the Company and the Depositary, with regard to the practicality of transferring the assets and to the interests of the Sub-fund and continuing participants therein and to the Shareholder. Such a Shareholder may incur brokerage and/or local tax charges on any transfer or sale of securities so received in satisfaction of redemption. The net proceeds from this sale by the redeeming Shareholder of such securities may be more or less than the corresponding redemption price of Shares in the relevant Sub-fund due to market conditions and/or differences in the prices used for the purposes of such sale or transfer and the calculation of the Net Asset Value of Shares of the Sub-fund. The selection, valuation and transfer of assets will be subject to the review and approval of the Auditor of the Company.

Any costs incurred in connection with a redemption in-kind will be borne by the relevant Shareholder.

## **7.9 Compulsory redemptions by the Company**

The Company may redeem Shares of any Shareholder if the Board or the Management Company whether on its own initiative or at the initiative of a Distributor, determines that:

- (a) any of the representations given by the Shareholder to the Company or the Management Company were not true and accurate or have ceased to be true and accurate; or
- (b) the Shareholder is not or ceases to be an Eligible Investor; or
- (c) the continuing ownership of Shares by the Shareholder would cause an undue risk of adverse tax consequences to the Company or any of its Shareholders; or
- (d) the continuing ownership of Shares by such Shareholder may be prejudicial to the Company or any of its Shareholders; or
- (e) further to the satisfaction of a redemption request received by a Shareholder, the number or aggregate amount of Shares of the relevant Class held by this Shareholder is less than the Minimum Holding Amount.

## **8. PRICE ADJUSTMENT POLICY**

The basis on which the assets of each Sub-fund are valued for the purposes of calculating the Net Asset Value per Shares is set out in Section 11 of the General Section. The actual cost of purchasing or selling assets and investments for a Sub-fund may however deviate from the latest available price or net asset value used, as appropriate, in calculating the Net Asset Value per Shares due to duties and charges and spreads from buying and selling prices of the underlying investments. These costs have an adverse effect on the value of a Sub-fund and are known as "dilution". To mitigate the effects of dilution, the Company may, at its discretion, make a dilution adjustment to the Net Asset Value per Shares.

To mitigate the effect of dilution – the Net Asset Value per Share may be adjusted on any Valuation Day in the manner set out below depending on whether or not a Sub-fund is in a net subscription position or in a net redemption position on such Valuation Day. Where there is no dealing on a Sub-fund or Class of a Sub-fund on any Valuation Day, the applicable price will be the unadjusted Net Asset Value per Share. The Company will retain the discretion in relation to the circumstances under which to make such a dilution adjustment. As a general rule, the requirement to make a dilution adjustment will depend upon the volume of subscriptions or redemptions of Shares in the relevant Sub-fund. The Company may make a dilution adjustment if, in their opinion, the existing Shareholders

(in case of subscriptions) or remaining Shareholders (in case of redemptions) might otherwise be adversely affected. In particular, the dilution adjustment may be made where, for example but without limitation:

- (a) a Sub-fund is in continual decline (i.e. is experiencing a net outflow of redemptions);
- (b) a Sub-fund is experiencing large levels of net subscriptions relevant to its size;
- (c) a Sub-fund is experiencing a net subscription position or a net redemption position on any Valuation Day;
- (d) in any other case where the Company is of the opinion that the interests of Shareholders require the imposition of a dilution adjustment.

The dilution adjustment will involve adding to, when the Sub-fund is in a net subscription position, and deducting from, when the Sub-fund is in a net redemption position, the Net Asset Value per Share such figure as the Board considers represents an appropriate figure to meet duties and charges and spreads. In particular, the Net Asset Value of the relevant Sub-fund will be adjusted (upwards or downwards) by an amount which reflects (i) the estimated fiscal charges, (ii) dealing costs that may be incurred by the Sub-fund and (iii) the estimated bid/offer spread of the assets in which the Sub-fund invests. As certain stock markets and jurisdictions may have different charging structures on the buy and sell sides, the resulting adjustment may be different for net inflows than for net outflows. Adjustments will however be limited to a maximum of 2.5% of the then applicable Net Asset Value per Share.

The Net Asset Value of each Class in the Sub-fund will be calculated separately but any dilution adjustment will in percentage terms affect the Net Asset Value of each Class in an identical manner.

## **9. RESTRICTIONS ON TRANSFER OF SHARES**

All transfers of Shares will be effected by a transfer in writing in any usual or common form or any other form approved by the Company and every form of transfer will state the full name and address of the transferor and the transferee. The instrument of transfer of a Share will be signed by or on behalf of the transferor and the transferee. The transferor will be deemed to remain the holder of the Share until the name of the transferee is entered on the Share register in respect thereof. The Company may decline to register any transfer of a Share if, in consequence of such transfer, the value of the holding of the transferor or transferee does not meet the minimum subscription or holding levels of the relevant Share Class or Sub-fund as set out in this Prospectus or the relevant Special Section. The registration of transfer may be suspended at such times and for such periods as the Company may from time to time determine, provided, however, that such registration will not be suspended for more than five (5) days in any calendar year. The Company may decline to register any transfer of Shares unless the original instruments of transfer, and such other documents that the Company may require are deposited at the registered office of the Company or at such other place as the Company may reasonably require, together with such other evidence as the Company may reasonably require to show the right of the transferor to make the transfer and to verify the identity of the transferee. Such evidence may include a declaration as to whether the proposed transferee (i) is a US Person or acting for or on behalf of a US Person, (ii) is a Restricted Person or acting for or on behalf of a Restricted Person or (iii) does qualify as Institutional Investor.

The Company may decline to register a transfer of Shares:

- (a) if in the opinion of the Company, the transfer will be unlawful or will result or be likely to result in any adverse regulatory, tax or fiscal consequences to the Company or its Shareholders; or

- (b) if the transferee is a US Person or is acting for or on behalf of a US Person; or
- (c) if the transferee is a Restricted Person or is acting for or on behalf of a Restricted Person; or
- (d) in relation to Classes reserved for subscription by Institutional Investors, if the transferee is not an Institutional Investor; or
- (e) in circumstances as set out in Section 10.2 of this General Section; or
- (f) if in the opinion of the Company, the transfer of the Shares would lead to the Shares being registered in a depository or clearing system in which the Shares could be further transferred otherwise than in accordance with the terms of this Prospectus or the Articles.

## **10. ANTI-MONEY LAUNDERING AND TERRORIST FINANCING REQUIREMENTS – MARKET TIMING AND LATE TRADING**

### **10.1 Anti-money laundering and terrorist financing requirements**

Measures aimed towards the prevention of money laundering and terrorism financing as provided by Luxembourg Laws, regulations and circulars as issued by the CSSF are the responsibility of the Company, who delegates to the UCI Administrator (acting in capacity as registrar and transfer agent) such controls.

These measures may require the UCI Administrator to request verification of the identity of any prospective investor. By way of example, an individual may be required to produce a copy of his passport or identification card duly certified by a competent authority (e.g. embassy, consulate, notary, police officer, solicitor, financial institution domiciled in a country imposing equivalent identification requirements or any other competent authority). In the case of corporate applicants, this may require, amongst others, production of a certified copy of the certificate of incorporation (and any change of name) and investor's memorandum and articles of association (or equivalent), a recent list of its shareholders showing a recent stake in its capital in order to identify, where applicable, any beneficial owner(s) holding 25% or more of the participations of the corporate applicant, printed on the letterhead of the investor duly dated and signed, an authorised signature list and an excerpt of the trade register. It should be noted that the above list is not exhaustive and that the investors may be required to provide further information to the UCI Administrator in order to ensure the identification of the final beneficial owner of the Shares.

Until satisfactory proof of identity is provided by potential investors or transferees as determined by the UCI Administrator, it reserves the right to withhold issue or approval of registration of transfers of Shares. Similarly, redemption proceeds will not be paid unless compliance with these requirements has been made in full. In any such event, the UCI Administrator will not be liable for any interest, costs or compensation.

In case of a delay or failure to provide satisfactory proof of identity, the UCI Administrator may take such action as it thinks fit.

These identification requirements may be waived by the UCI Administrator in the following circumstances (to be analysed on a case by case basis on a risk based approach):

- (a) in the case of a subscription through a financial intermediary which is supervised by a regulatory authority which imposes an investors' or transferees' identification obligation equivalent to that required under Luxembourg Law for the prevention of money laundering and terrorism financing and to which the financial intermediary is subject;
- (b) in the case of a subscription through a financial intermediary whose parent is supervised by a

regulatory authority which imposes an investors' or transferees' identification obligation equivalent to that required under Luxembourg Law for the prevention of money laundering and terrorism financing and where the law applicable to the parent or the group policy imposes an equivalent on its subsidiaries or branches.

## **10.2 Market Timing and Late Trading**

Prospective investors and Shareholders should note that the Company may reject or cancel any subscription, conversion or redemption orders for any reason and in particular in order to comply with the Circular 04/146 relating to the protection of UCIs and their investors against Late Trading and Market Timing practices.

For example, excessive trading of Shares in response to short-term fluctuations in the market, a trading technique sometimes referred to as Market Timing, has a disruptive effect on portfolio management and increases the Sub-funds' expenses. Accordingly, the Company may, in the sole discretion of the Board, compulsorily redeem Shares or reject any subscription orders and conversions orders from any investor that the Company reasonably believes has engaged in Market Timing activity. For these purposes, the Company may consider an investor's trading history in the Sub-funds and accounts under common control or ownership.

In addition to the Subscription or Conversion Fees which may be of application to such orders as set forth in the Special Section of the relevant Sub-fund, the Company may impose a penalty of maximum 2% (two per cent.) of the Net Asset Value of the Shares subscribed or converted where the Company reasonably believes that an investor has engaged in Market Timing activity. The penalty will be credited to the relevant Sub-fund. Neither the Company nor the Board will be held liable for any loss resulting from rejected orders or mandatory redemption.

Furthermore, the Company will ensure that the relevant deadlines for requests for subscriptions, redemptions or conversions are strictly complied with and will therefore take all adequate measures to prevent practices known as Late Trading.

## **11. CALCULATION AND SUSPENSION OF NET ASSET VALUE**

### **11.1 Net Asset Value calculation**

The Company, each Sub-fund and each Class in a Sub-fund have a Net Asset Value determined in accordance with the Articles. The Reference Currency of the Company is the EUR. The Net Asset Value of each Sub-fund and Class will be calculated in the Reference Currency of the Sub-fund or Class, as it is stipulated in the relevant Special Section, and will be determined by the UCI Administrator for each Valuation Day as at each NAV Calculation Day as stipulated in the relevant Special Section, by calculating the aggregate of:

- (a) the value of all assets of the Company which are allocated to the relevant Sub-fund in accordance with the provisions of the Articles; less
- (b) all the liabilities of the Company which are allocated to the relevant Sub-fund and Class in accordance with the provisions of the Articles, and all fees attributable to the relevant Sub-fund and Class, which fees have accrued but are unpaid on the relevant Valuation Day.

The Net Asset Value per Share for a Valuation Day will be calculated in the Reference Currency of the relevant Sub-fund and will be calculated by the UCI Administrator as at the NAV Calculation Day of the relevant Sub-fund by dividing the Net Asset Value of the relevant Sub-fund by the number of Shares which are in issue on such Valuation Day in the relevant Sub-fund (including Shares in relation to which a Shareholder has requested redemption on such Valuation Day in relation to such NAV Calculation Day). The Net Asset Value will be calculated up to two decimal places.

If the Sub-fund has more than one Class in issue, the UCI Administrator will calculate the Net Asset Value per Share of each Class for a Valuation Day by dividing the portion of the Net Asset Value of the relevant Sub-fund attributable to a particular Class by the number of Shares of such Class in the relevant Sub-fund which are in issue on such Valuation Day (including Shares in relation to which a Shareholder has requested redemption on such Valuation Day in relation to such NAV Calculation Day).

The Net Asset Value per Share may be rounded up or down to the nearest whole hundredth share of the currency in which the Net Asset Value of the relevant Shares are calculated.

The allocation of assets and liabilities of the Company between Sub-funds (and within each Sub-fund between the different Classes) will be effected so that:

- (a) The subscription price received by the Company on the issue of Shares, and reductions in the value of the Company as a consequence of the redemption of Shares, will be attributed to the Sub-fund (and within that Sub-fund, the Class) to which the relevant Shares belong.
- (b) Assets acquired by the Company upon the investment of the subscription proceeds and income and capital appreciation in relation to such investments which relate to a specific Sub-fund (and within a Sub-fund, to a specific Class) will be attributed to such Sub-fund (or Class in the Sub-fund).
- (c) Assets disposed of by the Company as a consequence of the redemption of Shares and liabilities, expenses and capital depreciation relating to investments made by the Company and other operations of the Company, which relate to a specific Sub-fund (and within a Sub-fund, to a specific Class) will be attributed to such Sub-fund (or Class in the Sub-fund).
- (d) Where the use of foreign exchange transactions, instruments or financial techniques relates to a specific Sub-fund (and within a Sub-fund, to a specific Class) the consequences of their use will be attributed to such Sub-fund (or Class in the Sub-fund).
- (e) Where assets, income, capital appreciations, liabilities, expenses, capital depreciations or the use of foreign exchange transactions, instruments or techniques relate to more than one Sub-fund (or within a Sub-fund, to more than one Class), they will be attributed to such Sub-funds (or Classes, as the case may be) in proportion to the extent to which they are attributable to each such Sub-fund (or each such Class).
- (f) Where assets, income, capital appreciations, liabilities, expenses, capital depreciations or the use of foreign exchange transactions, instruments or techniques cannot be attributed to a particular Sub-fund they will be divided equally between all Sub-funds or, in so far as is justified by the amounts, will be attributed in proportion to the relative Net Asset Value of the Sub-funds (or Classes in the Sub-fund) if the Company, in its sole discretion, determines that this is the most appropriate method of attribution.
- (g) Upon payment of dividends to the Shareholders of a Sub-fund (and within a Sub-fund, to a specific Class) the net assets of this Sub-fund (or Class in the Sub-fund) are reduced by the amount of such dividend.

The assets of the Company will be valued as follows:

- (a) Transferable Securities or Money Market Instruments quoted or traded on an official stock exchange or any other Regulated Market, are valued on the basis of the last known price as of the relevant Valuation Day, and, if the securities or Money Market Instruments are listed on several stock exchanges or Regulated Markets, the last known price of the stock exchange which is the principal market for the security or Money Market Instrument in question, unless

these prices are not representative.

- (b) For Transferable Securities or Money Market Instruments not quoted or traded on an official stock exchange or any other Regulated Market, and for quoted Transferable Securities or Money Market Instruments, but for which the last known price as of the relevant Valuation Day is not representative, valuation is based on the probable sales price estimated prudently and in good faith by the Board.
- (c) Units and shares issued by UCITS or other UCIs will be valued at their last available net asset value as of the relevant Valuation Day.
- (d) The liquidating value of futures, forward or options contracts that are not traded on exchanges or on other Regulated Markets will be determined pursuant to the policies established in good faith by the Board, on a basis consistently applied. The liquidating value of futures, forward or options contracts traded on exchanges or on other Regulated Markets will be based upon the last available settlement prices as of the relevant Valuation Day of these contracts on exchanges and Regulated Markets on which the particular futures, forward or options contracts are traded; provided that if a futures, forward or options contract could not be liquidated on such Business Day with respect to which a Net Asset Value is being determined, then the basis for determining the liquidating value of such contract will be such value as the Board may, in good faith and pursuant to verifiable valuation procedures, deem fair and reasonable.
- (e) Liquid assets and Money Market Instruments with a maturity of less than 12 months may be valued at nominal value plus any accrued interest or using an amortised cost method (it being understood that the method which is more likely to represent the fair market value will be retained). This amortised cost method may result in periods during which the value deviates from the price the Company would receive if it sold the investment. The Board may, from time to time, assess this method of valuation and recommend changes, where necessary, to ensure that such assets will be valued at their fair value as determined in good faith pursuant to procedures established by the Board. If the Board believes that a deviation from the amortised cost may result in material dilution or other unfair results to Shareholders, the Board will take such corrective action, if any, as it deems appropriate, to eliminate or reduce, to the extent reasonably practicable, the dilution or unfair results.
- (f) The swap transactions will be consistently valued based on a calculation of the net present value of their expected cash flows. For certain Sub-funds using OTC Derivatives as part of their main Investment Policy, the valuation method of the OTC Derivative will be further specified in the relevant Special Section.
- (g) Accrued interest on securities will be taken into account if it is not reflected in the share price.
- (h) Cash will be valued at nominal value, plus accrued interest.
- (i) All assets denominated in a currency other than the Reference Currency of the respective Sub-fund/Class will be converted at the mid-market conversion rate as of the relevant Valuation Day between the Reference Currency and the currency of denomination.
- (j) All other securities and other permissible assets as well as any of the above mentioned assets for which the valuation in accordance with the above paragraphs would not be possible or practicable, or would not be representative of their probable realisation value, will be valued at probable realisation value, as determined with care and in good faith pursuant to procedures established by the Board.

In the context of Sub-funds which invest in other UCIs, valuation of their assets may be complex in

some circumstances and the administrative agents of such UCIs may be late or delay communicating the relevant net asset values. Consequently, the UCI Administrator, under the responsibility of the Board, may estimate the assets of the relevant Sub-funds as of the Valuation Day considering, among other things, the last valuation of these assets, market changes and any other information received from the relevant UCIs. In this case, the Net Asset Value estimated for the Sub-funds concerned may be different from the value that would have been calculated on the said Valuation Day using the official net asset values calculated by the administrative agents of the UCIs in which the Sub-fund invested. Nevertheless, the Net Asset Value calculated using this method will be considered as final and applicable despite any future divergence.

For the purpose of determining the value of the Company's assets, the UCI Administrator, having due regards to the standard of care and due diligence in this respect, may, when calculating the Net Asset Value, completely and exclusively rely, unless there is manifest error or negligence on its part, upon the valuations provided either (i) by the Board, (ii) by various pricing sources available on the market such as pricing agencies (i.e., Bloomberg, Reuters, etc.) or administrators of underlying UCIs, (iii) by prime brokers and brokers, or (iv) by (a) specialist(s) duly authorised to that effect by the Board. In particular, for the valuation of any assets for which market quotations or fair market values are not publicly available (including but not limited to non-listed structured or credit-related instruments and other illiquid assets), the UCI Administrator will exclusively rely on valuations provided either by the Board or by third party pricing sources appointed by the Board under its responsibility or other official pricing sources like UCIs' administrators and others like Telekurs, Bloomberg, Reuters and will not check the correctness and accuracy of the valuations so provided. If the Board gives instructions to the UCI Administrator to use a specific pricing source, the Board will make its own prior due diligence on such agents as far as its competence, reputation, professionalism are concerned so as to ensure that the prices which will be given to the UCI Administrator are reliable and the UCI Administrator will not, and will not be required to, carry out any additional due diligence or testing on any such pricing source.

If one or more sources of quotation are not able to provide relevant valuations to the UCI Administrator, the latter is authorised to not calculate the Net Asset Value and, consequently, not to determine subscription, redemption and conversion prices. The UCI Administrator will immediately inform the Board if such a situation arises. If necessary, the Board may decide to suspend the calculation of the Net Asset Value in accordance with the procedures described in Section 11.2 of the General Section.

## **11.2 Suspension of Determination of Net Asset Value, Issue, Redemption and Conversion of Shares**

The Company may at any time and from time to time suspend the determination of the Net Asset Value of Shares of any Sub-fund or Class and/or the issue of the Shares of such Sub-fund or Class to subscribers and/or the redemption of the Shares of such Sub-fund or Class from its Shareholders as well as conversions of Shares of any Class in a Sub-fund:

- (a) when one or more stock exchanges or markets, which provide the basis for valuing a substantial portion of the assets of the relevant Sub-fund or Class, or when one or more foreign exchange markets in the currency in which a substantial portion of the assets of the relevant Sub-fund or Class are denominated, are closed otherwise than for ordinary holidays or if dealings therein are restricted or suspended;
- (b) when, as a result of political, economic, military or monetary events or any circumstances outside the responsibility and the control of the Board, disposal of the assets of the relevant Sub-fund or Class is not reasonably or normally practicable without being seriously detrimental to the interests of the Shareholders;
- (c) in the case of a breakdown in the normal means of communication used for the valuation of any investment of the relevant Sub-fund or Class or if, for any reason beyond the responsibility

of the Board, the value of any asset of the relevant Sub-fund or Class may not be determined as rapidly and accurately as required;

- (d) if, as a result of exchange restrictions or other restrictions affecting the transfer of funds, transactions on behalf of the Company are rendered impracticable or if purchases and sales of the Sub-fund's assets cannot be effected at normal rates of exchange;
- (e) when the Board so decides, provided that all Shareholders are treated on an equal footing and all relevant laws and regulations are applied (i) upon publication of a notice convening a general meeting of Shareholders of the Company or of a Sub-fund for the purpose of deciding on the liquidation, dissolution, the merger or absorption of the Company or the relevant Sub-fund and (ii) when the Board is empowered to decide on this matter, upon their decision to liquidate, dissolve, merge or absorb the relevant Sub-fund;
- (f) in case of the Company's liquidation or in the case a notice of termination has been issued in connection with the liquidation of a Sub-fund or a Class;
- (g) where, in the opinion of the Board, circumstances which are beyond the control of the Board make it impracticable or unfair vis-à-vis the Shareholders to continue trading the Shares.

Any such suspension may be notified by the Company or the Management Company in such manner as it may deem appropriate to the persons likely to be affected thereby. The Company or the Management Company will notify Shareholders requesting redemption or conversion of their Shares of such suspension.

Such suspension as to any Sub-fund will have no effect on the calculation of the Net Asset Value per Share, the issue, redemption and conversion of Shares of any other Sub-fund.

Any request for subscription, redemption and conversion will be irrevocable except in the event of a suspension of the calculation of the Net Asset Value per Share in the relevant Sub-fund. Withdrawal of a subscription or of an application for redemption or conversion will only be effective if written notification (by electronic mail, regular mail, courier or fax) is received by the UCI Administrator before termination of the period of suspension, failing which subscription, redemption applications not withdrawn will be processed on the first Valuation Day following the end of the suspension period, on the basis of the Net Asset Value per Share determined for such Valuation Day.

## **12. GENERAL INFORMATION**

### **12.1 Fiscal Year – Reporting**

The Fiscal Year will begin on 1 January and terminate on 31 December of each year, except for the first Fiscal Year which began on the date of incorporation of the Company and ended on 31 December 2016.

Audited annual reports of the end of each Fiscal Year will be established as at 31 December of each year. The audited annual report was established for the first time as at 31 December 2016. In addition, unaudited semi-annual reports will be established as per the last day of the month of June. The semi-annual report was established for the first time in June 2016. Those financial reports will provide for information on each of the Sub-fund's assets as well as the consolidated accounts of the Company and be made available to the Shareholders free of charge at the registered office of the Company and of the UCI Administrator.

The financial statements of each Sub-fund will be established in the Reference Currency of the Sub-fund but the consolidated accounts will be in EUR.

Audited annual reports will be published within 4 months following the end of the accounting year and unaudited semi-annual reports will be published within 2 months following the end of period to which they refer.

The Net Asset Value per Share of each Class within each Sub-fund will be made public at the offices of the Company, the Management Company and the UCI Administrator on each NAV Calculation Day.

## **12.2 Documents available to Shareholders**

Documents available for inspection by Shareholders free of charge, during usual business hours at the offices of the Company, the Management Company and the UCI Administrator in Luxembourg (copies of these documents may also be delivered without cost to Shareholders at their request):

- (a) the Articles;
- (b) the Prospectus;
- (c) the Depositary Agreement;
- (d) the Management Company Service Agreement; and
- (e) the most recent annual and semi-annual financial statements of the Company.

The above agreements may be amended from time to time by all the parties involved.

A copy of the Prospectus, KID, the most recent financial statements and the Articles may be obtained free of charge upon request at the registered office of the Company.

## **12.3 General Meeting of Shareholders**

The annual general meeting of the Shareholders in the Company will be held at the registered office of the Company or on the place and date as specified in the convening notice and in accordance with the Articles of the Company.

Notice of any general meeting of shareholders (including those considering amendments to the Articles or the dissolution and liquidation of the Company or of any Sub-fund) will be mailed to each registered Shareholder at least eight days prior to the meeting and to the extent required by Luxembourg Law they will be published in the *RESA* and in any Luxembourg and other newspaper(s) that the Board may determine.

Such notices will contain the agenda, the date and place of the meeting, the conditions of admission to the meeting and they will refer to the applicable quorum and majority requirements. The meetings of Shareholders of Shares of a particular Sub-fund may decide on matters which are relevant only for the Sub-fund concerned.

The convening notice to a General Meeting may provide that the quorum and majority requirements will be assessed against the number of Shares issued and outstanding at midnight (Luxembourg time) on the fifth day prior to the relevant meeting (the **Record Date**) in which case, the right of any Shareholder to participate in the meeting will be determined by reference to his/her/its holding as at the Record Date. In case of dematerialised shares (if issued) the right of a holder of such shares to attend a General Meeting and to exercise the voting rights attached to such shares will be determined by reference to the shares held by this holder as at the time and date provided for by Luxembourg Law and regulations.

## 12.4 Notices

The Board may partially or wholly amend the Prospectus at any time. Any amendments made to the Prospectus will be communicated to the Shareholders and be published on the website of the Management Company ([www.vpbank.com/vp\\_fund\\_solutions\\_notifications](http://www.vpbank.com/vp_fund_solutions_notifications)). To the extent required by Luxembourg Law, important information for the Shareholders is published in at least a Luxembourg daily newspaper.

## 12.5 Dividend policy

Each year the general meeting of Shareholders will decide, based on a proposal from the Board, for each Sub-fund, on the use of the balance of the year's net income of the investments. A dividend may be distributed, either in cash or Shares. Further, dividends may include a capital distribution, provided that after distribution the net assets of the Company total more than EUR1,250,000 (being provided that Shares of a Target Sub-fund held by an Investing Sub-fund will not be taken into account for the purpose of the calculation of the EUR1,250,000 minimum capital requirement).

The Company may issue Accumulation Classes and Distribution Classes within the Classes of each Sub-fund, as indicated in the Special Section. Accumulation Classes capitalise their entire earnings whereas Distribution Classes pay dividends.

For Distribution Classes, dividends, if any, will be declared and distributed on an annual basis as determined by the Board.

Payments will be made in the Reference Currency of the relevant Sub-fund. With regard to Shares held through Euroclear or Clearstream (or their successors), dividends will be paid by bank transfer to the relevant bank. Dividends remaining unclaimed for five years after their declaration will be forfeited and revert to the relevant Sub-fund.

Unless otherwise stated for a particular Sub-fund in the relevant Special Section, the Company is authorised to make in-kind distributions/payments of securities or other assets with the consent of the relevant Shareholder(s). Any such distributions/payments in kind will be valued in a report established by an auditor qualifying as a *réviseur d'entreprises agréé* drawn up in accordance with the requirements of Luxembourg Law, the costs of which report will be borne by the relevant Shareholder.

## 12.6 Liquidation and merger of Sub-funds or Classes

### (a) Dissolution of the Company

The duration of the Company is not limited by the Articles. The Company may be wound up by decision of an extraordinary general meeting of Shareholders. If the total net assets of the Company falls below two-thirds of the minimum capital prescribed by law (i.e. EUR1,250,000), the Board must submit the question of the Company's dissolution to a general meeting of Shareholders for which no quorum is prescribed and which will pass resolutions by simple majority of the Shares represented at the meeting.

If the total net assets of the Company fall below one-fourth of the minimum capital prescribed by law, the Board must submit the question of the Company's dissolution to a general meeting of Shareholders for which no quorum is prescribed. A resolution dissolving the Company may be passed by Shareholders holding one-fourth of the voting rights represented at the meeting.

The meeting must be convened so that it is held within a period of forty days from the date of ascertainment that the net assets have fallen below two-thirds or one-fourth of the legal minimum, as the case may be.

If the Company is dissolved, the liquidation will be carried out by one or several liquidators appointed in accordance with the provisions of the 2010 Act. The decision to dissolve the Company will be published in the *RESA* and two newspapers with adequate circulation, one of which must be a Luxembourg newspaper. The liquidator(s) will realise each Sub-fund's assets in the best interests of the Shareholders and apportion the proceeds of the liquidation, after deduction of liquidation costs, amongst the Shareholders of the relevant Sub-fund according to their respective *pro rata* entitlement. Any amounts unclaimed by the investors at the closing of the liquidation and, at the latest, at the expiration of a period of nine (9) months following the decision to liquidate the Company will be deposited with the *Caisse de Consignation* in Luxembourg for a duration of thirty (30) years. If amounts deposited remain unclaimed beyond the prescribed time limit, they will be forfeited.

As soon as the decision to wind up the Company is made, the issue, redemption or conversion of Shares in all Sub-funds will be prohibited and will be deemed void.

(b) Liquidation of Sub-funds or Classes

If, for any reason, the net assets of a Sub-fund or of any Class fall below the equivalent of the Minimum Net Asset Value, or if a change in the economic or political environment of the relevant Sub-fund or Class may have material adverse consequences on the Sub-fund or Class's investments, or if an economic rationalisation so requires, the Board may decide on a compulsory redemption of all Shares outstanding in such Sub-fund or Class on the basis of the Net Asset Value per Share (after taking account of current realisation prices of the investments as well as realisation expenses), calculated as of the day the decision becomes effective. The Company will serve a notice to the holders of the relevant Shares at the latest on the effective date for the compulsory redemption, which will indicate the reasons of and the procedure for the redemption operations. Registered Shareholders will be notified in writing. Unless the Board decides otherwise in the interests of, or in order to keep equal treatment between the Shareholders, the Shareholders of the Sub-fund or Class concerned may continue to request redemption or conversion of their Shares free of redemption or conversion charge. However, the liquidation costs will be taken into account in the redemption and conversion price. Any amounts unclaimed by the investors at the closing of the liquidation will be deposited with the *Caisse de Consignation* in Luxembourg for a duration of thirty (30) years. If amounts deposited remain unclaimed beyond the prescribed time limit, they will be forfeited.

Notwithstanding the powers granted to the Board as described in the previous paragraph, a general meeting of Shareholders of a Sub-fund or Class may, upon proposal of the Board, decide to repurchase all the Shares in such Sub-fund or Class and to reimburse the Shareholders on the basis of the Net Asset Value of their Shares (taking account of current realisation prices of the investments as well as realisation expenses) calculated as of the Valuation Day on which such decision will become effective. No quorum will be required at this general meeting and resolutions will be passed by a simple majority of the shareholders present or represented, provided that the decision does not result in the liquidation of the Company.

All the Shares redeemed will be cancelled.

(c) Merger of the Company and the Sub-funds

In accordance with the provisions of the 2010 Act and of the Articles, the Board may decide to merge or consolidate the Company with, or transfer substantially all or part of the Company's assets to, or acquire substantially all the assets of, another UCITS established in Luxembourg or another EU Member State. For the purpose of this Section 12.6(c), the term UCITS also refers to a sub-fund of a UCITS and the term Company also refers to a Sub-fund.

Any merger leading to termination of the Company must be approved by Supermajority Resolution at the Shareholders' meeting.

Shareholders will receive shares of the surviving UCITS or sub-fund and, if applicable, a cash payment not exceeding 10% of the net asset value of those shares.

The Company will provide appropriate and accurate information on the proposed merger to its Shareholders so as to enable them to make an informed judgment of the impact of the merger on their investment and to exercise their rights under this Section 12.6(c) and the 2010 Act.

The Shareholders have the right to request, without any charge other than those retained by the Company to meet disinvestment costs, the redemption of their Shares.

Under the same circumstances as provided by Section 12.6(b) above, the Board may decide to allocate the assets of a Sub-fund to those of another existing Sub-fund within the Company or to another Luxembourg UCITS or to another sub-fund within such other Luxembourg UCITS (the **New Sub-fund**) and to repatriate the Shares of the Class or Classes concerned as Shares of another Class (following a split or consolidation, if necessary, and the payment of the amount corresponding to any fractional entitlement to Shareholders). Such decision will be published one month before its effectiveness (and, in addition, the publication will contain information in relation to the New Sub-fund), in order to enable the Shareholders to request redemption of their Shares, free of charge, during such period.

Notwithstanding the powers conferred to the Board by the paragraph above, a contribution of the assets and of the liabilities attributable to any Sub-fund to another Sub-fund within the Company may in any other circumstances be decided by a general meeting of Shareholders of the Class or Classes issued in the Sub-fund concerned for which there will be no quorum requirements and which will decide upon such a merger by resolution taken by simple majority of those present or represented and voting at such meeting.

If the interest of the Shareholders of the relevant Sub-fund or in the event that a change in the economic or political situation relating to a Sub-fund so justifies, the Board may proceed to the reorganisation of a Sub-fund by means of a division into two or more Sub-funds. Information concerning the New Sub-fund(s) will be provided to the relevant Shareholders. Such publication will be made one month prior to the effectiveness of the reorganisation in order to permit Shareholders to request redemption of their Shares free of charge during such one month prior period.

## **13. FEES AND EXPENSES**

### **13.1 Fees and Expenses payable directly by the Company**

#### **(a) Operation and administration expenses**

The Company will pay out of the assets of the relevant Sub-fund all expenses incurred by it, which will include but not be limited to: all taxes which may be due on the assets and the income of the Company; the reasonable disbursements and out-of-pocket expenses (including without limitation telephone, telex, cable and postage expenses) incurred by the Depositary and any custody charges of banks and financial institutions to whom custody of assets of the Company is entrusted; usual banking fees due on transactions involving securities or other assets (including derivatives) held in the portfolio of the Company (such fees to be included in the acquisition price and to be deducted from the selling price); the fees, expenses and all reasonable out-of-pocket expenses properly incurred by the Company, the Service Providers and any other agent appointed by the Company; legal expenses incurred by the Company or the Service Providers while acting in the interests of the Shareholders; the cost and expenses of preparing, amending and/or filing and printing the Articles, and all other documents (e.g. this Prospectus) concerning the Company (in such languages as are necessary), including registration statements, prospectuses and explanatory memoranda with all authorities (including local securities dealers' associations) having jurisdiction over the Company or the offering

of Shares of the Company; the cost of preparing, in such languages as are necessary for the benefit of the Shareholders (including the beneficial holders of the Shares), and distributing annual and semi-annual reports and such other reports or documents as may be required under applicable laws or regulations; the cost of accounting, bookkeeping and calculating the Net Asset Value; the cost of preparing and distributing notices to the Shareholders; a reasonable share of the cost of promoting the Company, as determined in good faith by the Company, including reasonable marketing and advertising expenses; the costs incurred with the admission and the maintenance of the Shares on the stock exchanges on which they are listed (if listed). The Company may accrue in its accounts for administrative and other expenses of a regular or recurring nature based on an estimated amount rateably for yearly or other periods.

(b) Remuneration of the Management Company, the Depositary and the UCI Administrator

The Management Company, the UCI Administrator and the Depositary or any of its sub-contractors will be remunerated out of the assets of each Sub-fund through a Global Fee as disclosed in respect of each Sub-fund in the relevant Special Section. Such Global Fee will be allocated between the Depositary, the UCI Administrator and any sub-contractor of the Depositary, or the Management Company as agreed from time to time in writing between the parties.

(c) Remuneration of the Investment Manager(s) or Investment Adviser(s)

If an Investment Manager or Investment Adviser is entitled to be remunerated out of the assets of a Sub-fund, then such remuneration will be disclosed in the relevant Special Section.

(d) Formation and launching expenses

All formation and launching expenses (including but not limited to legal fees related to the set-up of the Company, travel expenses, etc.) incurred on behalf of, or in connection with, the formation of the Company except for the direct costs in relation to the launching of the Initial Sub-funds will be borne by the Company (and the Initial Sub-funds). Expenses incurred in connection with the creation of any additional Sub-fund may be borne by the relevant Sub-fund and be written off over a period not exceeding five years.

(e) Annual subscription tax (*Taxe d'abonnement*)

The Company's assets are subject to tax (*taxe d'abonnement*) in Luxembourg at a rate of 0.05% p.a. on net assets (except for Sub-funds or Classes which are reserved to Institutional Investors which are subject to a tax at a reduced rate of 0.01% p.a. on net assets), payable quarterly. Some Sub-funds are exempt from the subscription tax, as more fully described in Section 14.1 of the General Section.

### **13.2 Fees and expenses payable directly by the investor**

(a) Subscription Fee

If an investor wants to subscribe for Shares, a Subscription Fee may be added to the subscription price to be paid by the investor. The applicable Subscription Fee will be stipulated in the relevant Special Section. This fee will be payable to the Company, the Management Company or the Distributor, unless otherwise specified in respect of a Sub-fund in the relevant Special Section.

(b) Redemption Fee

If a Shareholder wants to redeem Shares of the Company, a Redemption Fee may be levied on the amount to be paid to the Shareholder. The applicable Redemption Fee will be stipulated in the relevant Special Section. This fee will be payable to the Company, unless otherwise specified in respect of a Sub-fund in the relevant Special Section.

(c) Conversion Fee

A Conversion Fee, in favour of a Sub-fund from which the Shares are converted The applicable Conversion Fee will be stipulated in the relevant Special Section.

## 14. TAXATION

### 14.1 General

Every investor is advised to comply with their personal tax obligations.

The following information is general in nature and serves only to provide preliminary information. It provides a general description of the main Luxembourg tax implications as at the date of this sales prospectus. The following information does not claim to provide a full description of all possible tax considerations that may be relevant to an investment decision. Certain tax considerations are not described as they correspond to general legal principles or knowledge thereof is a prerequisite for investment by shareholders. This summary refers to provisions applicable in Luxembourg on the date of the sales prospectus and applies subject to any future legislative changes, court decisions, changes in administrative practice or other changes. The following information does not constitute legal or tax advice and should not be seen as such. Future shareholders should seek advice from their tax advisors and lawyers so that they are informed about particular tax implications that may arise based on the legal system applicable to them.

The notion of residency in the following sections refers exclusively to Luxembourg provisions on income tax. Any reference to a tax, levy, other charge or retention of a similar kind refers exclusively to Luxembourg taxes and concepts. In this respect, a reference to Luxembourg income tax generally encompasses corporation tax (*impôt sur le revenu des collectivités*), trade tax (*impôt commercial communal*), the solidarity surcharge (*contribution au fonds pour l'emploi*), income tax (*impôt sur le revenu*) and temporary budget repair tax (*impôt d'équilibrage budgétaire temporaire*). Investors may also be subject to wealth tax (*impôt sur la fortune*) and other taxes and levies. Corporation tax, trade tax and the solidarity surcharge are generally payable by most taxable legal persons. Natural persons are generally subject to income tax, the solidarity surcharge and temporary budget repair tax. Under certain circumstances, a natural person may also be subject to trade tax if they act in the exercise of business or entrepreneurial activities.

### 14.2 German Investment Tax Act

The Fund consists of several sub-funds in which the investor is directly invested, as the respective sub-fund issues its shares directly. Therefore, information that applies equally to all sub-funds is summarised below. The specific features of each sub-fund are then presented separately.

The Fund is expected to be an investment fund within the meaning of Section 1 (1) of the German Capital Investment Act (*Kapitalanlagegesetzbuch, KAGB*). The Fund should qualify as an investment fund within the meaning of the German Investment Tax Act (*Investmentsteuergesetz, InvStG*). For the purposes of this Act, parts of an investment fund that are separated from each other in terms of liability and assets are considered as independent investment funds, Section 1 (4) InvStG. These requirements are expected to be met in this case, so that the fiction of an investment fund within the meaning of Section 1 (2) InvStG applies to the respective sub-fund.

However, the Fund or Sub-Fund should not be classified as a special investment fund within the meaning of Sections 26 et seq. of the InvStG, given that all natural persons (including private investors) are permitted to acquire units in the respective sub-fund, which is why a qualification as a special investment fund within the meaning of Sections 26 et seq. InvStG should be ruled out (cf. Section 26 No. 8 InvStG).

As an investment fund, the respective sub-fund is only partially subject to corporate income tax in Germany at a rate of 15 % plus solidarity surcharge and only regarding certain domestic income. This income taxable in Germany comprises domestic investment income and other domestic income within the

meaning of limited corporate tax liability, with the exception of gains stemming from the sale of shares in corporations, provided that at any time during the 365 days prior to the sale the value of these shares based on immovable property located in Germany did not, directly or indirectly, exceed 50 %. German corporate income tax is settled to the extent the income is subject to a tax deduction in Germany; in this case, the tax deduction of 15 % already includes the solidarity surcharge. To the extent certain tax-privileged investors hold the shares in the respective sub-fund or if the shares are held as part of pension or basic pension schemes (Riester/Rürup), there are exceptions to this taxation at the level of the respective sub-fund. Furthermore, the sub-funds are generally not subject to German trade tax.

For investors with unlimited tax liability in Germany, taxable income from the respective Sub-fund ('investment income'), i.e. distributions, so-called advance lump sums and gains from the sale of shares, is generally subject to German income tax, German corporate income tax and German trade tax, depending on the tax regime applicable for the respective investor. However, investment income may remain tax-exempt to a certain extent for the respective investor (so-called 'partial exemption') if the sub-fund meets the requirements of the InvStG for a real estate fund, equity fund or mixed fund. These requirements for partial exemption must also be set out in the investment conditions. For German trade tax purposes, the tax-exempt amounts are reduced by half.

### 14.3 The Fund

#### Subscription tax

The Fund is subject to a subscription tax (*taxe d'abonnement*) of 0.05% p.a. on its net assets in Luxembourg. However, this rate is reduced to 0.01% p.a. for Sub-funds reserved for institutional investors. The tax is payable quarterly and calculated on the valuation date based on the Net Asset Value of the relevant category.

The following investments or UCITS are exempt from subscription tax:

- Investments in a Luxembourg OGA (i.e. UCITS, specialised investment funds (SIFs) under the Law of 13 February 2007 or reserved alternative investment funds (RAIFs) under the Law of 23 July 2016) that are already subject to subscription tax (*taxe d'abonnement*);
- UCITS and their individual sub-funds, (i) whose units are reserved for institutional investors, (ii) whose sole purpose is to invest in money market instruments and deposits with credit institutions, and (iii) which have been awarded the highest possible rating by a recognised rating agency;
- UCITS and their individual sub-funds whose securities (i) are held by institutions for occupational retirement provision or similar investment vehicles set up on behalf of one or more employers for the benefit of their employees, and (ii) are held by companies of one or more employers who invest the funds they hold in order to offer retirement benefits to their employees, and (iii) savers in the context of a pan-European personal pension product in accordance with Regulation (EU) 2019/1238 of the European Parliament and of the Council of 20 June 2019 on a pan-European personal pension product (PEPP);
- UCITS and their individual sub-funds whose main purpose is to invest in microfinance institutions;
- UCITS and their individual sub-funds (i) whose securities are listed or traded on a stock exchange or a regulated market and (ii) whose sole purpose is to replicate the performance of one or more indices; and UCITS and their individual sub-funds that are authorised as European Long-Term Investment Funds (ELTIFs) within the meaning of Regulation (EU) 2015/760 of the European Parliament and of the Council of 29 April 2015 on European long-term investment funds.

#### Withholding tax

In accordance with applicable Luxembourg tax law, no withholding tax is levied on distributions, redemptions or payments that the Fund pays to shareholders on their Shares. Moreover, withholding tax is not levied on the distribution of liquidation proceeds among shareholders.

### Income tax

The Fund is not subject to income tax in Luxembourg.

### Value added tax

The Fund is considered taxable in Luxembourg for value added tax purposes with no entitlement to deduct input tax. Services that qualify as fund management services are exempt from value added tax in Luxembourg. Other services rendered for the Fund may give rise to an obligation to pay value added tax, which may require the Fund to register for value added tax in Luxembourg. Registering for value added tax allows the Fund to meet its self-assessment obligation for Luxembourg value added tax that arises in the event that it procures services (and in some cases also supplies) from abroad that are subject to value added tax.

The Fund's payments to its shareholders generally do not give rise to an obligation to pay value added tax insofar as the payments are associated with the subscription and/or holding of the Fund's shares and do not constitute remuneration for rendered services subject to value added tax.

### Other taxes

No stamp duty or other tax is payable in Luxembourg for the issue of the Fund's shares against a cash contribution, with the exception of a flat-rate registration charge of EUR 75 when the Fund is established and when the Articles of Association are amended.

The Fund is exempt from wealth tax.

The Fund may be subject to withholding taxes on dividends and interest as well as capital gains tax in the countries of origin of its investments. As the Fund is not subject to corporation tax itself, any withholding tax deducted at source cannot be offset or reimbursed in Luxembourg. It is not certain whether the Fund can make use of Luxembourg's range of double taxation agreements. It must be analysed in individual cases whether the Fund can use a double taxation agreement concluded by Luxembourg. As the Fund is set up as a company (as opposed to joint property assets with no legal personality), it may be that certain double taxation agreements concluded by Luxembourg are directly applicable to the Fund.

## 14.4 **The shareholders**

Shareholders are not subject to taxation in Luxembourg without restriction or treated as such based on mere ownership or exercise, termination, handover and/or execution of their rights and obligations relating to the shares.

### Income tax

#### i. Shareholders not resident in Luxembourg

Shareholders that are not resident in Luxembourg and that do not have an establishment or a permanent representative in Luxembourg to which the shares can be attributed are not subject to Luxembourg income tax on distributed or accrued dividends from the Fund. Disposal gains of non-resident shareholders are also not subject to tax in Luxembourg.

Insofar as a non-resident shareholder that is a corporation has an establishment or a permanent representative in Luxembourg to which the shares can be attributed, the gains generated from the shares (dividends and disposal gains) are to be included in its taxable profit and taxed in Luxembourg. The same applies to a natural person who acts in the context of commercial or professional activities and has an establishment or a permanent representative in Luxembourg to which the shares can be attributed. The taxable disposal gains result from the difference between the sale, repurchase or redemption amount and the lower of the purchase price or book value of the sold or redeemed shares.

## ii. Shareholders resident in Luxembourg

### Natural persons resident in Luxembourg

Dividends and other payments resulting from Shares that are received by a natural person resident in Luxembourg who acts in the context of the management of their personal assets or in the context of commercial or professional activities are subject to income tax at generally progressive rates.

Private individuals' disposal gains on shares held as personal assets are only taxable in Luxembourg if the disposal gains are speculative gains or gains from a significant participation. The gains are speculative gains if the shares are sold before they are acquired or the shares are sold within six months of their acquisition. Speculative gains are taxed at the normal personal tax rate. A participation is deemed significant in certain cases, especially if (i) the seller directly or indirectly held more than 10% of the share capital alone or together with his/her spouse and minor children at any time within the five years prior the date of the sale, or (ii) the seller acquired the participation free of charge within the five years prior to the sale and the participation constituted a significant participation for the previous owner (or one of the previous owners in the case of several free transfers) at any time within the last five years. Disposal gains from a significant participation that is held for at least six months are subject, less disposal costs and the purchase price, to a reduced tax rate corresponding to half of the average tax rate that would be applicable to the adjusted income. A sale, exchange, contribution and any other kind of disposal are to be understood as a disposal. The taxable disposal gains result from the difference between the sale, repurchase or redemption amount and the lower of the purchase price or book value of the shares.

Disposal gains realised by a natural person resident in Luxembourg for tax purposes who acts in the context of commercial or professional activities are subject to income tax at general progressive tax rates. Disposal gains are to be understood as the difference between the sale, repurchase or redemption amount and the lower of the purchase price or book value of the shares.

### Companies resident in Luxembourg

Shareholders that are Luxembourg taxable corporations (*sociétés de capitaux*) have to include all income received from the shares and all gains resulting from the sale, disposal or redemption of the shares in their taxable profit.

### Shareholders resident in Luxembourg that are subject to a separate tax regime

Shareholders resident in Luxembourg that are subject to a separate tax regime, namely (i) funds subject to the 2010 Law, as amended, (ii) specialised investment funds subject to the Law of 13 February 2007, as amended, (iii) reserved alternative investment funds (that opt for tax treatment as specialised investment funds) subject to the 2016 Law, (iv) companies that serve to manage family assets in accordance with the Law of 11 May 2007, as amended, are exempt from tax in Luxembourg and income from shares is therefore not subject to Luxembourg income tax.

### Wealth tax

A shareholder resident in Luxembourg, and a non-resident shareholder that has an establishment or a permanent representative in Luxembourg to which the shares can be attributed, is subject to wealth tax for those shares, unless the shareholder is (i) a natural person resident or non-resident for tax purposes, (ii) a fund pursuant to the 2010 Law, as amended, (iii) a securitisation company pursuant to the Law of 22 March 2004 on securitisation, as amended, (iv) a company as defined by the Law of 15 June 2004 on investment companies investing in risk capital, as amended, (v) a specialised investment fund pursuant to the Law of 13 February 2007, as amended, (vi) a reserved alternative investment fund pursuant to the 2016 Law or, (vii) a company that manages family assets in accordance with the Law of 11 May 2007, as amended.

However, securitisation companies in accordance with the Law of 22 March 2004 on securitisation, as amended, companies as defined by the Law of 15 June 2004 on investment companies investing in risk capital, as amended, and reserved alternative investment funds pursuant to the 2016 Law (that opt for tax treatment as investment companies investing in risk capital) are subject to a minimum wealth tax.

#### Other taxes

In accordance with Luxembourg tax law, shares of a natural person who is resident in Luxembourg for inheritance tax purposes at the time of their death are to be added to the assets of this person that are subject to inheritance tax. By contrast, inheritance tax is not levied if the shares are transferred by will, provided the deceased shareholder was not resident in Luxembourg for inheritance tax purposes at the time of their death and the transfer was also not notarised or registered in Luxembourg.

Gift tax may be levied if the shares are gifted, provided the gift is notarised or registered in Luxembourg.

Prospective investors should inform themselves of the legislation and rules applicable to the purchase, holding and redemption of shares and, where appropriate, seek professional advice.

### 14.5 Automatic exchange of information

#### Foreign Account Tax Compliance Act (FATCA)

FATCA was adopted as a law in the US as part of the Hiring Incentives to Restore Employment Act of March 2010. FATCA requires financial institutions outside the United States ('foreign financial institutions' or **FFIs**) to transfer information each year on i) financial accounts directly or indirectly held by "Special US Persons", and ii) non-US financial institutions that do not conform to the FATCA regulations to the Luxembourg tax authority. A withholding tax of 30% is charged on certain US source income of FFIs that do not meet this obligation.

On 28 March 2014, Luxembourg signed a Model 1 Intergovernmental Agreement (the **IGA**) with the U.S. and a Prospectus of understanding in respect thereof, which was ratified in Luxembourg by the act of 24 July 2015 (the **Luxembourg FATCA Act**). The Company is obliged to comply with the provisions of FATCA under the terms of the Luxembourg FATCA Act. The Company is required to collect information aiming to identify its direct and indirect Investors that are "Specified US Persons" for FATCA purposes ('reportable accounts'). Any such information on reportable accounts provided to the Company will be shared with the Luxembourg tax authorities that will exchange that information on an automatic basis with the IRS.

In accordance with the provisions of the FATCA Act and the IGA, the Fund may be required to collect information that serves to identify its direct or indirect shareholders who are so-called 'Specified US Persons' for FATCA purposes ('reportable FATCA accounts'). All such information relating to reportable FATCA accounts that is provided to the Fund will be communicated to the Luxembourg tax authorities, which will automatically exchange this information with the IRS in accordance with Article 28 of the Agreement between the Government of the United States of America and the Government of Luxembourg for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income and capital, concluded on 3 April 1996.

The Fund intends to comply with the provisions of the Luxembourg IGA and thus be compliant with FATCA. Nevertheless, payments to the Fund, in particular the portion of payments attributable to US investments of the Fund, may be subject to regular US withholding tax of up to 30% (e.g. on dividends and interest); in the event of FATCA non-compliance, an additional penalty tax of 30% may be levied on income from US sources under FATCA.

The Fund's ability to meet its obligations under the IGA depends on the cooperation of investors who are required to provide investors in the Fund with information, especially information regarding direct or

indirect shareholders, that the Fund deems necessary to fulfil its obligations. Each investor (or in the case of an NFFE as defined by FATCA, the indirect or direct owner of the investor that exceeds a certain participation threshold) agrees to provide certain information and supporting evidence on the Fund's request. Moreover, each investor agrees to provide all information proactively within thirty (30) days that could affect its status, e.g. change of address or email address.

Insofar as an investor fails to comply with the Fund's requests for information and evidence, it may be required to pay any taxes, penalties or costs which are incurred by the Fund due to a lack of cooperation on the part of the investor and the Fund may redeem the investor's shares at its discretion.

It cannot be excluded that other investors that have met their information obligations will also be fined or taxed at the expense of the non-cooperating investor, even if the Fund takes all appropriate measures to obtain the information and evidence from shareholders in order to meet its obligations and avoid costs or charges.

The Fund is responsible for processing personal data in accordance with the Luxembourg Law of 2 August 2002. Investors are entitled at all times to request information on their personal data that the Fund processes, stores and archives, and the correction thereof.

**Investors are advised to familiarise themselves with and, if applicable, seek advice on any legal or tax consequences in accordance with the law of their country of nationality, the country of their registered office or the country of their habitual residence that could be relevant to the subscription, purchase, holding, redemption or transfer of shares.**

#### Common Reporting Standard - CRS

On 9 December 2014, the Council of the European Union adopted Directive 2014/107/EU amending Directive 2011/16/EU of 15 February 2011 on administrative cooperation in the field of taxation, which provides for the automatic exchange of information on financial accounts between EU member states (**DAC Directive**). The adoption of the Directive resulted in the implementation of the Common Reporting Standard (**CRS**) of the OECD and the application of the automatic exchange of information within the European Union from 1 January 2016.

The Council Directive 2014/107/EU, which amends Directive 2011/16/EU on the obligation to automatically exchange information in the field of taxation (**CRS Directive**) was implemented into the CRS Law.

The CRS law requires Luxembourg financial institutions to identify and determine the holders of reportable accounts if they are tax residents in countries with which Luxembourg has concluded a tax information exchange agreement. Luxembourg financial institutions will report financial account information to the Luxembourg tax authorities, which will then automatically forward it to the competent foreign tax authority on an annual basis. Investors may therefore be reported to Luxembourg or other competent tax authorities on the basis of applicable regulations. The Company qualifies as a Luxembourg financial institution for the purposes of the CRS Law.

The Company may therefore require investors to provide information regarding the identity and tax residence of financial account holders (including certain companies and their controlling persons) in order to determine their CRS status. The response to the CRS-related questions is mandatory. The personal data received will be used for the purposes of the CRS Law and in accordance with the information provided by the Company in accordance with applicable data protection law. Information about a Shareholder and his financial account will be reported to the Luxembourg tax authorities (*Administration des Contributions Directes*) if this account is classified as a reportable CRS account in accordance with the CRS law.

Each investor agrees to provide the Company with a corresponding self-disclosure and, if necessary, further relevant documents for CRS purposes. If the information provided changes, the investor must notify the Company immediately (i.e. within 30 days) by submitting a corresponding updated form.

If the Company suffers a loss due to an investor's failure to comply with CRS, the Company reserves the right, without prejudice to any other rights, to assert claims for damages against the investor concerned.

The Company reserves the right to reject any subscription application for Shares in the Company if the information provided or not provided does not comply with the requirements of the CRS law.

Investors and potential investors are advised to contact their tax or legal advisor if they have any questions regarding CRS.

#### Further tax-related information rights

Each investor also agrees to provide the Company with all information, forms, certificates or other information that the Company requires in order to maintain appropriate records and to comply with its obligation to report certain information to the Luxembourg or any other competent tax authority. In addition to FATCA and CRS, this applies in particular, but without limitation, to:

- Directive 2011/16/EU (“**DAC**”), as amended, on mandatory automatic exchange of information in the field of taxation with regard to reportable cross-border arrangements;
- the Luxembourg laws of 21 December 2018 and 20 December 2019, which transpose the Anti-Tax Avoidance Directive (“**ATAD**”) into Luxembourg law, according to which each investor should confirm that their investment in the Company does not result in a hybrid arrangement; the Multilateral Competent Authority Agreement on the Automatic Exchange of Financial Account Information signed by the Government of the Grand Duchy of Luxembourg on 29 October 2014 in relation to agreements with the participating jurisdictions listed in the table in Schedule A to said agreement to improve international tax compliance based on the standard for automatic exchange of financial account information developed by the OECD; or
- any law, rule or regulation pursuant to or implementing any of the FATCA, the CRS, the DAC, or any other regime requiring the exchange of Tax Information (as defined below) or otherwise deemed reasonably necessary for the conduct of the Company’s affairs.

The Company complies with all its legal obligations in relation to the regimes outlined in the current provision. Investors must provide the Company in a timely manner with all information, forms, disclosures, certificates and documents (**Tax Information**) that the Company requests in writing in accordance with its legal obligations under the regimes outlined in the current provision. The Company is entitled to file the Tax Information and, if necessary, report it to the Luxembourg tax authorities or any other authority.

#### **14.6 Other jurisdictions**

Interest, dividend and other income realised by the Company on the sale of securities, may be subject to withholding and other taxes levied by the jurisdictions in which the income is sourced. It is impossible to predict the rate of foreign tax the Company will bear since the amount of the assets to be invested in various countries and the ability of the Company to reduce such taxes is not known.

It is expected that Shareholders may be resident for tax purposes in many different countries. Consequently, no attempt is made in this Prospectus to summarise the tax consequences for each prospective investor of subscribing, converting, holding, redeeming or otherwise acquiring or disposing of Shares in the Company. These consequences will vary in accordance with the law and practice currently in force in a Shareholder's country of citizenship, residence, domicile or incorporation and with his or her personal circumstances.

#### **14.7 Future changes in applicable law**

The foregoing description of Luxembourg tax consequences of an investment in, and the operations

of, the Company is based on laws and regulations which are subject to change through legislative, judicial or administrative action. Other legislation could be enacted that would subject the Company to income taxes or subject Shareholders to increased income taxes.

THE INFORMATION SET OUT ABOVE IS A SUMMARY OF THOSE TAX ISSUES WHICH COULD ARISE IN LUXEMBOURG AND DOES NOT PURPORT TO BE A COMPREHENSIVE ANALYSIS OF THE TAX ISSUES WHICH COULD AFFECT A PROSPECTIVE SUBSCRIBER.

THE TAX AND OTHER MATTERS DESCRIBED IN THIS PROSPECTUS DO NOT CONSTITUTE, AND SHOULD NOT BE CONSIDERED AS, LEGAL OR TAX ADVICE TO PROSPECTIVE SUBSCRIBERS. PROSPECTIVE SUBSCRIBERS SHOULD CONSULT THEIR OWN COUNSEL REGARDING TAX LAWS AND REGULATIONS OF ANY OTHER JURISDICTION WHICH MAY BE APPLICABLE TO THEM.

## 15. CONFLICTS OF INTEREST

The Directors, the Management Company, the Distributor(s), the Investment Manager, the Investment Adviser (if any), the Depositary and the UCI Administrator may, in the course of their business, have potential conflicts of interests with the Company. Each of the Directors, the Management Company, the Distributor(s), the Investment Manager, the Investment Adviser (if any), the Depositary and the UCI Administrator will have regard to their respective duties to the Company and other persons when undertaking any transactions where conflicts or potential conflicts of interest may arise. In the event that such conflicts do arise, each of such persons has undertaken or will be requested by the Company to undertake to use its reasonable endeavours to resolve any such conflicts of interest fairly (having regard to its respective obligations and duties) and to ensure that the Company and the Shareholders are fairly treated.

### **Interested dealings**

The Directors, the Management Company, the Distributor(s), the Investment Manager, the Investment Adviser (if any), the Depositary and the UCI Administrator and any of their respective subsidiaries, affiliates, associates, agents, directors, officers, employees or delegates (together the **Interested Parties** and, each, an **Interested Party**) may:

- contract or enter into any financial, banking or other transaction with one another or with the Company including, without limitation, investment by the Company, in securities in any company or body any of whose investments or obligations form part of the assets of the Company or any Sub-fund, or be interested in any such contracts or transactions;
- invest in and deal with Shares, securities, assets or any property of the kind included in the property of the Company for their respective individual accounts or for the account of a third party;
- act as counterparty to the derivative transactions or contracts entered on behalf of the Company or act as index sponsor or calculation agent in respect of underlyings to which the Company will be exposed via derivative transactions; and
- deal as agent or principal in the sale, issue or purchase of securities and other investments to, or from, the Company through, or with, the Investment Manager or the Depositary or any subsidiary, affiliate, associate, agent or delegate thereof.

Any assets of the Company in the form of cash may be invested in certificates of deposit or banking investments issued by any Interested Party. Banking or similar transactions may also be undertaken with or through an Interested Party (provided it is licensed to carry out this type of activity).

There will be no obligation on the part of any Interested Party to account to Shareholders for any benefits so arising and any such benefits may be retained by the relevant party.

Any such transactions must be carried out as if effected on normal commercial terms negotiated at arm's length.

Notwithstanding anything to the contrary herein and unless otherwise provided for in a Special Section for a particular Sub-fund, the Management Company, the Investment Manager or the Investment Adviser (if any) and their respective Affiliates may actively engage in transactions on behalf of other investment funds and accounts which involve the same securities and instruments in which the Sub-funds will invest. The Management Company, the Investment Manager or the Investment Adviser (if any) and their respective Affiliates may provide investment management/advisory services to other investment funds and accounts that have investment objectives similar or dissimilar to those of the Sub-funds and/or which may or may not follow investment programs similar to the Sub-funds, and in which the Sub-funds will have no interest. The portfolio strategies of the Management Company, the Investment Manager or the Investment Adviser (if any) and their respective Affiliates used for other investment funds or accounts could conflict with the transactions and strategies advised by the Management Company, the Investment Manager or the Investment Adviser (if any) in managing a Sub-fund and affect the prices and availability of the securities and instruments in which such Sub-fund invests.

The Management Company, the Investment Manager or the Investment Adviser (if any) and their respective Affiliates may give advice or take action with respect to any of their other clients which may differ from the advice given or the timing or nature of any action taken with respect to investments of a Sub-fund. The Management Company, the Investment Manager or the Investment Adviser (if any) have no obligation to advise any investment opportunities to a Sub-fund which they may advise to other clients.

The Management Company, the Investment Manager or the Investment Adviser (if any) will devote as much of their time to the activities of a Sub-fund as they deem necessary and appropriate. The Management Company, the Investment Manager or the Investment Adviser (if any) and their respective Affiliates are not restricted from forming additional investment funds, from entering into other investment advisory/management relationships, or from engaging in other business activities, even though such activities may be in competition with a Sub-fund. These activities will not qualify as creating a conflict of interest.

Additional considerations relating to conflicts of interest may be applicable, as the case may be, for a specific Sub-fund as further laid down in the relevant Special Section.

**PART B – SPECIAL SECTIONS**

## SPECIAL SECTION 1 – BELFUND SICAV – BELINVEST EQUITY FUND

This Special Section must be read in conjunction with the General Section of the Prospectus. This Special Section refers only to the Belfund SICAV – Belinvest Equity Fund (the **Sub-fund**).

### 1. INVESTMENT OBJECTIVE

- 1.1 The objective of the Sub-fund is to produce an attractive absolute and relative return over time by offering an exposure mainly to blue chip equities and equity related securities which are growing faster than the market but trading at a discount to it. The Sub-fund tends to favour companies having a high free cash flow yield.
- 1.2 "Blue Chip" companies are considered as those with leading market position and strong financial fundamentals, generally with a minimum market capitalisation level of EUR 5 billion following the view of the Investment Manager (as defined below).
- 1.3 There can be no assurance that the investment objective will be achieved.
- 1.4 Sustainability Risks are not systematically integrated in the investment decisions of the Sub-fund due to the nature of the investment objective of the Sub-fund. Sustainability Risks are also not a core part of the investment strategy of the Sub-fund.

### 2. INVESTMENT POLICY

- 2.1 The Sub-fund will mainly offer an exposure to equities and equity related securities (including but not limited to ADRs (American Depositary Receipts) and GDRs (Global Depositary Receipts)).
- 2.2 In order to achieve its objective, the Sub-fund will mainly invest:
  - (a) directly in the securities mentioned in the previous paragraph; and/or
  - (b) in UCITS and other UCIs having as main objective to invest or grant an exposure to the above-mentioned securities in accordance with article 41 (1) e) of the 2010 Act.
- 2.3 The choice of investments of the Sub-fund will neither be limited by geographical area (including emerging markets), economic sector, nor in terms of currencies in which investments will be denominated. However, depending on financial market conditions, a particular focus can be placed in a single country (or some countries) and/or in a single currency and/or in a single economic sector.
- 2.4 On an ancillary basis, the Sub-fund may invest in any other type of eligible assets, such as debt securities including money market instruments, eligible UCIs in accordance with article 41 (1) e) of the 2010 Act other than those mentioned under section 2.2 (b).
- 2.5 It is understood that:
  - (a) As the investment policy can be achieved via UCIs, the Sub-fund can at any time invest more than 50% of its net assets in UCITS or other UCIs.
  - (b) At least 51% of the value of the Sub-fund will be invested in equity participations (*Kapitalbeteiligungen*) within the meaning of section 2 para. 8 of the German Investment Tax Act dated 16 July 2016<sup>3</sup>, as amended from time to time (*Investmentsteuergesetz; InvStG 2018*).
- 2.6 For hedging and investment purposes, within the limits set out in the investment restrictions in the

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<sup>3</sup> German Federal Law Gazette 2016, p. 1730.

main body of the Prospectus, the Sub-fund may use all types of financial derivative instruments traded on a regulated market and/or over the counter (OTC) provided they are contracted with leading financial institutions specialised in this type of transactions and subject to regulatory supervision.

- 2.7 However, in normal market conditions, the Investment Manager intends to use forward exchange contracts on currencies.
- 2.8 The Sub-fund does not intend to use TRS, credit default swaps or contracts for difference and will generally not make use of EPM Techniques and any SFT as defined under the SFTR.
- 2.9 The Sub-fund is actively managed. The Sub-fund has no benchmark index and is not managed in reference to a benchmark index.
- 2.10 For the purpose of the Taxonomy Regulation, the underlying investments of the Sub-fund do not take into account the EU criteria for environmentally sustainable economic activities.

### 3. GLOBAL EXPOSURE

The Sub-fund will use the commitment approach to monitor its global exposure.

### 4. VALUATION DAY

Each Business Day for which banks are open in Luxembourg is a Valuation Day.

### 5. INVESTMENT MANAGER

- 5.1 With the approval of the Company, the Management Company has appointed MRB Fund Partners AG as the investment manager of the Sub-fund (the **Investment Manager**) pursuant to an investment management agreement entered into between the Company, the Management Company and the Investment Manager (the **Investment Management Agreement**).
- 5.2 The Investment Manager is a public limited liability company formed under the laws of Switzerland with registered office at Fraumünsterstrasse 11, 8001 Zürich, Switzerland. The Investment Manager is registered as a limited liability company under number CHE-105.241.600.
- 5.3 The Investment Manager will be remunerated out of the assets of the Sub-fund and will be entitled to the Investment Management Fee and a performance fee described in Section 10.1 of this Special Section.
- 5.4 The Investment Management Agreement may be terminated by either party upon a three months' written notice. It may be terminated without notice in certain circumstances as set out in the Investment Management Agreement.

## 6. CLASSES

For the time being, the following Classes are available for subscription by investors:

Class	Class A (USD)	Class A (EUR)	Class A (CHF)	Class A-Dist (USD)
<b>ISIN</b>	LU1265904661	LU1265906799	LU1265911955	N/A
<b>Reference Currency</b>	USD	EUR	CHF	USD
<b>Eligible investors</b>	Retail Investors	Retail Investors	Retail Investors	Retail Investors
<b>Distribution/ Accumulation</b>	Accumulation	Accumulation	Accumulation	Distribution
<b>Initial Subscription Price</b>	USD1,000	EUR1,000	CHF1,000	USD1,000
<b>Minimum Subscription Amount</b>	N/A	N/A	N/A	N/A
<b>Minimum Holding Amount</b>	N/A	N/A	N/A	N/A
<b>Subscription Fee</b>	max. 3%	max. 3%	max. 3%	max. 3%
<b>Redemption Fee</b>	N/A	N/A	N/A	N/A
<b>Conversion Fee</b>	N/A	N/A	N/A	N/A
<b>Global Fee*</b>	max. 1.40% p.a.	max. 1.40% p.a.	max. 1.40% p.a.	max. 1.40% p.a.
<b>Investment Management Fee</b>	max. 1.50% p.a.	max. 1.50% p.a.	max. 1.50% p.a.	max. 1.50% p.a.
<b>Performance Fee</b>	10%, subject to a High Water Mark	10%, subject to a High Water Mark	10%, subject to a High Water Mark	10%, subject to a High Water Mark
<b>Subscription Tax Rate</b>	0.05%	0.05%	0.05%	0.05%

\*A minimum fee for (i) the Depositary of EUR 32,000 p.a. per Sub-fund; (ii) the UCI Administrator of EUR 15,000 p.a. per Sub-fund; (iii) domiciliary agent function of EUR 10,000 p.a. per Sub-fund and (iv) the Management Company of EUR 15,000 p.a. per Sub-fund is applicable. In addition, the Management Company receives a fix fee of EUR 25.000,- p.a. per Sub-fund.

If the Sub-fund invests a substantial proportion of its assets in other UCITS and/or other UCIs (**Target UCIs**), the maximum level of the management fees that may be charged to the Target UCIs will not exceed 3% p.a.

## 7. SUBSCRIPTIONS – REDEMPTIONS - CONVERSIONS

### 7.1 Initial subscriptions

- (a) Shares were offered from 29 March 2016 to 4 April 2016 at the Initial Subscription Price set out under Section 6 of this Special Section (the **Initial Offering Period**).
- (b) Subscription requests during the Initial Offering Period must be sent in writing to the UCI Administrator or Distributor(s) and be received by the UCI Administrator no later than 3.00 p.m. (Luxembourg time) on the last day of the Initial Offering Period. Payments for subscriptions must be received in the reference currency of the relevant Class at the latest 3 (three) Business Days following the last day of the Initial Offering Period.
- (c) If the Depositary does not receive the funds in time the investor will be liable for the costs of late or non-payment in which case the Board will have the power to redeem all or part of the investor's holding of Shares in the Company in order to meet such costs.

### 7.2 Ongoing Subscriptions

- (a) Ongoing subscriptions for Shares can be made to the UCI Administrator or the relevant Distributor on any day that is a Valuation Day in accordance with and subject to the terms of Section 5 of the General Section.
- (b) Subscriptions may be made only by investors who are Eligible Investors by:
  - (i) submitting a written subscription request by fax, swift or any other transmission method allowed by the UCI Administrator to the UCI Administrator or Distributor(s) to be received by the UCI Administrator by 3.00 p.m. (Luxembourg time) 2 (two) Business Days before the relevant Valuation Day at the latest (the **Subscription Cut-Off Time**). Subscription orders for Shares received by the UCI Administrator in respect of a Valuation Day prior to the relevant Subscription Cut-Off Time, will be processed on the first NAV Calculation Day following such Valuation Day on the basis of the Net Asset Value per Share calculated on such NAV Calculation Day. Any applications received after the Subscription Cut-Off Time in respect of the relevant Valuation Day will be deferred to the next Valuation Day and will be dealt with on the basis of the Net Asset Value per Share calculated on the NAV Calculation Day immediately following such next Valuation Day;
  - (ii) delivering to the account of the Depositary cleared funds for the full amount of the subscription price (plus any Subscription Fee) of the Shares being subscribed for pursuant to the subscription request at the latest 3 (three) Business Days after the relevant Valuation Day.

### 7.3 Redemption

Redemption requests for Shares in part or in whole can be made to the UCI Administrator or the relevant Distributor on any day that is a Valuation Day in accordance with and subject to the terms of Section 7 of the General Section. Redemption requests must be received by the UCI Administrator by 3.00 p.m. (Luxembourg time) 2 (two) Business Days before the relevant Valuation Day (the **Redemption Cut-Off Time**) to be eligible for processing as of such Valuation Day. Redemption requests received after the Redemption Cut-Off Time will be deemed received at the next forthcoming Valuation Day and will be processed on the basis of the Net Asset Value per Share as of the first NAV Calculation Day after the relevant Valuation Day. Payment of the redemption proceeds will be made generally within 4 (four) Business Days following the relevant Valuation Day.

#### 7.4 Conversion

Conversion requests for Shares in part or in whole can be made to the UCI Administrator or the relevant Distributor on any day that is a Valuation Day in accordance with and subject to the terms of Section 6 of the General Section. Conversion requests must be received by 4.00 p.m. (Luxembourg time) 2 (two) Business Days before the relevant Valuation Day by the UCI Administrator.

#### 8. PRICE ADJUSTMENT

With respect to subscriptions, redemptions and conversions of Shares of the Sub-fund, the Net Asset Value per Share on the relevant Valuation Day may be adjusted in accordance with Section 8 of the General Section (by increasing or decreasing the applicable Net Asset Value per Share by up to 2.5%).

#### 9. REFERENCE CURRENCY AND HEDGING

9.1 The Reference Currency of the Sub-fund is USD.

9.2 In relation to investments that are denominated in a currency other than (i) the Reference Currency or (ii) the currency of any particular Class, the Company may decide (but is not obliged) to enter into hedging transactions so as to mitigate the risk arising out of (adverse) currency exchange rate changes.

#### 10. INVESTMENT MANAGEMENT FEE AND PERFORMANCE FEE

##### 10.1 Investment Management Fee and Performance Fee

- (a) The Investment Manager is entitled to an investment management fee at such rate as set out in respect of each Class in Section 6 of this Special Section (the **Investment Management Fee**). The Investment Management Fee is based on the average of the value of the NAV of the relevant Class over the relevant period and is payable quarterly in arrears.
- (b) In addition to the Investment Management Fee, the Investment Manager will be entitled to a Performance Fee out of the assets of the Sub-fund in respect of each Class. The Performance Fee will be equivalent to such percentage as set out under Section 6 of this Special Section of the increase in the Net Asset Value per Share multiplied by the number of Shares outstanding, in respect of each Fiscal Year (a **Performance Period**) subject to a High Water Mark (as defined below). The use of a High Water Mark ensures that investors will not be charged a Performance Fee until any previous losses are recovered.
- (c) The High Water Mark is the greater of:
  - (i) the highest Net Asset Value per Share at the end of a Performance Period on which a Performance Fee has been paid; and
  - (ii) the Initial Subscription Price.
- (d) If the Net Asset Value is lower than the High Water Mark no provision for the Performance Fee shall be made. The Performance Fee in respect of each Class and each Performance Period will be calculated by reference to the Net Asset Value of such Class after deduction of all expenses, liabilities and any accrued Investment Management Fee and is adjusted to take into account all subscriptions and redemptions. For the avoidance of doubt, the Performance Fee is not deducted for this calculation.
- (e) In the event that a Shareholder redeems Shares prior to the end of a Performance Period, any accrued but unpaid Performance Fee in respect of such Shares will be kept and paid to the Investment Manager at the end of the relevant Performance Period.

- (f) The Performance Fee is payable yearly in arrears in respect of each Performance Period. The first Performance Period started at the date of commencement of business of the Sub-fund until the end of the first calendar quarter following the launch of the Sub-fund.
- (g) The subsequent Performance Periods started from the beginning of each following calendar quarter and ended at the end of the considered quarter. As of 1 January 2022 each Performance Period will correspond to the Fiscal Year.
- (h) Performance fees are payable within 20 Business Days following the end of each Fiscal Year.
- (i) Example:

	NAV before Perf Fee	HWM per share	Yearly NAV per share performance	NAV per share performance / HWM	Perf Fee	NAV after Perf Fee
Year 1:	110	100	10.00%	10.00%	1	109
Year 2:	115	109	5.50%	5.50%	0.60	114.40
Year 3:	108	114.40	-5.59%	-5.59%	0.00	108
Year 4:	112	114.40	3.70%	-2.10%	0.00	112
Year 5:	118	114.40	5.36%	3.15%	0.36	117.64

With a performance fee rate equal to 10%.

Year 1: The NAV per share performance is 10%. The excess of performance over the HWM is 10% and generates a performance fee equal to 1

Year 2: The NAV per share performance is 5.50%. The excess of performance over the HWM is 5.50% and generates a performance fee equal to 0.6

Year 3: The NAV per share performance is -5.59%. The underperformance over the HWM is -5.59% No performance fee is calculated

Year 4: The NAV per share performance is 3.70%. The underperformance over the HWM is -2.10% No performance fee is calculated

Year 5: The NAV per share performance is 5.36%. The excess of performance over the HWM is 3.15% and generates a performance fee equal to 0.36

## 11. PROFILE OF THE TYPICAL INVESTOR

- 11.1 The Sub-fund is suitable for Retail Investors and Institutional Investors who understand and are able to bear the risks of an investment in the Sub-fund, including the risk of losing all or substantially all of their investment.

11.2 The Sub-fund is suitable for investors who can afford, in principle, to set aside their capital for a period of at least three to five years.

11.3 Shareholders should note that the value of their investment could fall as well as rise and they should accept that there is no guarantee that they will recover their initial investment.

**12. SPECIFIC RISK FACTORS**

Shareholders should refer to the risk factors set out in Schedule 2.

**13. PRICE ADJUSTMENT POLICY**

Investors should note that in certain circumstances the Net Asset Value of the Shares in the Sub-fund may be adjusted in accordance with Section 8 of the General Section (by increasing or decreasing the applicable Net Asset Value per Share by up to 2.5%).

**PART C – SCHEDULES**

## SCHEDULE 1 – INVESTMENT RESTRICTIONS AND USE OF EPM TECHNIQUES

### 1. INVESTMENT RESTRICTIONS

The Company and the Sub-funds are subject to the restrictions and limits set forth below.

The management of the assets of the Sub-funds will be undertaken within the following investment restrictions. **A Sub-fund may be subject to additional investment restrictions set out in the relevant Special Section. In the case of any conflict, the provisions of the relevant Special Section will prevail.**

#### 1.1 Eligible Investments

- (a) The Company's investments may consist solely of:
- (i) Transferable Securities and Money Market Instruments admitted to official listing on a stock exchange in an EU Member State;
  - (ii) Transferable Securities and Money Market Instruments dealt on another Regulated Market;
  - (iii) Transferable Securities and Money Market Instruments admitted to official listing on a stock exchange or dealt in on another market in any country of Western or Eastern Europe, Asia, Oceania, the American continents or Africa;
  - (iv) new issues of Transferable Securities and Money Market Instruments, provided that:
    - (A) the terms of issue include an undertaking that application will be made for admission to official listing on any stock exchange or other Regulated Market referred to in Sections 1.1(a)(i), (ii) and (iii) of this Schedule;
    - (B) such admission is secured within a year of issue;
  - (v) units of UCITS and/or other UCIs within the meaning of Article 1, paragraph (2), points a) and b) of the UCITS Directive, whether situated in an EU Member State or not, provided that:
    - such other UCIs are authorised under laws which provide that they are subject to supervision considered by the CSSF to be equivalent to that laid down in Community law, and that cooperation between authorities is sufficiently ensured;
    - the level of protection for unitholders in the other UCIs is equivalent to that provided for share/unitholders in a UCITS, and in particular that the rules on assets segregation, borrowing, lending, and uncovered sales of Transferable Securities and Money Market Instruments are equivalent to the requirements of the UCITS Directive;
    - the business of the other UCIs is reported in half-yearly and annual reports to enable an assessment of the assets and liabilities, income and operations over the reporting period;
    - no more than 10% of the net assets of the UCITS or other UCI whose acquisition is contemplated, can, according to their fund rules or constitutional documents, be invested in aggregate in units of other UCITS or other UCIs;
  - (vi) deposits with credit institutions which are repayable on demand or have the right to be withdrawn, and maturing in no more than 12 months, provided that the credit institution has its registered office in an EU Member State or, if the registered office of the credit institution

is situated in a non-EU Member State, provided that it is subject to prudential rules considered by the CSSF as equivalent to those laid down in EU law;

- (vii) financial derivative instruments, including equivalent cash-settled instruments, dealt in on a Regulated Market referred to in Sections 1.1(a)(i), (ii) and (iii) of this Schedule; and/or OTC Derivatives, provided that:
    - (A) the underlying consists of instruments covered by this Section 1.1(a), financial indices, interest rates, foreign exchange rates or currencies, in which a Sub-fund may invest according to its investment objectives as stated in the relevant Special Section,
    - (B) the counterparties to OTC Derivative transactions are First Class Institutions, and
    - (C) the OTC Derivatives are subject to reliable and verifiable valuation on a daily basis and can be sold, liquidated or closed by an offsetting transaction at any time at their fair value at the Company's initiative;
  - (viii) Money Market Instruments other than those dealt in on a Regulated Market if the issue or issuer of such instruments is itself regulated for the purpose of protecting investors and savings, and provided that they are:
    - (A) issued or guaranteed by a central, regional or local authority or central bank of an EU Member State, the European Central Bank, the EU or the European Investment Bank, a non-EU Member State or, in the case of a Federal State, by one of the members making up the federation, or by a public international body to which one or more EU Member States belong; or
    - (B) issued by an undertaking, any securities of which are listed on a stock exchange or dealt in on Regulated Markets referred to in Sections 1.1(a)(i), (ii) or (iii) of this Schedule; or
    - (C) issued or guaranteed by an establishment subject to prudential supervision, in accordance with criteria defined by EU law, or by an establishment which is subject to and complies with prudential rules considered by the CSSF to be at least as stringent as those laid down by EU law; or
    - (D) issued by other bodies belonging to the categories approved by the CSSF provided that investments in such instruments are subject to investor protection rules equivalent to that laid down in the first, the second or the third indent and provided that the issuer is a company whose capital and reserves amount to at least EUR10 million and which (i) presents and publishes its annual accounts in accordance with Directive 78/660/EEC, (ii) is an entity which, within a group of companies which includes one or several listed companies, is dedicated to the financing of the group or (iii) is an entity which is dedicated to the financing of securitisation vehicles which benefit from a banking liquidity line.
- (b) However, each Sub-fund may:
- (i) invest up to 10% of its net assets in Transferable Securities and Money Market Instruments other than those referred to under Section 1.1(a) above; and
  - (ii) hold up to 20% of its net assets in bank deposits at sight, such as cash held in current accounts with a bank and accessible at any time, (i) for treasury purposes, or (ii) for the time necessary to reinvest in eligible assets provided under article 41 (1) of the 2010 Act, or (iii) for a period of time strictly necessary in case of unfavourable market conditions. This restriction shall only

be temporarily breached for a period of time strictly necessary when, because of exceptionally unfavourable market conditions, circumstances so require and where such breach is justified having regard to the interests of the Shareholders;

- (iii) for treasury purposes (in normal market conditions), invest in Cash Equivalents;
- (iv) in case of unfavourable financial market conditions, on a temporary basis, invest up to 100% of its net assets in Cash Equivalents. For the avoidance of doubt, investments in such assets in such proportions is not part of the core investment policy of the relevant Sub-fund.

## **1.2 Risk diversification**

- (a) In accordance with the principle of risk diversification, the Company is not permitted to invest more than 10% of the net assets of a Sub-fund in Transferable Securities or Money Market Instruments of one and the same issuer. The total value of the Transferable Securities and Money Market Instruments in each issuer in which more than 5% of the net assets are invested, must not exceed 40% of the value of the net assets of the respective Sub-fund. This limitation does not apply to deposits and OTC Derivative transactions made with financial institutions subject to prudential supervision.
- (b) The Company is not permitted to invest more than 20% of the net assets of a Sub-fund in deposits made with the same body.
- (c) Notwithstanding the individual limits laid down in Sections 1.2(a), 1.2(b) above and 1.7(m) below, a Sub-fund may not combine:
  - (i) investments in Transferable Securities or Money Market Instruments issued by a given single body,
  - (ii) deposits made with that single body, and/or
  - (iii) exposures arising from OTC Derivative transactions undertaken with that single body,in excess of 20% of its net assets.
- (d) The limit of 10% set forth under Section 1.2(a) above is increased up to 25% in respect of qualifying debt securities which fall under the definition of covered bonds in point (1) of Article 3 of Directive (EU) 2019/2162 of the European Parliament and of the Council and for qualifying debt securities issued before 8 July 2022 by a credit institution which has its registered office in a EU Member State and which, under applicable law, is submitted to specific public control in order to protect the holders of such qualifying debt securities. For the purposes hereof, “qualifying debt securities” are securities that were issued before 8 July 2022 the proceeds of which are invested in accordance with applicable law in assets providing a return which will cover the debt service through to the maturity date of the securities and which will be applied on a priority basis to the payment of principal and interest in the event of a default by the issuer. To the extent that a relevant Sub-fund invests more than 5% of its net assets in debt securities issued by such an issuer, the total value of such investments may not exceed 80% of the net assets of such Sub-fund.
- (e) The 10% limit set forth in Section 1.2(a) above can be raised to a maximum of 35% for Transferable Securities and Money Market Instruments that are issued or guaranteed by an EU Member State or its local authorities, by another OECD Member State, or by public international organisations of which one or more EU Member States are members.
- (f) Transferable Securities and Money Market Instruments which fall under the special ruling given in Sections 1.2(d) and 1.2(e) above are not counted when calculating the 40% risk diversification ceiling mentioned in Section 1.2(a) above.

- (g) The limits provided for in Sections 1.2(a) to 1.2(e) above may not be combined, and thus investments in Transferable Securities or Money Market Instruments issued by the same body, in deposits or derivative instruments made with this body will under no circumstances exceed in total 35% of the net assets of a Sub-fund.
- (h) Companies which are included in the same group for the purposes of consolidated accounts, as defined in accordance with Directive 83/349/EEC or in accordance with recognised international accounting rules, are regarded as a single body for the purpose of calculating the limits contained in this Section 1.2 (The term is now defined in Directive 2013/34/EU of the European Parliament and of the Council of 26 June 2013 on the annual financial statements, consolidated financial statements and related reports of certain types of companies).
- (i) A Sub-fund may invest, on a cumulative basis, up to 20% of its net assets in Transferable Securities and Money Market Instruments of the same group.

### **1.3 Exceptions which can be made**

- (a) Without prejudice to the limits laid down in Section 1.6 below, the limits laid down in Section 1.2 are raised to a maximum of 20% for investment in shares and/or bonds issued by the same body if, according to the relevant Special Section, the investment objective and policy of that Sub-fund is to replicate the composition of a certain stock or debt securities index which is recognised by the CSSF, on the following basis:
  - (i) its composition is sufficiently diversified,
  - (ii) the index represents an adequate benchmark for the market to which it refers,
  - (iii) it is published in an appropriate manner.

The above 20% limit may be raised to a maximum of 35%, but only in respect of a single body, where that proves to be justified by exceptional market conditions in particular in Regulated Markets where certain Transferable Securities or Money Market Instruments are highly dominant.

- (b) The Company is authorised, in accordance with the principle of risk diversification, to invest up to 100% of the net assets of a Sub-fund in Transferable Securities and Money Market Instruments from various offerings that are issued or guaranteed by an EU Member State or its local authorities, by its territorial public authorities, by an OECD Member State, by a G20 Member State, by certain non-OECD Member States (currently Singapore and Hong-Kong) or by international organisations of a public nature of which one or more EU Member States are members, upon condition that (i) such securities must be divided into at least six different issues, and that (ii) the securities belonging to any single issue do not exceed 30% of the net assets of the Sub-Fund.

### **1.4 Investment in UCITS and/or other UCIs**

- (a) A Sub-fund may acquire the units of UCITS and/or other UCIs referred to in Section 1.1(a)(v) of this Schedule provided that no more than 20% of its net assets are invested in units of a single UCITS or other UCI. If a UCITS or other UCI has multiple compartments (within the meaning of article 181 of the 2010 Act) and the assets of a compartment may only be used to satisfy the rights of the investors relating to that compartment and the rights of those creditors whose claims have arisen in connection with the setting-up, operation and liquidation of that compartment, each compartment is considered as a separate issuer for the purposes of applying the above limit.
- (b) Investments made in units of UCIs other than UCITS may not exceed, in aggregate, 30% of the net assets of the Sub-fund.

- (c) When a Sub-fund has acquired units of UCITS and/or other UCIs, the assets of the respective UCITS or other UCIs do not have to be combined for the purposes of the limits laid down in Section 1.2 above.
- (d) When a Sub-fund invests in the units of UCITS and/or other UCIs that are managed, directly or by delegation, by the same management company or by any other company with which the management company is linked by common management or control, or by a substantial direct or indirect holding, (regarded as more than 10% of the voting rights or share capital), that management company or other company may not charge subscription, conversion or redemption fees on account of the Sub-fund's investment in the units of such UCITS and/or other UCIs.
- (e) If a Sub-fund invests a substantial proportion of its assets in other UCITS and/or other UCIs, the maximum level of the management fees that may be charged both to the Sub-fund itself and to the other UCITS and/or other UCIs in which it intends to invest, will be disclosed in the relevant Special Section.
- (f) In the annual report of the Company it will be indicated for each Sub-fund the maximum proportion of management fees charged both to the Sub-fund and to the UCITS and/or other UCIs in which the Sub-fund invests.

### **1.5 Tolerances and multiple compartment issuers**

If, because of reasons beyond the control of the Company or the exercising of subscription rights, the limits mentioned in this Section 1 are exceeded, the Company must have as a priority objective in its sale transactions to reduce these positions within the prescribed limits, taking into account the best interest of the Shareholders.

Provided that they continue to observe the principles of risk diversification, newly established Sub-funds may deviate from the limits mentioned under Sections 1.2, 1.3 and 1.4 above as well as from the limits set out in the Special Sections for a period of six months following the date of their initial launch.

To the extent permitted by applicable law, if an issuer of Eligible Investments is a legal entity with multiple compartments and the assets of a compartment may only be used to satisfy the rights of the investors relating to that compartment and the rights of those creditors whose claims have arisen in connection with the setting-up, operation and liquidation of that compartment, each compartment is considered as a separate issuer for the purposes of applying the limits set forth under Sections 1.2 and 1.4, and 1.3(a) of this Schedule.

### **1.6 Investment prohibitions**

The Company is prohibited from:

- (a) acquiring equities with voting rights that would enable the Company to exert a significant influence on the management of the issuer in question;
- (b) acquiring more than
  - (i) 10% of the non-voting equities of one and the same issuer,
  - (ii) 10% of the debt securities issued by one and the same issuer,
  - (iii) 10% of the Money Market Instruments issued by one and the same issuer, or
  - (iv) 25% of the units of one and the same UCITS and/or other UCI.

The limits laid down in (ii), (iii), and (iv) may be disregarded at the time of acquisition if at that time the gross amount of the debt securities or of the Money Market Instruments, or the net amount of the securities in issue, cannot be calculated.

Transferable Securities and Money Market Instruments which, in accordance with article 48, paragraph 3 of the 2010 Act are issued or guaranteed by an EU Member State or its local authorities, by another Member State of the OECD or which are issued by public international organisations of which one or more EU Member States are members are exempted from the above limits.

- (c) selling short Transferable Securities, Money Market Instruments and other Eligible Investments mentioned under Sections 1.1(a)(v), (vii) and (viii) of this Schedule;
- (d) acquiring precious metals or related certificates;
- (e) investing in real estate and purchasing or selling commodities or commodities contracts;
- (f) borrowing on behalf of a particular Sub-fund, unless:
  - (i) the borrowing is in the form of a back-to-back loan for the purchase of foreign currency;
  - (ii) the loan is only temporary and does not exceed 10% of the net assets of the Sub-fund in question;
- (g) granting credits or acting as guarantor for third parties. This limitation does not refer to the purchase of Transferable Securities, Money Market Instruments and other Eligible Investments mentioned under Sections 1.1(a)(v), (vii) and (viii) that are not fully paid up.

#### **1.7 Investments in financial derivative instruments and use of EPM Techniques**

- (a) The Company must employ (i) a risk-management process which enables it to monitor and measure at any time the risk of the positions and their contribution to the overall risk profile of the portfolio and (ii) a process for accurate and independent assessment of the value of OTC Derivatives.
- (b) Each Sub-fund will ensure that its global exposure relating to derivative instruments does not exceed the total net value of its portfolio.
- (c) The exposure is calculated taking into account the current value of the underlying assets, the counterparty risk, future market movements and the time available to liquidate the positions. This will also apply to the following subparagraphs.
- (d) A Sub-fund may invest, as a part of its investment policy, in financial derivative instruments provided that the exposure to the underlying assets does not exceed in aggregate the investment limits laid down in Section 1.2 of this Schedule. Under no circumstances will these operations cause a Sub-fund to diverge from its investment objectives as laid down in the Prospectus and the relevant Special Section. When a Sub-fund invests in index-based financial derivative instruments, these investments do not have to be combined to the limits laid down in Section 1.2 of this Schedule.
- (e) When a Transferable Security or Money Market Instrument embeds a derivative, the latter must be taken into account when complying with the requirements of this Section.
- (f) In accordance with CSSF Circular 14/592, the Company's annual reports will contain, in respect of each Sub-fund that has entered into financial derivative instruments over the relevant reporting period, details of:

- the underlying exposure obtained through financial derivative instruments;
  - the identity of the counterparty(ies) to these financial derivative instruments;
  - the type and amount of collateral received to reduce counterparty risk exposure.
- (g) The Sub-funds are authorised to employ techniques and instruments relating to Transferable Securities or Money Market Instruments (**EPM Techniques**) subject to the following conditions:
- (i) they are economically appropriate in that they are realised in a cost-effective way;
  - (ii) they are entered into for one or more of the following specific aims:
    - (A) reduction of risk;
    - (B) reduction of cost;
    - (C) generation of additional capital or income for the relevant Sub-fund with a level of risk which is consistent with the its risk profile and applicable risk diversification rules;
  - (iii) their risks are adequately captured by the Company's risk management process;
  - (iv) they are taken into account by the Management Company when developing its liquidity risk management process in order to ensure that the Company is able to comply at any time with its redemption obligations.
- (h) The EPM Techniques that may be employed by the Sub-funds in accordance with Section 1.7(g) above include securities lending, repurchase agreements and reverse repurchase agreements. A repurchase agreement transaction is a forward transaction at the maturity of which a Sub-fund has the obligation to repurchase the assets sold and the buyer (counterparty) the obligation to return the assets received under the transaction. A reverse repurchase agreement transaction is a forward transaction at the maturity of which the seller (counterparty) has the obligation to repurchase the assets sold and the relevant Sub-fund has the obligation to return the assets received under the transaction.
- (i) The use of EPM Techniques by the Sub-funds is subject to the following conditions:
- (i) When entering into a securities lending agreement, the Company should ensure that it is able at any time to recall any security that has been lent out or terminate the securities lending agreement.
  - (ii) When entering into a reverse repurchase agreement, the Company should ensure that it is able at any time to recall the full amount of cash or to terminate the reverse repurchase agreement on either an accrued basis or a mark-to-market basis. When the cash is recallable at any time on a mark-to-market basis, the mark-to-market value of the reverse repurchase agreement should be used for the calculation of the net asset value of the relevant Sub-fund.
  - (iii) When entering into a repurchase agreement, the Company should ensure that it is able at any time to recall any securities subject to the repurchase agreement or to terminate the repurchase agreement into which it has entered.
- (j) Fixed-term repurchase and reverse repurchase agreements that do not exceed seven days should be considered as arrangements on terms that allow the assets to be recalled at any time by the Company.
- (k) All the revenues arising from the use of EPM Techniques, net of direct and indirect operational costs,

will be returned to the relevant Sub-fund in accordance with Circular 14/592. The securities lending agent's fee may not exceed 20% of the total income generated by securities lending. The remaining income will accrue to the relevant Sub-fund.

- (l) The Company's annual report will include the following information:
- (i) the exposure obtained through EPM Techniques;
  - (ii) the identity of the counterparty(ies) to these EPM Techniques;
  - (iii) the type and amount of collateral received by the Company to reduce counterparty exposure; and
  - (iv) the revenues arising from EPM Techniques for the entire reporting period together with the direct and indirect operational costs and fees incurred.
  - (v) where collateral received from an issuer has exceeded 20% of the NAV of a Sub-fund, the identity of that issuer; and
  - (vi) whether a Sub-fund has been fully collateralised in securities issued or guaranteed by a Member State.
- (m) The counterparty risk arising from OTC Derivatives and EPM Techniques may not exceed 10% of the assets of a Sub-fund when the counterparty is a credit institution domiciled in the EU or in a country where the CSSF considers that supervisory regulations are equivalent to those prevailing in the EU. This limit is set at 5% in any other case.
- (n) The counterparty risk of a Sub-fund vis-à-vis a counterparty is equal to the positive mark-to-market value of all OTC Derivatives and EPM Techniques transactions with that counterparty, provided that:
- if there are legally enforceable netting arrangements in place, the risk exposure arising from OTC Derivative and EPM Techniques transactions with the same counterparty may be netted; and
  - if collateral is posted in favour of a Sub-fund and such collateral complies at all times with the criteria set out in Section 1.8(a) below, the counterparty risk of such Sub-fund is reduced by the amount of such collateral. Sub-funds will use collateral to monitor compliance with the counterparty risk limit set out in Section 1.7(m) above. The level of collateral used, with respect to each Sub-fund, will be in line with applicable law and regulations as well as the provisions set out in this Prospectus and particularly Section 1.8 below. In order to reduce each Sub-fund's counterparty risk in accordance with applicable law and regulation in the context of OTC financial derivative transactions and EPM Techniques, it is expected that typically, the Sub-fund will require a level of collateral from each of its counterparty equal to 90-95% of the Sub-fund's positive mark-to-market value of all OTC Derivatives and EPM Techniques transactions entered into with the relevant counterparty in the context of the relevant transaction(s), taking into account the nature and characteristics of the relevant transactions, the creditworthiness and identity of the counterparty, prevailing market conditions and the existence of enforceable netting arrangements with such counterparty.
- (o) Unless otherwise set out in a Special Section, none of the counterparties in OTC Derivative transactions will have discretion over the composition or management of the relevant Sub-fund's investment portfolio or over the assets underlying the relevant OTC Derivative.

## **1.8 Collateral policy for OTC Derivatives transactions and EPM techniques**

- (a) Collateral received by a Sub-fund may be must comply at all times with the following principles:
- (i) Liquidity – any collateral received other than cash should be highly liquid and traded on a regulated market or multilateral trading facility with transparent pricing in order that it can be sold quickly at a price that is close to pre-sale valuation. Collateral received should also comply with the acquisition limits set out in Section 1.6(b) of this Schedule.
  - (ii) Valuation – collateral will be valued on a daily basis, using available market prices and taking into account appropriate discounts which will be determined for each asset class based on its haircut policy set out under item (f) to (i) below.
  - (iii) Issuer credit quality – collateral received should be of high quality.
  - (iv) Correlation – the collateral received by the Sub-fund should be issued by an entity that is independent from the counterparty and is expected not to display a high correlation with the performance of the counterparty.
  - (v) Collateral diversification (asset concentration) – collateral should be sufficiently diversified in terms of country, markets and issuers. The criterion of sufficient diversification with respect to issuer concentration is considered to be respected if the Sub-fund receives from a counterparty of OTC Derivative or EPM Techniques transactions a basket of collateral with a maximum exposure to a given issuer of 20% of its net asset value. When a Sub-fund is exposed to different counterparties, the different baskets of collateral should be aggregated to calculate the 20% limit of exposure to a single issuer. By way of derogation, a Sub-fund may be fully collateralised in different Transferable Securities and Money Market Instruments issued or guaranteed by a Member State, one or more of its local authorities or by another member state of the OECD, or a public international body to which one or more Member States belong, provided the Sub-fund receives securities from at least six different issues and any single issue does not account for more than 30% of the Sub-fund's NAV. If a Sub-fund intends to make use of this possibility, this will be set out in relevant Special Section.
  - (vi) Risks linked to the management of collateral, such as operational and legal risks, should be identified, managed and mitigated by the risk management process.
  - (vii) Collateral received should be capable of being fully enforced by the Company for the account of the Sub-fund at any time without reference to or approval from the counterparty.
- (b) For the purpose of Section 1.8(a) above, all assets received by a Sub-fund in the context of EPM Techniques should be considered as collateral.
- (c) Non-cash collateral received by a Sub-fund may not be sold, re-invested or pledged.
- (d) Cash collateral received by a Sub-fund can only be:
- (i) placed on deposit with credit institutions which either have their registered office in an EU Member State or are subject to prudential rules considered by the CSSF as equivalent to those laid down in Community law;
  - (ii) invested in high-quality government bonds;
  - (iii) used for the purpose of reverse repo transactions provided the transactions are with credit institutions subject to prudential supervision and the Company is able to recall at any time the full amount of cash on accrued basis;

- (iv) invested in Short-Term Money Market Funds as defined in the CESR Guidelines 10-049 on a Common Definition of European Money Market Funds.
- (e) Re-invested cash collateral will be diversified in accordance with the diversification requirements applicable to non-cash collateral.
- (f) Collateral posted in favour of a Sub-fund under a title transfer arrangement should be held by the Depositary or one of its correspondents or sub-custodians. Such collateral may be held by one of the Depositary's correspondents or sub-custodians provided that the Depositary has delegated the custody of the collateral to such correspondent or sub-custodian. Collateral posted in favour of a Sub-fund under a security interest arrangement (e.g., a pledge) can be held by a third party custodian which is subject to prudential supervision, and which is unrelated to the provider of the collateral.
- (g) In accordance with Circular 14/592, the Management Company has a haircut policy relating to the classes of assets received as collateral. The Management Company typically utilises cash and high-quality government bonds as collateral, but other permitted forms of collateral (with associated haircuts) may be utilised both with haircuts as set out under item (h) below. This policy takes into account a variety of factors, depending on the nature of the collateral received, such as the issuer's credit standing, the maturity, currency, price volatility of the assets and, where applicable, the outcome of liquidity stress tests carried out by the relevant Sub-fund under normal and exceptional liquidity conditions. No haircut will generally be applied to cash collateral.
- (h) In case of non-cash collateral, a haircut will be applied. Non-cash collateral will only be accepted if such non-cash collateral does not exhibit high price volatility.
- (i) For non-cash collateral, a haircut of 1% to 8% will be applied as follows:

	<b>Remaining stated maturity of</b>	<b>Haircut applied</b>
	Not exceeding 1 year	1%
<b>Government debts and supranational debt securities</b>	1 to 5 years	3%
	5 to 10 years	4%
	10 to 20 years	7%
	20 to 30 years	8%

- (j) Collateral received by the Sub-funds will only consist in cash, government debts and supranational debt securities. In case of any amendment of the Sub-funds' collateral policy, this Prospectus will be amended accordingly.

## **1.9 Investments between Sub-funds**

A Sub-fund (the **Investing Sub-fund**) may invest in one or more other Sub-funds. Any acquisition of Shares of another Sub-fund (the **Target Sub-fund**) by the Investing Sub-fund is subject to the following conditions:

- (a) the Target Sub-fund may not invest in the Investing Sub-fund;
- (b) the Target Sub-fund may not invest more than 10% of its net assets in another Sub-fund;
- (c) the voting rights attached to the Shares of the Target Sub-fund are suspended during the investment by the Investing Sub-fund; and
- (d) the value of the Share of the Target Sub-fund held by the Investing Sub-fund are not taken into account for the purpose of assessing the compliance with the EUR1,250,000 minimum capital requirement.

## 1.10 Benchmark Regulation

- (a) In accordance with the provisions of Benchmark Regulation supervised entities may use benchmarks in the EU if the benchmark is provided by an administrator which is included in the register of administrators and benchmarks maintained by ESMA pursuant to article 36 of the Benchmark Regulation (the **Benchmark and Administrator Register**). Benchmark administrators located in the EU whose indices are used by the Company are inscribed in the Benchmark and Administrator Register. Benchmark administrators located in a third country whose indices are used by the Company, benefit from the transitional arrangements afforded under the Benchmark Regulation and accordingly may not appear on the Benchmark and Administrator Register. Benchmark administrators whose indices are used by the relevant Sub-fund are detailed in the relevant Special Section.
- (b) In accordance with article 28(2) of the Benchmark Regulation, the Management Company has adopted a written plan setting out actions, which it will take in the event that the indexes used by the relevant Sub-fund materially change or cease to be provided (the **Contingency Plan**). Unitholders may access the Contingency Plan free of charge at the registered office of the Management Company.

## **SCHEDULE 2 – GENERAL RISK FACTORS**

Before making an investment decision with respect to Shares of any Class in any Sub-fund, prospective investors should carefully consider all of the information set out in this Prospectus and the relevant Special Section, as well as their own personal circumstances. Prospective investors should have particular regard to, among other matters, the considerations set out in this Section and under the Sections "Specific risk factors" and "Profile of the typical investor" in the relevant Special Section. The risk factors referred to therein, and in this document, alone or collectively, may reduce the return on the Shares of any Sub-fund and could result in the loss of all or a proportion of a Shareholder's investment in the Shares of any Sub-fund. The price of the Shares of any Sub-fund can go down as well as up and their value is not guaranteed. Shareholders may not receive, at redemption or liquidation, the amount that they originally invested in any Class or any amount at all.

The risks may include or relate to equity markets, bond markets, foreign exchange rates, interest rates, credit risk, the use of derivatives, counterparty risk, market volatility and political risks. The risk factors set out in this Prospectus, the key information document and the relevant Special Section are not exhaustive. There may be other risks that a prospective investor should consider that are relevant to its own particular circumstances or generally.

An investment in the Shares of any Sub-fund is only suitable for investors who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom.

Before making any investment decision with respect to the Shares, prospective investors should consult their own stockbroker, bank manager, lawyer, solicitor, accountant and/or financial adviser and carefully review and consider such an investment decision in the light of the foregoing and the prospective investor's personal circumstances.

The Company is intended to be a medium to long-term investment vehicle (depending on the Investment Policy of the relevant Sub-funds). Shares may however be redeemed on each Valuation Day. Substantial redemptions of Shares by Shareholders within a limited period of time could cause the Company to liquidate positions more rapidly than would otherwise be desirable, which could adversely affect the value of both the Shares being redeemed and the outstanding Shares. In addition, regardless of the period of time in which redemptions occur, the resulting reduction in the Net Asset Value per Share could make it more difficult for the Company to generate trading profits or recover losses.

### **1. GENERAL RISKS**

#### **1.1 Effect of performance fees**

The Management Company, an Investment Manager or an Investment Adviser may be entitled to a performance fee from a Sub-fund based on a percentage of any net realised and unrealised profits. Performance fees may create an incentive for the Management Company, an Investment Manager or an Investment Adviser to make investments that are riskier or more speculative than would be the case in the absence of such incentive compensation arrangements.

#### **1.2 Future returns**

No assurance can be given that the strategies employed by the Management Company, Investment Manager or Investment Adviser in the past to achieve attractive returns will continue to be successful or that the return on the Sub-funds' investments will be similar to that achieved by the Management Company, Investment Manager or Investment Adviser in the past.

### **1.3 Effects of redemptions**

Large redemptions of Shares within a limited period of time could require the Company to liquidate positions more rapidly than would otherwise be desirable, adversely affecting the value of both the Shares being redeemed and the outstanding Shares. In addition, regardless of the period of time over which redemptions occur, the resulting reduction in a Sub-fund's Net Asset Value could make it more difficult for the Management Company, Investment Manager or Investment Adviser to generate profits or recover losses. Redemption proceeds paid by the Company to a redeeming Shareholder may be less than the Net Asset Value of such Shares at the time a redemption request is made due to fluctuations in the Net Asset Value between the date of the request and the applicable dealing day.

### **1.4 Concentration risks**

Certain Sub-funds may concentrate their investments on certain geographical areas or sectors. Concentration of the investments of Sub-funds in any particular countries will mean that those Sub-funds may be more greatly impacted by adverse social, political or economic events which may occur in such countries. Similarly, Sub-funds concentrating their investments in companies of certain sectors will be subject to the risks associated with such concentration.

### **1.5 Credit risk**

The creditworthiness (solvency and willingness to pay) of an issuer of a security held by the Company may fall. Bonds or debt instruments involve a credit risk with regard to the issuers, for which the issuers' credit rating can be used as a benchmark. Bonds or debt instruments floated by issuers with a lower rating are generally viewed as securities with a higher credit risk and greater risk of default on the part of the issuers than those instruments that are floated by issuers with a better rating. If an issuer of bonds or debt instruments gets into financial or economic difficulties, this can affect the value of the bonds or debt instruments (this value could drop to zero) and the payments made on the basis of these bonds or debt instruments (these payments could drop to zero).

### **1.6 Nominee arrangements**

The Company draws the investors' attention to the fact that any investor will only be able to fully exercise his/her/its investor rights directly against the Company, in particular the right to participate in general meetings of Shareholders, if the investor is registered himself/herself/itself and in his/her/its own name in the register of the Shareholders. In cases where an investor invests in the Company through an intermediary investing into the Company in his/her/its own name but on behalf of the investor, it may not always be possible for the investor to exercise certain shareholder rights directly against the Company. Investors are advised to take advice on their rights.

### **1.7 Risks relating to the occurrence of pandemics**

Any outbreak, future outbreaks or measures taken by governments of countries in response to the emergence of pandemics and which are all beyond the reasonable control of the Sub-fund could:

- result in the increased volatility of financial markets globally, a negative impact on the economy and activities of the Sub-fund and in a global economic recession;
- seriously restrict the Sub-fund's activities or those of its investors, which may have a material and adverse effect on the value of the Sub-fund's investments which could fluctuate significantly as a result or may be significantly diminished in such an event;
- result in restrictions on travel and public transport, prolonged closures or suspension of workplaces and the quarantine of employees, which should involve the use of a business continuity planning process by the Management Company in order to pursue the Sub-fund's

operations. Despite this, Sub-fund's operations may be restricted in various ways in the affected regions;

- materially and adversely affect overall investor sentiment due to sporadic volatility in global markets and possible material disruptions to the Sub-fund's activities, which in turn may materially and adversely affect the Sub-fund's returns from its investments.

There can be no assurance that any precautionary measures taken against infectious diseases by governments or authorities in affected jurisdictions would be effective. The extent of the risk posed by pandemics in the future is therefore unclear and may have a materially adverse effect on the returns and operations of the Sub-fund.

## **1.8 Indemnification rights in case of NAV calculation errors, breaches of investment restrictions or other errors for investors subscribing through financial intermediaries**

The Management Company, the Company's board of directors and the board of directors of the Management Company are responsible for taking effective measures to minimise errors or violations within the Sub-fund. Should errors and violations occur despite these precautions, the function holders will observe the applicable laws and rules when dealing with the errors and violations. This includes errors in calculating the Net Asset Value, errors due to non-compliance with investment regulations, errors in applying swing pricing, errors in charging costs and fees, and errors in applying exclusion periods. Investors must note that if subscriptions are received or made via a financial intermediary, i.e. where the investors are not registered themselves and in their own name in the register of the Company, their rights may be affected in relation to indemnification payments for NAV calculation errors, breaches of investment restrictions or other errors occurring at the level of the Company. For instance, transactions may be aggregated through financial intermediaries, therefore the Management Company may not be in a position to trace back through the intermediary chain the individual payments due and ensure that the payment of indemnifications take into account each investor's individual situation.

Investors are therefore advised to contact the relevant financial intermediary through which they have subscribed for Shares of the Company to receive with information on the arrangements in place with the Company regarding the indemnification process in the event of a NAV calculation error, a breach of investment restriction or another type of error.

## **2. MARKET-RELATED RISKS**

### **2.1 General economic conditions**

The success of any investment activity is affected by general economic conditions, which may affect the level and volatility of interest rates and the liquidity of the markets for both equities and interest-rate-sensitive securities. Certain market conditions, including unexpected volatility or illiquidity in the market in which the Company directly or indirectly holds positions, could impair the Company's ability to achieve its objectives and/or cause it to incur losses.

### **2.2 Market risks**

The success of a significant portion of each Sub-funds' investment program will depend, to a great extent, upon correctly assessing the future course of the price movements of stocks, bonds, financial instruments and foreign currencies. There can be no assurance that the Management Company, Investment Manager or Investment Adviser will be able to predict accurately these price movements.

### **2.3 Investing in fixed income securities**

Even though interest-bearing securities are investments which promise a defined stream of income, the prices of such securities generally are inversely correlated to changes in interest rates and,

therefore, are subject to the risk of market price fluctuations. The values of fixed-income securities also may be affected by changes in the credit rating, liquidity or financial conditions of the issuer. Certain securities that may be purchased by the Company may be subject to such risk with respect to the issuing entity and to greater market fluctuations than certain lower yielding, higher rated fixed-income securities.

The volume of transactions effected in certain international bond markets may be appreciably below that of the world's largest markets. Accordingly, a Sub-fund's investments in such markets may be less liquid and their prices may be more volatile than comparable investments in securities traded in markets with larger trading volumes. Moreover, the settlement periods in certain markets may be longer than in others which may affect portfolio liquidity.

#### **2.4 Risks in transactions in currencies**

In general, foreign exchange rates can be extremely volatile and difficult to predict. Foreign exchange rates may be influenced by, among other factors: changing supply and demand for a particular currency; trade, fiscal and monetary policies of governments (including exchange control programs, restrictions on local exchanges or markets and limitations on foreign investment in a country or on investment by residents of a country in other countries); political events; changes in balances of payments and trade; domestic and foreign rates of inflation; domestic and foreign rates of interest; international trade restrictions; and currency devaluations and revaluations. In addition, governments from time to time intervene, directly and by regulation, in the currency markets to influence prices directly. Variance in the degree of volatility of the market from the Management Company, Investment Manager and Investment Adviser's expectations may produce significant losses to a Sub-fund, particularly in the case of transactions entered into pursuant to non-directional strategies.

#### **2.5 Lack of liquidity in markets**

Despite the heavy volume of trading in securities and other financial instruments, the markets for some securities and instruments have limited liquidity and depth. This limited liquidity and lack of depth could be a disadvantage to the Sub-funds, both in the realisation of the prices which are quoted and in the execution of orders at desired prices.

#### **2.6 Investments in emerging markets**

In certain countries, there is the possibility of expropriation of assets, confiscatory taxation, political or social instability or diplomatic developments which could affect investment in those countries. There may be less publicly available information about certain financial instruments than some investors would find customary and entities in some countries may not be subject to accounting, auditing and financial reporting standards and requirements comparable to those to which certain investors may be accustomed. Certain financial markets, while generally growing in volume, have for the most part, substantially less volume than more developed markets, and securities of many companies are less liquid and their prices more volatile than securities of comparable companies in more sizeable markets. There are also varying levels of government supervision and regulation of exchanges, financial institutions and issuers in various countries. In addition, the manner in which foreign investors may invest in securities in certain countries, as well as limitations on such investments, may affect the investment operations of the Sub-funds.

Emerging country debt will be subject to high risk and will not be required to meet a minimum rating standard and may not be rated for creditworthiness by any internationally recognised credit rating organisation. The issuer or governmental authority that controls the repayment of an emerging country's debt may not be able or willing to repay the principal and/or interest when due in accordance with the terms of such debt. As a result of the foregoing, a government obligor may default on its obligations. If such an event occurs, the Company may have limited legal recourse against the issuer and/or guarantor. Remedies must, in some cases, be pursued in the courts of the defaulting party itself,

and the ability of the holder of foreign government debt securities to obtain recourse may be subject to the political climate in the relevant country. In addition, no assurance can be given that the holders of commercial debt will not contest payments to the holders of other foreign government debt obligations in the event of default under their commercial bank loan agreements.

Settlement systems in emerging markets may be less well organised than in developed markets. Thus, there may be a risk that settlement may be delayed and that cash or securities of the Sub-funds may be in jeopardy because of failures or of defects in the systems. In particular, market practice may require that payment will be made prior to receipt of the security which is being purchased or that delivery of a security must be made before payment is received. In such cases, default by a broker or bank (the Counterparty) through whom the relevant transaction is effected might result in a loss being suffered by Sub-funds investing in emerging market securities.

The Company will seek, where possible, to use Counterparties whose financial status is such that this risk is reduced. However, there can be no certainty that the Company will be successful in eliminating this risk for the Sub-funds, particularly as Counterparties operating in emerging markets frequently lack the substance or financial resources of those in developed countries.

There may also be a danger that, because of uncertainties in the operation of settlement systems in individual markets, competing claims may arise in respect of securities held by or to be transferred to the Sub-funds. Furthermore, compensation schemes may be non-existent or limited or inadequate to meet the Company's claims in any of these events.

In some Eastern European countries there are uncertainties with regard to the ownership of properties. As a result, investing in Transferable Securities issued by companies holding ownership of such Eastern European properties may be subject to increased risk.

Furthermore, investments in Russia are currently subject to certain heightened risks with regard to the ownership and custody of securities. In Russia this is evidenced by entries in the books of a company or its registrar (which is neither an agent nor responsible to the Depositary). No certificates representing ownership of Russian companies will be held by the Depositary or any of its local correspondents or in an effective central depository system. As a result of this system and the lack of the effective state regulation and enforcement, the Company could lose its registration and ownership of Russian securities through fraud, negligence or even mere oversight. In addition, Russian securities have an increased custodial risk associated with them as such securities are, in accordance with market practice, held in custody with Russian institutions which may not have adequate insurance coverage to cover loss due to theft, destruction or default whilst such assets are in its custody.

Some Sub-funds may invest a significant portion of their net assets in securities or corporate bonds issued by companies domiciled, established or operating in Russia as well as, as the case may be, in debt securities issued by the Russian government as more fully described for each relevant Sub-fund in its investment policy.

## **2.7 Investments in small capitalisation companies**

There are certain risks associated with investing in small cap stocks and the securities of small companies. The market prices of these securities may be more volatile than those of larger companies. Because small companies normally have fewer shares outstanding than larger companies it may be more difficult to buy and sell significant amounts of shares without affecting market prices. There is typically less publicly available information about these companies than for larger companies. The lower capitalisation of these companies and the fact that small companies may have smaller product lines and command a smaller market share than larger companies may make them more vulnerable to fluctuation in the economic cycle.

## **3. USE OF FINANCIAL DERIVATIVE INSTRUMENTS**

While the prudent use of financial derivative instruments can be beneficial, derivatives also involve risks different from, and, in certain cases, greater than, the risks presented by more traditional investments. The following is a general discussion of important risk factors and issues concerning the use of derivatives that investors should understand before investing in a Sub-fund.

### **3.1 Market risk**

This is a general risk that applies to all investments meaning that the value of a particular derivative may change in a way which may be detrimental to a Sub-fund's interests.

### **3.2 Control and monitoring**

Derivative products are highly specialised instruments that require investment techniques and risk analysis different from those associated with equity and fixed income securities. The use of derivative techniques requires an understanding not only of the underlying assets of the derivative but also of the derivative itself, without the benefit of observing the performance of the derivative under all possible market conditions. In particular, the use and complexity of derivatives require the maintenance of adequate controls to monitor the transactions entered into, the ability to assess the risk that a derivative adds to a Sub-fund and the ability to forecast the relative price, interest rate or currency rate movements correctly.

### **3.3 Liquidity risk**

Liquidity risk exists when a particular instrument is difficult to purchase or sell. If a derivative transaction is particularly large or if the relevant market is illiquid, it may not be possible to initiate a transaction or liquidate a position at an advantageous price (however, the Company will only enter into OTC Derivatives if it is allowed to liquidate such transactions at any time at fair value).

### **3.4 Counterparty risk**

The Sub-funds may enter into transactions in OTC markets, which will expose the Sub-funds to the credit of its counterparties and their ability to satisfy the terms of such contracts. For example, the Sub-funds may enter into swap arrangements or other derivative techniques as specified in the relevant Special Sections, each of which expose the Sub-funds to the risk that the counterparty may default on its obligations to perform under the relevant contract. In the event of a bankruptcy or insolvency of a counterparty, the Sub-funds could experience delays in liquidating the position and significant losses, including declines in the value of its investment during the period in which the Company seeks to enforce its rights, inability to realise any gains on its investment during such period and fees and expenses incurred in enforcing its rights. There is also a possibility that the above agreements and derivative techniques are terminated due, for instance, to bankruptcy, supervening illegality or change in the tax or accounting laws relative to those at the time the agreement was originated. However this risk is limited in view of the Investment Restrictions laid down in Schedule 1.

Certain markets in which the Sub-funds held by the Sub-funds may effect their transactions are over-the-counter or interdealer markets. The participants in such markets are typically not subject to credit evaluation and regulatory oversight as are members of "exchange-based" markets. To the extent a Sub-fund invests in swaps, derivative or synthetic instruments, or other over-the-counter transactions, on these markets, such Sub-fund may take credit risk with regard to parties with whom it trades and may also bear the risk of settlement default. These risks may differ materially from those entailed in exchange-traded transactions which generally are backed by clearing organisation guarantees, daily marking-to-market and settlement, and segregation and minimum capital requirements applicable to intermediaries. Transactions entered directly between two counterparties generally do not benefit from such protections. This exposes the Sub-funds to the risk that a counterparty will not settle a transaction in accordance with its terms and conditions because of a dispute over the terms of the contract (whether or not bona fide) or because of a credit or liquidity problem, thus causing the Sub-fund to suffer a loss.

Such "counterparty risk" is accentuated for contracts with longer maturities where events may intervene to prevent settlement, or where the Company has concentrated its transactions with a single or small group of counterparties. In addition, in the case of a default, the respective Sub-fund could become subject to adverse market movements while replacement transactions are executed. The Sub-funds are not restricted from dealing with any particular counterparty or from concentrating any or all of their transactions with one counterparty. Moreover, the Sub-funds have no internal credit function which evaluates the creditworthiness of their counterparties. The ability of the Sub-funds to transact business with any one or number of counterparties, the lack of any meaningful and independent evaluation of such counterparties' financial capabilities and the absence of a regulated market to facilitate settlement may increase the potential for losses by the Sub-funds.

### **3.5 Lack of availability**

Because the markets for certain derivative instruments (including markets located in foreign countries) are relatively new and still developing, suitable derivatives transactions may not be available in all circumstances for risk management or other purposes. Upon the expiration of a particular contract, the Company, the Management Company or an Investment Manager may wish to retain the respective Sub-fund's position in the derivative instrument by entering into a similar contract, but may be unable to do so if the counterparty to the original contract is unwilling to enter into the new contract and no other suitable counterparty can be found. There is no assurance that the Sub-funds will engage in derivatives transactions at any time or from time to time. The Sub-funds' ability to use derivatives may also be limited by certain regulatory and tax considerations.

### **3.6 Synthetic short selling**

Sub-funds may utilise synthetic short exposures through the use of cash settled derivatives such as swaps, futures and forwards in order to enhance their overall performance. A synthetic short sale position replicates the economic effect of a transaction in which a fund sells a security it does not own but has borrowed, in anticipation that the market price of that security will decline. When a Sub-fund initiates such a synthetic short position in a security that it does not own, it enters into a derivative-based transaction with a counterparty or broker-dealer and closes that transaction on or before its expiry date through the receipt or payment of any gains or losses resulting from the transaction. A Sub-fund may be required to pay a fee to synthetically short particular securities and is often obligated to pay over any payments received on such securities. Each Sub-fund maintains sufficiently liquid long positions in order to cover any obligations arising from its short positions. If the price of the security on which the synthetic short position is written increases between the time of the initiation of the synthetic short position and the time at which the position is closed, the Sub-fund will incur a loss; conversely, if the price declines, the Sub-fund will realise a short-term capital gain. Any gain will be decreased and any loss increased by the transactional costs described above. Although a Sub-fund's gain is limited to the price at which it opened the synthetic short position, its potential loss is theoretically unlimited. Stop loss policies are typically employed to limit actual losses, which would otherwise have to be covered by closing long positions.

### **3.7 Synthetic leverage**

A Sub-fund's portfolio may be leveraged by using derivative instruments (including OTC Derivatives) i.e. as a result of its transactions in the futures, options and swaps markets. A low margin deposit is required in futures trading and the low cost of carrying cash positions permit a degree of leverage, which may result in exaggerated profits or losses to an investor. A relatively small price movement in a futures position or the underlying instrument may result in substantial losses to the Sub-fund resulting in a similar decline to the Net Asset Value per Share. The writer of an option is subject to the risk of loss resulting from the difference between the premium received for the option and the price of the futures contract or security underlying the option which the writer must purchase or deliver upon exercise of the option. Contracts for differences and swaps may also be used to provide synthetic short exposure to a stock - the risks associated with using swaps and contract for differences are more

fully disclosed in Section 4 below.

#### **4. USE OF SPECIFIC DERIVATIVE CONTRACTS**

The following only represents a limited choice of risks associated with derivatives the Sub-funds may elect to invest in. The Sub-funds are substantially unrestricted in their use of derivatives and may decide to use various other derivatives contracts associated with much higher or different risks, as the case may be.

##### **4.1 Swap agreements**

Sub-funds may enter into swap agreements. Swap agreements can be individually negotiated and structured to include exposure to a variety of different types of investments or market factors. Depending on their structure, swap agreements may increase or decrease the Sub-funds' exposure to long-term or short-term interest rates, different currency values, corporate borrowing rates, or other factors such as without limitation security prices, baskets of equity securities or inflation rates. Swap agreements can take many different forms and are known by a variety of names. The Sub-funds are not limited to any particular form of swap agreement if consistent with the respective Sub-fund's investment objective and policies. Swap agreements tend to shift the respective Sub-fund's investment exposure from one type of investment to another. Depending on how they are used, swap agreements may increase or decrease the overall volatility of the Sub-funds' portfolio. The most significant factor in the performance of swap agreements is the change in the specific interest rate, currency, individual equity values or other factors that determine the amounts of payments due to and from the Sub-funds.

Inter alia, in order to seek to reduce the interest rate risk inherent in the Sub-funds underlying investments especially associated with bonds and other fixed income investments, the Sub-funds may employ interest rate swaps or option transactions. Interest rate swaps involve the Sub-funds' agreement with the swap counterparty to pay a variable rate payment on a notional amount in exchange for the counterparty paying the Sub-funds a fixed rate payment on a notional amount that is intended to approximate the Sub-funds income on variable interest rates.

The use of interest rate swaps and options is a highly specialised activity that involves investment techniques and risks different from those associated with ordinary portfolio security transactions. Depending on the state of interest rates, the respective Sub-fund's use of interest rate instruments could enhance or harm the overall performance on the Shares in the respective Sub-fund. To the extent there is an increase in interest rates, the value of the interest rate swap or option could go down, and could result in a decline in the Net Asset Value of the Shares. If interest rates are higher than the respective Sub-fund's fixed rate of payment on the interest rate swap, the swap will reduce the net earnings. If, on the other hand, interest rates are lower than the fixed rate of payment on the interest rate swap, the swap will enhance net earnings.

Interest rate swaps and options generally do not involve the delivery of securities or other underlying assets or principal. Accordingly, the risk of loss with respect to interest rate swaps or options is limited to the net amount of interest payments that the Sub-funds are contractually obligated to make.

In addition, at the time the interest rate swap or option transaction reaches its scheduled termination date, there is a risk that the Sub-funds will not be able to obtain a replacement transaction or that the terms of the replacement will not be as favourable as the terms of the expiring transactions. If this occurs, it could have a negative impact on the performance of the Shares in the respective Sub-fund.

##### **4.2 Call options**

There are risks associated with the sale and purchase of call options. The seller (writer) of a call option that is covered (e.g., the writer holds the underlying security) assumes the risk of a decline in the market price of the underlying security below the purchase price of the underlying security offset by

the gain by the premium received if the option expires out of the money, and gives up the opportunity for gain on the underlying security above the exercise price of the option. If the seller of the call option owns a call option covering an equivalent number of shares with an exercise price equal to or less than the exercise price of the call written, the position is "fully hedged" if the option owned expires at the same time or later than the option written. The seller of an uncovered, unhedged call option assumes the risk of a theoretically unlimited increase in the market price of the underlying security above the exercise price of the option. The buyer of a call option assumes the risk of losing its entire investment in the call option. If the buyer of the call sells short the underlying security, the loss on the call will be offset in whole or in part by any gain on the short sale of the underlying security (if the market price of the underlying security declines).

### **4.3 Put options**

There are risks associated with the sale and purchase of put options. The seller (writer) of a put option that is covered (e.g., the writer has a short position in the underlying security) assumes the risk of an increase in the market price of the underlying security above the sale price of the short position of the underlying security offset by the premium if the option expires out of the money, and thus the gain in the premium, and the option seller gives up the opportunity for gain on the underlying security below the exercise price of the option. If the seller of the put option owns a put option covering an equivalent number of shares with an exercise price equal to or greater than the exercise price of the put written, the position is "fully hedged" if the option owned expires at the same time or later than the option written. The seller of an uncovered, unhedged put option assumes the risk of a decline in the market price of the underlying security to zero.

The buyer of a put option assumes the risk of losing his entire investment in the put option. If the buyer of the put holds the underlying security, the loss on the put will be offset in whole or in part by any gain on the underlying security.

### **4.4 Forward trading**

Each Sub-fund may invest in forward contracts and options thereon, which, unlike futures contracts, are not traded on exchanges, and are not standardised; rather, banks and dealers act as principals in these markets, negotiating each transaction on an individual basis. Forward and "cash" trading is substantially unregulated; there is no limitation on daily price movements and speculative position limits are not applicable. For example, there are no requirements with respect to record-keeping, financial responsibility or segregation of customer funds or positions. In contrast to exchange-traded futures contracts, interbank traded instruments rely on the fulfilment by the dealer or counterparty of its contract. As a result, trading in unregulated exchange contracts may be subject to more risks than futures or options trading on regulated exchanges, including, but not limited to, the risk of default due to the failure of a counterparty with which the respective Sub-fund has forward contracts. Although the Company seeks to trade with responsible counterparties, failure by a counterparty to fulfil its contractual obligation could expose the Company to unanticipated losses. The principals who deal in the forward markets are not required to continue to make markets in the currencies or commodities they trade and these markets can experience periods of illiquidity, sometimes of significant duration. There have been periods during which certain participants in these markets have refused to quote prices for certain currencies or commodities or have quoted prices with an unusually wide spread between the price at which they were prepared to buy and that at which they were prepared to sell. Disruptions can occur in any market traded by the Sub-funds due to unusually high or low trading volume, political intervention or other factors. The imposition of credit controls by government authorities might also limit such forward trading to less than that which the Company, the Management Company or an Investment Manager would otherwise recommend, to the possible detriment of the Sub-funds.

### **4.5 Performance swaps, interest rate swaps, currency swaps, credit default swaps and interest rate swaptions**

The Company, the Management Company or an Investment Manager may, as a part of the investment strategy of a Sub-fund, enter into performance swaps, interest rate swaps, currency swaps, credit default swaps and interest rate swaptions agreements. Interest rate swaps involve the exchange by a Sub-fund with another party of their respective commitments to pay or receive interest, such as an exchange of fixed rate payments for floating rate payments. Currency swaps may involve the exchange of rights to make or receive payments in specified currencies.

Where a Sub-fund enters into interest rate swaps on a net basis, the two payment streams are netted out, with each Sub-fund receiving or paying, as the case may be, only the net amount of the two payments. Interest rate swaps entered into on a net basis do not involve the physical delivery of investments, other underlying assets or principal. Accordingly, it is intended that the risk of loss with respect to interest rate swaps is limited to the net amount of interest payments that the Sub-fund is contractually obligated to make. If the other party to an interest rate swap defaults, in normal circumstances the Sub-fund's risk of loss consists of the net amount of interest that the Sub-fund is contractually entitled to receive. In contrast, currency swaps usually involve the delivery of the entire principal value of one designated currency in exchange for the other designated currency. Therefore, the entire principal value of a currency swap is subject to the risk that the other party to the swap will default on its contractual delivery obligations.

A Sub-fund may use credit default swaps. A credit default swap is a bilateral financial contract in which one counterparty (the protection buyer) pays a periodic fee in return for a contingent payment by the protection seller following a credit event of a reference issuer. The protection buyer must either sell particular obligations issued by the reference issuer for its par value (or some other designated reference or strike price) when a credit event (such as bankruptcy or insolvency) occurs or receive a cash settlement based on the difference between the market price and such reference price.

A Sub-fund may use credit default swaps in order to hedge the specific credit risk of some of the issuers in its portfolio by buying protection. In addition, a Sub-fund may buy protection under credit default swaps without holding the underlying assets.

A Sub-fund may also sell protection under credit default swaps in order to acquire a specific credit exposure.

A Sub-fund may also purchase a receiver or payer interest rate swaption contract. Swaptions are options on interest rate swaps. These give the purchaser the right, but not the obligation to enter into an interest rate swap at a present interest rate within a specified period of time. The interest rate swaption buyer pays a premium to the seller for this right. A receiver interest rate swaption gives the purchaser the right to receive fixed payments in return for paying a floating rate of interest. A payer interest rate swaption would give the purchaser the right to pay a fixed rate of interest in return for receiving a floating rate payment stream.

The use of interest rate swaps, currency swaps, credit default swaps and interest rate swaptions is a highly specialised activity which involves investment techniques and risks different from those associated with ordinary portfolio securities transactions. If the Company, the Management Company or an Investment Manager is incorrect in its forecasts of market values, interest rates and currency exchange rates, the investment performance of the Sub-fund would be less favourable than it would have been if these investment techniques were not used.

#### **4.6 Contracts for differences**

The Sub-funds may have an exposure in Contracts For Difference (**CFDs**). CFDs are synthetic instruments which mirror the profit (or loss) effect of holding (or selling) equities directly without buying the actual securities themselves. A CFD on a company's shares will specify the price of the shares when the contract was started. The contract is an agreement to pay out cash on the difference between the starting share price and the share price when the contract is closed. Accordingly, under

such an instrument the relevant Sub-fund will make a profit if it has a purchase position and the price of the underlying security rises (and make a loss if the price of the underlying security falls). Conversely if the Sub-fund has a sale position, it will make a profit if the price of the underlying security falls (and make a loss if the price of the underlying security rises). As part of the normal market terms of trade the Company must comply with market participants terms and conditions and in particular initial margin has to be paid to cover potential losses (on set up) and variation margin on adverse price movements (during the term of the CFD). In addition it should be noted the relevant Sub-fund could suffer losses in event of the CFD issuer's default or insolvency.

#### **4.7 Other derivative instruments**

The Sub-funds may take advantage of opportunities with respect to certain other derivative instruments that are not presently contemplated for use or that are currently not available, but that may be developed, to the extent such opportunities are both consistent with the investment objective of the Sub-funds and legally permissible. Special risks may apply to instruments that are invested in by the Company in the future that cannot be determined at this time or until such instruments are developed or invested in by the Sub-funds. Certain swaps, options and other derivative instruments may be subject to various types of risks, including market risk, liquidity risk, the risk of non-performance by the counterparty, including risks relating to the financial soundness and creditworthiness of the counterparty, legal risk and operations risk.

#### **4.8 Risks of options trading**

In seeking to enhance performance or hedge assets, the Sub-fund may use options. Both the purchasing and selling of call and put options entail risks. Although an option buyer's risk is limited to the amount of the purchase price of the option, an investment in an option may be subject to greater fluctuation than an investment in the underlying securities. In theory, an uncovered call writer's loss is potentially unlimited, but in practice the loss is limited by the term of existence of the call. The risk for a writer of a put option is that the price of the underlying security may fall below the exercise price.

#### **4.9 Investing in futures is volatile and involves a high degree of leverage**

Futures markets are highly volatile markets. The profitability of the Sub-fund will partially depend on the ability of the Company, the Management Company or an Investment Manager to make a correct analysis of the market trends, influenced by governmental policies and plans, international political and economical events, changing supply and demand relationships, acts of governments and changes in interest rates. In addition, governments may from time to time intervene on certain markets, particularly currency markets. Such interventions may directly or indirectly influence the market. Given that only a small amount of margin is required to trade on futures markets, the operations of the managed futures portion of the Sub-fund will be characterised by a high degree of leverage. As a consequence, a relatively small variation of the price of a futures contract may result in substantial losses for the Sub-fund and a correlated reduction of the Net Asset Value of the Shares of the Sub-fund.

#### **4.10 Futures markets may be illiquid**

Most futures markets limit fluctuation in futures contracts prices during a single day. When the price of a futures contract has increased or decreased by an amount equal to the daily limit, positions can be neither taken nor liquidated unless the Board or an Investment Manager are willing to trade at or within the limit. In the past futures contracts prices have exceeded the daily limit for several consecutive days with little or no trading. Similar occurrences could prevent the Sub-fund from promptly liquidating unfavourable positions and thus subject the Sub-fund to substantial losses. In addition, even if the prices do not get close to such limits, the Sub-fund may be in a position not to obtain satisfying prices if the volumes traded on the market are insufficient to meet liquidation requests. It is also possible that a stock exchange, the Commodity Futures Trading Commission in the United States or another similar

institution in another country suspends the listing of a particular contract, instructs the immediate liquidation of the contract or limits transactions on a contract to the sole transactions against delivery.

#### **4.11 Options on futures**

The Company may engage in the management of options, in particular options on futures contracts. Such management carries risks similar to the risks inherent to the uncovered management of futures contracts on commodities as far as such options are volatile and imply a high degree of leverage. The specific movements of the commodities and futures contracts markets, which represent the underlying assets of the options may not be predicted with precision. The buyer of an option may lose the entire purchase price of the option. The seller of an option may lose the difference between the premium received for the option and the price of the commodity or of the futures contract underlying the option that the seller must buy or deliver, upon the exercise of the option.

#### **4.12 Other risks**

Other risks in using derivatives include the risk of differing valuations of derivatives arising out of different permitted valuation methods and the inability of derivatives to correlate perfectly with underlying securities, rates and indices. Many derivatives, in particular OTC Derivatives, are complex and often valued subjectively and the valuation can only be provided by a limited number of market professionals which often are acting as counterparties to the transaction to be valued. Inaccurate valuations can result in increased cash payment requirements to counterparties or a loss of value to a Sub-fund. However, this risk is limited as the valuation method used to value OTC Derivatives must be verifiable by an independent auditor.

Derivatives do not always perfectly or even highly correlate or track the value of the securities, rates or indices they are designed to track. Consequently, a Sub-fund's use of derivative techniques may not always be an effective means of, and sometimes could be counterproductive to, following a Sub-fund's Investment Objective.

### **5. EPM TECHNIQUES**

A Sub-fund may enter into repurchase agreements and reverse repurchase agreements as a buyer or as a seller subject to the conditions and limits set out in Schedule 1. If the other party to a repurchase agreement or reverse repurchase agreement should default, the Sub-fund might suffer a loss to the extent that the proceeds from the sale of the underlying securities and/or other collateral held by the Sub-fund in connection with the repurchase agreement or reverse repurchase agreement are less than the repurchase price or, as the case may be, the value of the underlying securities. In addition, in the event of bankruptcy or similar proceedings of the other party to the repurchase agreement or reverse repurchase agreement or its failure otherwise to perform its obligations on the repurchase date, the Sub-fund could suffer losses, including loss of interest on or principal of the security and costs associated with delay and enforcement of the repurchase agreement or reverse repurchase agreement.

A Sub-fund may enter into securities lending transactions subject to the conditions and limits set out in Schedule 1. If the other party to a securities lending transaction should default, the Sub-fund might suffer a loss to the extent that the proceeds from the sale of the collateral held by the Fund in connection with the securities lending transaction are less than the value of the securities lent. In addition, in the event of the bankruptcy or similar proceedings of the other party to the securities lending transaction or its failure to return the securities as agreed, the Sub-fund could suffer losses, including loss of interest on or principal of the securities and costs associated with delay and enforcement of the securities lending agreement.

The Sub-funds will only use repurchase agreements, reverse repurchase agreements or securities lending transactions for the purpose of either reducing risks (hedging) or generating additional capital or income for the relevant Sub-fund. When using such techniques, the Sub-fund will comply at all

times with the provisions set out in Schedule 1. The risks arising from the use of repurchase agreements, reverse repurchase agreements and securities lending transactions will be closely monitored and techniques (including collateral management) will be employed to seek to mitigate those risks. Although it is expected that the use of repurchase agreements, reverse repurchase agreements and securities lending transactions will generally not have a material impact on a Sub-fund's performance, the use of such techniques may have a significant effect, either negative or positive, on a Sub-fund's NAV.

## **6. USE OF STRUCTURED FINANCE SECURITIES**

Structured finance securities include, without limitation, securitised credit and portfolio credit-linked notes.

Securitised credit is securities primarily serviced, or secured, by the cash flows of a pool of receivables (whether present or future) or other underlying assets, either fixed or revolving. Such underlying assets may include, without limitation, residential and commercial mortgages, leases, credit card receivables as well as consumer and corporate debt. Securitised credit can be structured in different ways, including "true sale" structures, where the underlying assets are transferred to a special purpose entity, which in turn issues the asset-backed securities, and "synthetic" structures, in which not the assets, but only the credit risks associated with them are transferred through the use of derivatives, to a special purpose entity, which issues the securitised credit.

Portfolio credit-linked notes are securities in respect of which the payment of principal and interest is linked directly or indirectly to one or more managed or unmanaged portfolios of reference entities and/or assets ("reference credits"). Upon the occurrence of a credit-related trigger event ("credit event") with respect to a reference credit (such as a bankruptcy or a payment default), a loss amount will be calculated (equal to, for example, the difference between the par value of an asset and its recovery value).

Securitised credit and portfolio credit-linked notes are usually issued in different tranches: Any losses realised in relation to the underlying assets or, as the case may be, calculated in relation to the reference credits are allocated first to the securities of the most junior tranche, until the principal of such securities is reduced to zero, then to the principal of the next lowest tranche, and so forth.

Accordingly, in the event that (a) in relation to securitised credit, the underlying assets do not perform and/or (b) in relation to portfolio credit-linked notes, any one of the specified credit events occurs with respect to one or more of the underlying assets or reference credits, this may affect the value of the relevant securities (which may be zero) and any amounts paid on such securities (which may be zero). This may in turn affect the Net Asset Value per Share. In addition the value of structured finance securities from time to time, and consequently the Net Asset Value per Share, may be adversely affected by macro-economic factors such as adverse changes affecting the sector to which the underlying assets or reference credits belong (including industry sectors, services and real estate), economic downturns in the respective countries or globally, as well as circumstances related to the nature of the individual assets (for example, project finance loans are subject to risks connected to the respective project). The implications of such negative effects thus depend heavily on the geographic, sector-specific and type-related concentration of the underlying assets or reference credits. The degree to which any particular asset-backed security or portfolio credit-linked note is affected by such events will depend on the tranche to which such security relates; junior tranches, even having received investment grade rating, can therefore be subject to substantial risks.

Exposure to structured finance securities may entail a higher liquidity risk than exposure to sovereign bonds which may affect their realisation value.

## **7. FIXED-INTEREST SECURITIES**

Investment in securities of issuers from different countries and denominated in different currencies offer potential benefits not available from investments solely in securities of issuers from a single country, but also involve certain significant risks that are not typically associated with investing in the securities of issuers located in a single country. Among the risks involved are fluctuations in currency exchange rates and the possible imposition of exchange control regulations or other laws or restrictions applicable to such investments. A decline in the value of a particular currency in comparison with the reference currency of the Company would reduce the value of certain portfolio securities that are denominated in the former currency. The following risks may also be associated with fixed-interest securities:

Issuers are generally subject to different accounting, auditing and financial reporting standards in different countries throughout the world. The volume of trading, volatility of prices and liquidity of issuers may differ between the markets of different countries. In addition, the level of government supervision and regulation of securities exchanges, securities dealers and listed and unlisted companies differs from one country to another. The laws of some countries may limit the Company's ability to invest in securities of certain issuers.

Different markets also have different clearing and settlement procedures. Delays in settlement could result in temporary periods when a portion of the assets of a Sub-fund is uninvested and no return is earned thereon. The inability of the Company to make intended security purchases due to settlement problems could cause a Sub-fund to miss attractive investment opportunities. Inability to dispose of portfolio securities due to settlement problems could result either in losses to a Sub-fund due to subsequent declines in value of the portfolio security or, if a Sub-fund has entered into a contract to sell the security, could result in possible liability to the purchaser.

An issuer of securities may be domiciled in a country other than the country in whose currency the instrument is denominated. The values and relative yields of investments in the securities markets of different countries, and their associated risks, may fluctuate independently of each other.

## **8. HIGH-YIELD SECURITIES**

Sub-funds may invest in high-yield securities. Such securities are generally not exchange traded and, as a result, these instruments trade in a smaller secondary market than exchange-traded bonds. In addition, each Sub-fund may invest in bonds of issuers that do not have publicly traded equity securities, making it more difficult to hedge the risks associated with such investments (neither Sub-fund is required to hedge, and may choose not to do so). High-yield securities that are below investment grade or unrated face ongoing uncertainties and exposure to adverse business, financial or economic conditions which could lead to the issuer's inability to meet timely interest and principal payments. The market values of certain of these lower-rated and unrated debt securities tend to reflect individual corporate developments to a greater extent than do higher-rated securities, which react primarily to fluctuations in the general level of interest rates, and tend to be more sensitive to economic conditions than are higher-rated securities. Companies that issue such securities are often highly leveraged and may not have available to them more traditional methods of financing. It is possible that a major economic recession could disrupt severely the market for such securities and may have an adverse impact on the value of such securities. In addition, it is possible that any such economic downturn could adversely affect the ability of the issuers of such securities to repay principal and pay interest thereon and increase the incidence of default of such securities.

## **9. EQUITIES**

The risks associated with investments in equity (and equity-type) securities include significant fluctuations in market prices, adverse issuer or market information and the subordinate status of equity in relation to debt paper issued by the same company. Potential investors should also consider the risk attached to fluctuations in exchange rates, possible imposition of exchange controls and other restrictions.

## **10. FINANCIAL FAILURE OF INTERMEDIARIES**

There is always the possibility that the institutions, including brokerage firms and banks, with which the Sub-funds do business, or to which securities have been entrusted for custodial purposes, will encounter financial difficulties that may impair their operational capabilities or result in losses to the Company.

## **11. SPECIFIC RESTRICTIONS IN CONNECTION WITH THE SHARES**

Investors should note that there may be restrictions in connection with the subscription, holding and trading in the Shares. Such restrictions may have the effect of preventing the investor from freely subscribing, holding or transferring the Shares. In addition to the features described below, such restrictions may also be caused by specific requirements such as a Minimum Subscription Amount or due to the fact that certain Sub-funds may be closed to additional subscriptions after the Initial Subscription Period or Initial Subscription Date.

## **12. TAXATION**

Shareholders should be aware that they may be required to pay income tax, withholding tax, capital gains tax, wealth tax, stamp taxes or any other kind of tax on distributions or deemed distributions of a Sub-fund, capital gains within a Sub-fund, whether or not realised, income received or accrued or deemed received within a Sub-fund etc., and this will be according to the laws and practices of the country where the Shares are purchased, sold, held or redeemed and in the country of residence or nationality of the Shareholder.

Shareholders should be aware of the fact that they might have to pay taxes on income or deemed income received by or accrued within a Sub-fund. Taxes might be calculated based on income received and/or deemed to be received and/or accrued in a Sub-fund in relation to their direct investments, whereas the performance of a Sub-fund, and subsequently the return Shareholders receive after redemption of the Shares, might partially or fully depend on the performance of underlying assets. This can have the effect that the investor has to pay taxes for income or/and a performance which he does not, or does not fully, receive.

Shareholders who are in any doubt as to their tax position should consult their own independent tax advisers. In addition, Shareholders should be aware that tax regulations and their application or interpretation by the relevant taxation authorities change from time to time. Accordingly, it is not possible to predict the precise tax treatment, which will apply at any given time.

## **13. LACK OF OPERATING HISTORY**

The Company will be a newly formed entity, with no operating history upon which to evaluate the Company (or its Sub-funds') likely performance. There is no guarantee that the Company or any Sub-fund will realise its investment objectives, that the Investments will have low correlation with each other or that Shareholders will receive any return on, or the return of, their invested capital.

## **14. POLITICAL FACTORS**

The performance of the Shares or the possibility to purchase, sell, or redeem may be affected by changes in general economic conditions and uncertainties such as political developments, changes in government policies, the imposition of restrictions on the transfer of capital and changes in regulatory requirements.

## **15. SPECIFIC RESTRICTIONS IN CONNECTION WITH THE SHARES**

Investors should note that there may be restrictions in connection with the subscription, holding and

trading in the Shares. Such restrictions may have the effect of preventing the investor from freely subscribing, holding or transferring the Shares. In addition to the features described below, such restrictions may also be caused by specific requirements such as a Minimum Subscription Amount or due to the fact that certain Sub-funds may be closed to additional subscriptions after the Initial Offering Period or Initial Offering Date.

## **16. CHANGE OF LAW**

The Company must comply with regulatory constraints, such as a change in the laws affecting the investment restrictions and limits applicable to UCITS, which might require a change in the investment policy and objectives followed by a Sub-fund.

## **17. INVESTMENTS IN UNDERLYING UCIS**

A Sub-fund may, subject to the conditions set out in Section 1.4 of the General Section, invest in other UCIs. Shareholders in those Sub-funds will, in addition to the fees, costs and expenses payable by a Shareholder in the Sub-funds, also indirectly bear a portion of the fees, costs and expenses of the underlying UCIs, including management, investment management and, administration and other expenses. However, when a Sub-fund invests in underlying UCIs that are managed, directly or by delegation, by the same management company or by any other company with which the management company is linked by common management or control, or by a substantial direct or indirect holding, (regarded as more than 10% of the voting rights or share capital), that management company or other company may not charge subscription, conversion or redemption fees on account of the Sub-fund's investment in the underlying UCIs.

It is possible that certain underlying UCIs may invest in the same security or in issues of the same asset class, industry, currency, country or commodity at the same time. Accordingly, there can be no assurance that effective diversification of the Sub-funds' portfolios will always be achieved.

## **18. TRANSACTION COSTS**

Where a Sub-fund does not adjust its subscription and redemption prices by an amount representing the duties and charges associated with buying or selling underlying assets this will affect the performance of that Sub-fund.

## **19. GENERAL ECONOMIC CONDITIONS**

The success of any investment activity is affected by general economic conditions, which may affect the level and volatility of interest rates and the liquidity of the markets for both equities and interest-rate-sensitive securities. Certain market conditions, including unexpected volatility or illiquidity in the market in which the Company directly or indirectly holds positions, could impair the Company's ability to achieve its objectives and/or cause it to incur losses.

## **20. INDEMNITIES**

Certain Service Providers of a Sub-fund and their directors, managers, officers and employees may benefit from an indemnification under the relevant Service Agreement and could therefore, in certain circumstances, be indemnified out of the relevant Sub-fund's assets against liabilities, costs, expenses (including, e.g., legal expenses) incurred by reason of such person or entity providing services to the relevant Sub-fund. In principle, however, indemnification clauses will generally contain carve outs in relation to acts or omissions that incur, e.g., gross negligence, fraud, wilful default or reckless disregard.

## **21. EXCHANGE RATES**

Investors in the Shares should be aware that an investment in the Shares may involve exchange rate risks. For example (i) a Sub-fund may have direct or indirect exposure to a number of different currencies of emerging market or developed countries; (ii) a Sub-fund may invest in securities or other eligible assets denominated in currencies other than the Sub-fund's Reference Currency; (iii) the Shares may be denominated in a currency other than the currency of the investor's home jurisdiction; and/or (iv) the Shares may be denominated in a currency other than the currency in which an investor wishes to receive his monies. Exchange rates between currencies are determined by factors of supply and demand in the international currency markets, which are influenced by macro economic factors (such as the economic development in the different currency areas, interest rates and international capital movements), speculation and central bank and government intervention (including the imposition of currency controls and restrictions). Fluctuations in exchange rates may affect the value of the Shares.

## **22. INTEREST RATES**

Investors in the Shares should be aware that an investment in the Shares may involve interest rate risk in that there may be fluctuations in the currency of denomination of securities or other eligible assets in which a Sub-fund invests the Shares.

Interest rates are determined by factors of supply and demand in the international money markets which are influenced by macro-economic factors, speculation and central bank and government intervention. Fluctuations in short term and/or long term interest rates may affect the value of the Shares. Fluctuations in interest rates of the currency in which the Shares are denominated and/or fluctuations in interest rates of the currency or currencies in which the securities or other eligible assets in which a Sub-fund invests are denominated may affect the value of the Shares.

## **23. MARKET VOLATILITY**

Market volatility reflects the degree of instability and expected instability of the securities or other eligible assets in which a Sub-fund invests, the performance of the Shares, or the techniques used to link the net proceeds of any issue of Shares to OTC Derivatives underlying asset(s), where applicable. The level of market volatility is not purely a measurement of the actual volatility, but is largely determined by the prices for instruments which offer investors protection against such market volatility. The prices of these instruments are determined by forces of supply and demand in the options and derivatives markets generally. These forces are, themselves, affected by factors such as actual market volatility, expected volatility, macro-economic factors and speculation.

## **24. CREDIT RISK**

Investors in the Shares should be aware that such an investment may involve credit risk. Bonds or other debt securities involve credit risk to the issuer which may be evidenced by the issuer's credit rating. Securities which are subordinated and/or have a lower credit rating are generally considered to have a higher credit risk and a greater possibility of default than more highly rated securities. In the event that any issuer of bonds or other debt securities experiences financial or economic difficulties, this may affect the value of the relevant securities (which may be zero) and any amounts paid on such securities (which may be zero). This may in turn affect the Net Asset Value per Share.

## **25. SUSTAINABILITY RISK**

There are Sub-funds that consider Sustainability Risks not to be relevant in the context of their investment decisions. However it cannot be excluded that among other counterparties or sectors in which such Sub-funds will invest may have bigger exposure to such Sustainability Risks than others. It can hence not be excluded that Sustainability Risks may have a negative impact on the return of such Sub-funds.

An ESG event or condition that, if it occurs, could potentially or actually cause a material negative impact on the value of a Sub-fund's investment. Sustainability Risks can either represent a risk of their own or have an impact on other risks and may contribute significantly to risks, such as market risks, operational risks, liquidity risks or counterparty risks. Sustainability Risks may have an impact on long-term risk adjusted returns for investors. Assessment of Sustainability Risks is complex and may be based on ESG data which is difficult to obtain and incomplete, estimated, out of date or otherwise materially inaccurate. Even when identified, there can be no guarantee that these data will be correctly assessed. Consequent impacts to the occurrence of Sustainability Risk can be many and varied according to a specific risk, region or asset class. Generally, when Sustainability Risk occurs for an asset, there will be a negative impact.