



# **GREEN ASH SICAV**

**SUB FUND(S):**

**GREEN ASH SICAV - MULTI ASSET FUND**

**PROSPECTUS**

**September 2015**

## IMPORTANT INFORMATION

### General

The Company described herein and the Sub-fund(s) established thereunder have been created at the initiative of Green Ash Partners LLP with registered office at 11, Albemarle Street, London, W1S 4HH, United Kingdom.

Shares in the Company are offered on the basis of the information and the representations contained in the current Prospectus accompanied by the key investor information document(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, the Management Company and Administrative Agent.

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 key investor information document(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 key investor information document(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 key investor information document(s) is correct as of any time subsequent to the date hereof.

The members of the Board, whose name appear under the Section "General Information", accept joint responsibility for the information and statements contained in this Prospectus and in the key investor information document issued for each Sub-fund. They have taken all reasonable care to ensure that the information contained in this Prospectus and in the key investor information document 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.

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. It should be remembered that 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.

An investment in the Company involves investment risks including those set out herein under Section 20 of the General Section. 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 may be found under Section 21 of the General Section. 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.

All Shareholders are entitled to the benefit of, are bound by and are deemed to have notice of, the provisions of the Prospectus, the Special Sections and the Articles.

## **Definitions**

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

## **Selling Restrictions**

The distribution of this Prospectus and the offering or purchase of Shares is restricted in certain jurisdictions. This Prospectus and the key investor information document(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 key investor information document(s) in any jurisdiction may not treat this Prospectus or key investor information document(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 key investor information document(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. 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.

**Luxembourg** - The Company is registered pursuant to Part I of the 2010 Act. However, such registration 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 of the Company. Any representations to the contrary are unauthorised and unlawful.

**European Union** - The Company qualifies as a UCITS and may apply for recognition under the UCITS Directive, for marketing to the public in certain EEA Member States.

**USA** – The Shares have not been and will not be registered under the US Securities Act and the Company has not been and will not be registered under the US Investment Company Act. The Shares may not be offered, sold, transferred or delivered, directly or indirectly, in the United States of America, its territories or possessions or to US Persons. Neither the Shares nor any interest therein may be beneficially owned by any other US Person. The Articles restrict the sale and transfer of Shares to US Persons and the Company may compulsorily repurchase Shares held by a US Person or refuse to register any transfer to a US Person as it deems appropriate to assure compliance with the US Securities Act.

## **Prevailing language**

The distribution of this Prospectus and the key investor information document(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.

## **Data protection**

Certain personal data of Shareholders (including, but not limited to, the name, address and invested amount of each Shareholder) may be collected, recorded, stored, adapted, transferred or otherwise processed and used by the Company, the Service Providers and the financial intermediaries of such Shareholders. In particular, such data may be processed for the purposes of account and distribution fee administration, anti-money laundering and terrorism financing identification, tax identification under the EU Savings Directive, maintaining the register of Shareholders, processing subscription, redemption and conversion orders and

payments of dividends to Shareholders and to provide client-related services. Such information will not be passed on to any unauthorised third persons.

The Management Company may sub-contract to another entity (the **Processor**) located in the European Union (such as the Registrar and Transfer Agent) the processing of personal data. The Management Company undertakes not to transfer personal data to any third parties other than the Processor except if required by law or on the basis of a prior consent of the Shareholders.

Each Shareholder has a right of access to his/her/its personal data and may ask for a rectification thereof in case where such data is inaccurate or incomplete.

By subscribing to the Shares, each investor consents to such processing of its personal data. This consent is formalised in writing in the subscription form used by the relevant intermediary.

## GENERAL INFORMATION

### **Registered office**

5, Heienhaff  
L-1736 Senningerberg  
Grand Duchy of Luxembourg

### **Chairman of the Board**

#### **James Sanders**

Partner, Green Ash Partners LLP  
11, Albemarle Street  
London, W1S 4HH  
United Kingdom

### **Members of the Board**

#### **Silvia Wagner**

Day to day manager Alceda Fund Management S.A.  
5, Heienhaff  
L-1736 Senningerberg  
Grand Duchy of Luxembourg

#### **Jean-Claude Michels**

Day to day manager Alceda Fund Management S.A.  
5, Heienhaff  
L-1736 Senningerberg  
Grand Duchy of Luxembourg

### **Management Company**

Alceda Fund Management S.A.  
5, Heienhaff  
L-1736 Senningerberg  
Grand Duchy of Luxembourg

### **Board of Directors of the Management Company**

Mr Michael Sanders, Managing Director of Alceda Fund Management S.A., Senningerberg  
Mr Roman Rosslenbroich, Director of AQ Management GmbH, Hamburg  
Mr Jost Rodewald, Director of AQ Management GmbH, Hamburg

**Day-to-day managers of the Management Company**

Michael Sanders  
Silvia Wagner

**Depository and Paying Agent**

**UBS (Luxembourg) S.A.**  
33A, avenue J.F. Kennedy  
L-1855 Luxembourg  
Grand Duchy of Luxembourg

**Administrative Agent**

**UBS Fund Services (Luxembourg) S.A.**  
33A, avenue J.F. Kennedy  
L-1855 Luxembourg  
Grand Duchy of Luxembourg

**Registrar and Transfer Agent**

**UBS Fund Services (Luxembourg) S.A.**  
33A, avenue J.F. Kennedy  
L-1855 Luxembourg  
Grand Duchy of Luxembourg

**Investment Manager(s)**

**Green Ash Partners LLP**  
11, Albemarle Street  
London, W1S 4HH  
United Kingdom

**Auditor**

**PricewaterhouseCoopers, *société coopérative***  
2, rue Gerhard Mercator  
L-2182 Luxembourg  
Grand Dutchy of Luxembourg

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## DEFINITIONS

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

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

**2005 Savings Acts** means the Luxembourg acts dated 21 June 2005, which have implemented in Luxembourg the EU Savings Directive and ratified the treaties entered into by Luxembourg and certain dependent and associated territories of EU Member States;

**2010 Act** means the act dated 17 December 2010 on undertakings for collective investment;

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

**Adjusted Price** means the Net Asset Value per Share adjusted in respect of the relevant Valuation Day in accordance with Section 14 of the General Section;

**Administrative Agent** means **UBS Fund Services (Luxembourg) S.A.**, in its capacity as central administration agent of the Company;

**Administration Agreement** means the agreement between the Management Company and the Administrative Agent as amended, supplemented or otherwise modified from time to time;

**Affiliate** means

- (a) in the case of a company:
  - (i) any company which is its direct or indirect holding company or subsidiary or a direct or indirect subsidiary of that holding company; or
  - (ii) a company (or a direct or indirect subsidiary of a company) or other legal entity which controls or is controlled by the person concerned;
- (b) in the case of an individual, the spouse or direct descendants and ascendants of any kind, and any company directly or indirectly controlled by such person and his/ her associates within the meaning of paragraph (a) of this definition; or
- (c) in the case of an entity other than a company, the members and any entity directly or indirectly controlled by such person and his/ her associates within the meaning of paragraph (a) of this definition,

except in, all cases, any entity in which the Company holds an Investment;

**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 **PricewaterhouseCoopers, société coopérative**

**Authorised Payment Currency** means the currencies in which, in addition to the Reference Currency, subscriptions and redemptions for Shares in a particular Class may the case being be made. Unless otherwise specified in respect of a Sub-fund in the relevant Special Section, the Authorised Payment Currency will be the Reference Currency of the relevant Sub-fund;

**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, each Luxembourg Banking Day;

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

**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 opens a Class for subscription;

**Clearstream** means Clearstream Banking, *société anonyme*;

**Company** means **Green Ash 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;

**Consolidation Currency of the Company** means the currency in which the Net Asset Value of the Company is calculated;

**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 Cut-Off Time** means the deadline for the submission of conversion requests as set out in Section 7.4 of the General Section, unless otherwise specified in respect of a specific Sub-fund in the relevant Special Section;

**Conversion Fee** means the fee that may be paid by Shareholders in the event of a conversion of Shares as described under Section 7 of the General Section;

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

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

**Depository Agreement** means the 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 85/611/EEC** means the Council Directive 85/611/EEC of 20 December 1985 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities, as amended;

**Directive 2007/16/EC** means Commission Directive 2007/16/EC of 19 March 2007 implementing Directive 85/611/EEC on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities, as amended;

**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);

**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 the case being in the relevant Special Section;

**Distributors** means any person from time to time appointed or authorised by the Company and/ or the Management Company to distribute the Shares of one or more Sub-funds or Classes;

**EEA** means the European Economic Area;

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

**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, Sweden and the United Kingdom;

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

**EU Savings Directive** means the Council Directive 2003/48/EC of 3 June 2003 on the taxation of savings income in the form of interest payments;

**EUR** or **€** means the Euro, the single currency of the EU Member States that have adopted the Euro as their lawful currency;

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

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

**G20 Member States** means Argentina, Australia, Brazil, Canada, China, European Union, France, Germany, India, Indonesia, Italy, Japan, Mexico, Russia, Saudi Arabia, South Africa, South Korea, Turkey, United Kingdom, United States;

**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;

**Initial Offering Period** or **Initial Offering 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 Offering Period or on the Initial Offering Date or on the Class Launch Date, as determined for each Sub-fund and Class in the relevant Special Section;

**Initial Sub-fund(s)** means **Green Ash Sicav – Multi Asset Fund**

**Institutional Investors** means investors who qualify as institutional investors according to Luxembourg Law;

**Investment Adviser** means such person from time to time appointed by the Management Company, with the approval of 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 Manager** means such person from time to time appointed by the Management Company, with the consent of the Company, as the investment manager to a particular Sub-fund and disclosed in the relevant Special Section;

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

**Investment Policy** means the predefined 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 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 Offering Period or on the Initial Offering Date as set out in respect of each Sub-fund in the relevant Special Section;

**Luxembourg** means the Grand Duchy of Luxembourg;

**Luxembourg Banking Day** means a day on which banks are generally open for business in Luxembourg during the whole day (excluding Saturdays and Sundays, public holidays as well as the 24<sup>th</sup> and 31<sup>st</sup> December);

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

**Luxembourg Stock Exchange** means the regulated market of the *Société de la Bourse de Luxembourg*;

**Management Company** means Alceda Fund Management S.A.;

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

**Management Company Fee** means the fee to which the Management Company is entitled out of the assets of the Company as set out in respect of each Class in each Sub-fund in the Special Sections;

**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;

**Maturity Date** means the date indicated in the relevant Special Section on which the outstanding Shares will be redeemed, the Sub-fund being thereafter liquidated. Unless a Maturity Date is indicated in the relevant Special Section, Sub-funds will have no Maturity Date;

**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. Unless otherwise specified in respect of a specific Class in a Sub-fund in the relevant Special Section, the Minimum Holding Amount is one Share;

**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);

**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. Unless otherwise specified in respect of a specific Class in a Sub-fund in the relevant Special Section, the Minimum Subscription Amount is one Share;

**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. Unless otherwise specified in respect of a specific Class in a Sub-fund in the relevant Special Section, the Minimum Subsequent Subscription Amount is one Share;

**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 by the Administrative Agent in respect of a specific Valuation Day. Unless otherwise provided for in respect of a specific Sub-fund or Class in the relevant Special Section, 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 13 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;

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

**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;

**Redemption Cut-Off Time** means the deadline for the submission of redemption requests as set out in Section 8 of the General Section, unless otherwise specified in respect of a specific Sub-fund 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;

**Registrar and Transfer Agent** means **UBS Fund Services (Luxembourg) S.A.**, in its capacity as registrar and transfer agent of the Company;

**Registrar and Transfer Agent Agreement** means the agreement between the Management Company and the Registrar and Transfer Agent as amended, supplemented or otherwise modified from time to time;

**Restricted Person** means 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;

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

**Service Providers** means the Management Company, the Investment Manager (if any), the Investment Adviser (if any), the Depositary, the Administrative Agent and the Registrar and Transfer Agent and any other person who provides services to the Company from time to time;

**Shareholder** means any holder of Shares;

**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-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 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 6.7 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 by the vote (cast in person or by way of proxy) of holders representing half of the issued share capital 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;

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

**Transaction Day** means any Business Day on which subscriptions for, conversions from and redemptions of Shares can be applied for in order to be dealt with by the Registrar and Transfer Agent on the basis of the Net Asset Value per Share or the Adjusted Price determined in respect of the applicable Valuation Day, . Unless otherwise defined in respect of a specific Sub-fund or Class in the relevant Special Section, the Transaction Day is deemed to be the Business Day preceding the relevant Valuation Day. For the avoidance of doubt, it is understood that the processing of any subscription, conversion or redemption on such Valuation Day is subject to the reception of the complete application on the Transaction Day prior to the relevant Subscription Cut-Off Time, Conversion Cut-Off Time respectively Redemption Cut-Off Time;

**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;

**UCI** means an undertaking for collective investment within the meaning of the first and second indent of Article 1(2) 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;

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

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

**US Investment Company Act** means the US Investment Company Act of 1940, as amended;

**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 organized 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; and

**Valuation Day** means a Business Day in respect of which the Net Asset Value per Share or Adjusted Price will be calculated by the Administrative Agent on the respective NAV Calculation Day. Unless otherwise defined in respect of a specific Sub-fund or Class in the relevant Special Section, the Valuation Day will be any Business Day.

## GENERAL SECTION

The General Section applies to all Sub-funds of the Company. The specific features of each Sub-fund and Class are set forth in the Special Sections.

### 1. THE COMPANY

#### 1.1 Form - Legal regime

- (a) The Company is an open-ended investment company organised under the laws of Luxembourg as a *société d'investissement à capital variable (SICAV)*. The Company was incorporated on 11 June 2015 as an investment company with variable capital (*société d'investissement à capital variable*) pursuant to part I of the 2010 Act. The Company is registered with the Luxembourg trade and companies register under number B 197773. Its Articles have been published in the Mémorial on 27 June 2015. 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.
- (b) The registration of the Company pursuant to the 2010 Act constitutes neither approval nor disapproval by any Luxembourg authority as to the adequacy or accuracy of this Prospectus or as to the assets held in the various Sub-funds.
- (c) The Shares are not currently listed on the Luxembourg Stock Exchange but the Board may decide to quote one or more Classes of a Sub-fund on the Luxembourg or any other stock exchange, regulated or alternative market.
- (d) The initial subscribed capital of the Company was of USD 45,000. The minimum share capital of the Company must at all times be EUR 1,250,000, respectively the equivalent thereof in the reference currency (USD) of the Company, which amount has to be attained within six months of the Company's authorisation to operate as a UCITS. 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. There is no limit to the number of Shares which may be issued.
- (e) 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, notably the right to participate in general shareholders' meetings if the investor is registered himself/herself/itself and in his/her/its own name in the shareholders' register. 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.

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

- (a) 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.
- (b) 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.



- (c) Each Sub-fund is treated as a separate entity and operates independently, each portfolio of assets being invested for the exclusive benefit of this Sub-fund. A purchase of Shares relating to one particular Sub-fund does not give the holder of such Shares any rights with respect to any other Sub-fund.
- (d) Within a Sub-fund, the Board may decide to issue one or more Classes the assets of which will be commonly invested but subject to different fee structures, distribution, marketing targets, currency or other specific features, including special rights. A separate Net Asset Value per Share, which may differ as a consequence of these variable factors, will be calculated for each Class.
- (e) 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.
- (f) 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.
- (g) 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.
- (h) 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 compulsory redeemed at the Net Asset Value per Share calculated as at such Maturity Date. The Sub-funds will be liquidated on or around the Maturity Date.

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

### **2.1 The Board**

- (a) The Company shall 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.
- (b) The Board shall comprise at least three members, which shall be appointed by the general meeting of shareholders and who do not need to be shareholders in the Company.
- (c) The general meeting of shareholders may only appoint as a new member of the Board a person who has not previously been a member of the Board if
  - i) this person has been put forward by the Board or
  - ii) a shareholder who is fully entitled to vote at the general meeting of shareholders convened by the Board informs the Chairman or if this is impossible another member of the Board - in writing not less than six and not more than thirty days before the scheduled date of the general meeting of shareholders of his/her intention to put forward a person other than himself/herself for election or reconsideration, together with written confirmation from this person that he/she wishes to be put forward for election; however the chairman of the general meeting of shareholders, under the condition that he receives the unanimous consent of all shareholders present at the meeting, may declare the waiving of the requirement for the

aforementioned written notice and resolve that this nominated person should be put forward for election.

- (d) The general meeting of shareholders shall determine the number of members in the Board, their remuneration as well as their term of office. A term of office may not exceed a period of six years. Members of the Board may be re-elected.
- (e) If a member of the Board leaves his/her office before the expiry of his/her specified term of office, the remaining members of the Board appointed by the general meeting of shareholders may determine a preliminary successor before the following general meeting of shareholders. The successor determined in this way will complete the term of office of his/her predecessor.
- (f) The members of the Board may be relieved of office at any time by the general meeting of shareholders.

The Company may indemnify any Director or officer, and his/her heirs, executors and administrators against expenses reasonably incurred by him/her in connection with any action, suit proceeding to which he/she may be made a party by reason of his/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/she is not entitled to be indemnified, except in relation to matters as which he/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/she may be entitled.

## 2.2 Management Company

- (a) Corporate information

The Board has appointed **Alceda Fund Management S.A.** as the management company of the Company to serve as its designated management company in accordance with the 2010 Act pursuant to the Management Company Agreement for an unlimited duration, unless terminated by either party with ninety (90) days' prior written notice.

The Management Company must at all time act honestly and fairly in conducting its activities in the best interest of the Shareholders and in conformity with the 2010 Act, the Prospectus and the Articles.

The Management Company was incorporated in Luxembourg as a société anonyme on 9 January 2007 under the laws of the Grand Duchy of Luxembourg. Its articles of incorporation were first published in the Mémorial C on 27 February 2007. Its initial share capital amounted at EUR 125,000. Its registered office is at 5, Heienhaff, L-1736 Senningerberg, Grand Duchy of Luxembourg. The Management Company is registered with the Luxembourg Registre de Commerce et des Sociétés under the number B- 123.356 and is approved as a management company under Chapter 15 of the 2010 Act.

(b) Duties

Appointed to serve as the Company's designated management company, the Management Company is in particular vested with the investment management of the Sub-funds, including risk management, administrative agency, registrar and transfer agency services, and marketing, distribution and sales and private placement services where applicable.

The rights and duties of the Management Company are governed by the 2010 Act and the Management Company Agreement.

In accordance with the Management Company Agreement, applicable laws and regulations and with the prior consent of the Company, the Management Company is empowered to delegate all or part of its duties and powers to any person or entity, which it considers appropriate. This Prospectus shall, where necessary, be amended accordingly.

In addition, the Management Company has been appointed pursuant to the terms of a domiciliation agreement to act as domiciliary agent for the Company and as such to maintain the relevant records of the Company and to perform other related administrative functions, in particular tasks in relation with the preparation of the general meetings of the Shareholders and with the keeping of documents relating to the Company.

The fees of the Management Company for its above functions with respect to each Sub-Fund are described in the relevant Special Section to this Prospectus.

**2.3 Investment Manager**

- (a) The Management Company may pursuant to an Investment Management Agreement appoint with respect to one or more Sub-fund(s) an Investment Manager, in which case the name and details of any such Investment Manager will in respect of the concerned Sub-fund be disclosed in the Special Section. The Investment Manager will provide or procure each Sub-fund investment advisory and investment management services, pursuant to the provisions of the Investment Management Agreement and in accordance with the Investment Policy and Investment Restrictions and with the aim to achieve the Investment Objective.
- (b) An Investment Manager may delegate its functions, with the prior approval of the CSSF, the Management Company and the Board, to one or more sub-managers. In case sub-managers are appointed, the name and details of any such sub-manager will in respect of the concerned Sub-fund be disclosed in the Special Section.
- (c) Unless otherwise stated in the relevant Special Section, the Investment Manager is responsible for, among other matters, identifying and acquiring and disposing the investments for the Sub-fund. 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 to achieve the Investment Objective and Investment Policy. Consequently, the responsibility for making decisions to buy, sell or hold a particular security or asset rests with the Investment Manager and, as the case may be, the relevant sub-manager appointed by it, subject always to the overall policies, direction, control and responsibility of the Board and the Management Company.
- (d) If an Investment Manager is entitled to receive a remuneration out of the assets of the relevant Sub-fund, such remuneration will be disclosed in the relevant Special Section. To the extent that any sub-manager is entitled to receive a remuneration directly out of the assets of the relevant Sub-fund, such remuneration will be disclosed in the relevant Special Section.

- (e) The Investment Management Agreement may provide the right for the Investment Manager to effect transactions with or through the agency of a third person with whom the Investment Manager has a soft commission agreement. The services to be rendered by such a third party must be in direct relation to the activities of the Investment Manager and must be in the interest of the Sub-fund. The soft commissions shall not be payable to physical persons and the soft commissions and related party transactions shall be disclosed in the periodic reports of the Company. A soft commission is any economic benefit (other than clearing and execution services) provided by a broker/dealer to an investment manager in connection with the payment of commissions on transactions carried out with that broker/dealer.

#### 2.4 **Investment Adviser(s)**

- (a) The Management Company or each Investment Manager, with the prior approval of the Management Company, may pursuant to an Investment Advisory Agreement appoint one or more Investment Adviser(s) to provide advisory services in relation to the management of a Sub-fund's assets, in which case the name and details of any such Investment Adviser(s) will in respect of the concerned Sub-fund be disclosed in the Special Section.
- (b) To the extent an Investment Adviser is entitled to receive a remuneration directly out of the assets of the relevant Sub-fund, such remuneration will be disclosed in the relevant Special Section.

#### 2.5 **Depositary**

- (a) The Depositary is a public limited liability (*société anonyme*) established under Luxembourg Law and incorporated in Luxembourg. It is licensed to carry out banking activities under the terms of the Luxembourg act of 5 April 1993 on the financial sector, as amended and specialises in custody, and related services.
- (b) The Depositary has been entrusted with the safe-keeping of the Company's assets and it shall fulfil the obligations and duties provided for by the 2010 Act. In compliance with usual banking practices, the Depositary may, under its responsibility, entrust part or all of the assets which are placed under its custody to other banking institutions or financial intermediaries.
- (c) The Depositary's liability in relation to its supervisory functions shall not be affected by the fact that it has entrusted all or some of the assets in its custody to a third party.
- (d) The Depositary shall, in compliance with Luxembourg laws and pursuant to the Depositary Agreement, be liable to the Company and the Shareholders for any loss suffered by them as a result of its failure to perform its obligations or its wrongful or improper performance thereof.
- (e) In performing its obligations under the Depositary Agreement, the Depositary shall observe and comply with (i) 2010 Act and the Luxembourg Law and any other applicable laws and regulations for the time being in force, (ii) the Depositary Agreement (including any operating procedures agreed to from time to time between the Depositary and the Company), and (iii) the terms of this Prospectus and the Articles. Furthermore, in carrying out its role as depositary, the Depositary must act solely in the interest of the Shareholders.
- (f) In addition to the usual duties regarding custody, cash and securities deposits, upon instructions from the Company, the Depositary will execute or supervise the execution of all financial transactions and provide all banking facilities in accordance with the Depositary Agreement. The Depositary will further, in accordance with the 2010 Act:

- (i) ensure that the sale, issue, redemption, exchange and cancellation of all Shares of each Sub-fund effected by the Company are carried out in accordance with the 2010 Act and the provisions of the Articles;
  - (ii) ensure that in transactions involving the assets of each Sub-fund, consideration is remitted to it within the customary time limits;
  - (iii) ensure that the income of each Sub-fund is applied in accordance with the Articles.
- (g) The relationship between the Company and the Depositary is subject to the terms of the Depositary Agreement. The Company and the Depositary may terminate this agreement upon 90 days' prior written notice by registered letter given by one party to the other. The Depositary will continue to act as Depositary pending its replacement (which must be effected within two months) and until all assets of the Company have been transferred to the successor depositary.

## 2.6 **Paying Agent**

- (a) The Paying Agent has been appointed by the Company as its paying agent pursuant to the terms of the Paying Agent Agreement. As such, the Paying Agent will arrange, upon instructions of the Company, payments of the dividends to the Shareholders or to the various paying agents that can be appointed from time to time by the Company with the prior approval of the Paying Agent.

## 2.7 **Administrative Agent**

- (a) The Administrative Agent has been appointed by the Management Company, with the consent of the Company, as the central administration of the Company. As such, the Administrative Agent will be responsible, without limitation for the performance of the central administrative functions required by Luxembourg Law, and, *inter alia* and without limitation, for the calculation of the NAV of the Shares and the maintenance of the Company's accounting records.
- (b) The Administrative Agent is empowered to delegate, under its full responsibility, all or part of its duties as administrative agent to a third Luxembourg entity, with the prior consent of the Management Company.
- (c) The rights and obligations of the Administrative Agent are governed by the Administration Agreement, entered into for an unlimited period of time. Each of the parties to the Administration Agreement may terminate the agreement by giving the other not less than 90 days' prior written notice.

## 2.8 **Registrar and Transfer Agent**

- (a) The Registrar and Transfer Agent has been appointed by the Management Company, with the approval of the Company, as the registrar and transfer agent of the Company. As such, the Registrar and Transfer Agent will be responsible, without limitation for the performance of the registrar and transfer agent functions required by Luxembourg Law, and, *inter alia* and without limitation, for the acceptance of subscription, redemption and conversion applications on behalf of the Company, the processing of subscription, conversion and redemption orders in respect of Shares and the safe keeping of the register of Shareholders.
- (b) The Registrar and Transfer Agent is empowered to delegate, under its full responsibility, all or part of its duties as register and transfer agent to a third Luxembourg or affiliated entity, with the prior consent of the Management Company.

- (c) The rights and obligations of the Registrar and Transfer Agent are governed by the Administration Agreement, entered into for an unlimited period of time. Each of the parties to the Administration Agreement may terminate the agreement by giving the other not less than 90 days' prior written notice.

## 2.9 Risk management

The Management Company is responsible for the risk management of the different Sub-funds. The risk management will be performed in accordance with the provisions as detailed in the relevant Special Section in order to enable the Management Company to monitor and measure at any time the risk of the positions, the use of efficient portfolio management techniques, the management of collateral and their contribution to the overall risk profile of each Sub-fund. The Management Company will employ, if applicable, a process for accurate and independent assessment of the value of any OTC derivatives.

The risk management framework is available upon request from the Management Company's registered office.

## 2.10 Distributors and nominees

- (a) 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. The Distributor(s) may appoint one or more reputable sub-distributors at its (their) discretion.
- (b) The Company and the Management Company expect that in relation to registered Shares to be offered to investors the relevant Distributor(s) may offer to enter into arrangements with the relevant investors to provide nominee services to those investors in relation to the registered Shares or arrange for third party nominee service providers to provide such nominee services to the underlying investors. Whilst and to the extent that such arrangements subsist, such underlying investors will not appear in the register of the Company and will have no direct right of recourse against the Company. The Distributor or nominee service provider maintains its own records and provides the underlying investors with individualised information as to its holdings of Shares.
- (c) 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.
- (d) Any Distributor 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.
- (e) The terms and conditions of the distribution agreement(s) with arrangements to provide nominee services will have to allow that, unless otherwise provided by local law, an underlying investor who (i) has invested in the Company through a nominee and (ii) is not a Restricted Person, may at any time, require the transfer in his/her/its name of the registered Shares subscribed through the nominee.

After this transfer, the investor will receive evidence of his/her/its shareholding at the confirmation of the transfer from the nominee.

- (f) Except where local law or custom proscribe the practice, Investors may subscribe directly to the Company without having to go through Distributor(s) or a nominee and not avail themselves of a nominee service.
- (g) A copy of the various agreements between the Company, the Management Company and the Distributor(s) or nominee(s), if any, are available at the registered office of the Company as well as at the registered office of the Management Company during the normal business hours on any Business Day.
- (h) The Management Company and any Investment Manager or Investment Adviser may enter into retrocession fee arrangements with any Distributor or sub-distributor in relation to their distribution services, provided that any such arrangement will be designed to enhance the quality of the service to the investors. Any such retrocession fee will be paid by the Management Company, Investment Manager or Investment Adviser out of its own remuneration.
- (i) Distributors, with regard to the distribution of certain Classes may be entitled to a distribution fee payable by the Company. This fee is accrued daily and paid periodically in arrears. Distributors have the right, at their discretion to reallocate such fee, in whole or in part, to sub-distributors. Any such distribution fee, if any, will be disclosed in the relevant Special Section.

## 2.11 Auditor

**PricewaterhouseCoopers, société coopérative** has been appointed as the Company's auditor and will fulfil all duties prescribed by the 2010 Act.

## 3. INVESTMENT OBJECTIVE, POLICY AND RESTRICTIONS

### 3.1 Investment Objective

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

There can be no guarantee that the Investment Objective of any Sub-fund will be met.

### 3.2 Investment Policy

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

### 3.3 Investment Restrictions

The Company and the Sub-funds are subject to the Investment Restrictions 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.**

## ***Investment instruments***

3.4 The Company's investments may consist solely of:

- (a) Transferable Securities and Money Market Instruments admitted to or dealt in on a regulated market, as defined in Article 4 point 1 (14) of the Directive 2004/39/EC of the European Parliament and of the Council of 21 April 2004;
- (b) Transferable Securities and Money Market Instruments dealt in on another regulated market in a EU Member State which operates regularly and is recognised and open to the public;
- (c) Transferable Securities and Money Market Instruments admitted to official listing on a stock exchange or dealt in a non-EU Member State or dealt in on another regulated market in a non-EU Member State, which operates regularly and is recognised and open to the public located within an country of Western or Eastern Europe, Asia, Oceania, the American continents or Africa;
- (d) recently issued Transferable Securities and Money Market Instruments, provided that:
  - (i) the terms of issue include an undertaking that application will be made for admission to official listing on any stock exchange or to another regulated market referred to in Section 3.4(a), (b) and 3.4(c) of the General Section;
  - (ii) such admission is secured within a year of issue;
- (e) units of UCITS and/or other UCIs within the meaning of the first and second indent of article 1 (2) (a) and (b) of the UCITS Directive, whether situated in an EU Member State or not, provided that:
  - (i) such other UCIs are authorised under laws which provide that they are 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;
  - (ii) the level of guaranteed protection for unitholders in such other UCIs is equivalent to that provided for unitholders 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;
  - (iii) the business of such other UCIs 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;
  - (iv) 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;
- (f) deposits with credit institutions which are repayable on demand or have the right to be withdrawn, and maturing in no more than twelve (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;



- (g) financial derivative instruments, including cash-settled equivalent instruments, dealt in on a regulated market referred to in Section 3.4(a), (b) and (c) of the General Section; and/or OTC Derivatives, provided that:
  - (i) the underlying consists of instruments covered by this Section 3.4, 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;
  - (ii) the counterparties to OTC Derivative transactions are institutions subject to prudential supervision and belonging to categories approved by the CSSF; and
  - (iii) 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;
- (h) Money Market Instruments other than those dealt in on a regulated market referred to in Section 3.4(a) to 3.4(c) of the General Section if the issue or issuer of such instruments is itself regulated for the purpose of protecting investors and savings, and provided that they are:
  - (i) 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
  - (ii) issued by an undertaking, any securities of which are listed on a stock exchange or dealt in on regulated markets referred to in Section 3.4(a), 3.4(b) or 3.4(c) of the General Section; or
  - (iii) 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
  - (iv) 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 €10 million and which (i) represents 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.

3.5 However, each Sub-fund may:

- (a) invest up to 10% of its net assets in Transferable Securities and Money Market Instruments other than those referred to under Section 3.4 of the General Section; and
- (b) hold liquid assets on an ancillary basis.

### ***Risk diversification***

- 3.6 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 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.
- 3.7 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.
- 3.8 The risk exposure to a counterparty of a Sub-fund in an OTC Derivative transaction may not exceed:
- (a) 10% of its net assets when the counterparty is a credit institution referred to in Section 3.4(f) of the General Section; or
  - (b) 5% of its net assets, in other cases.
- 3.9 Notwithstanding the individual limits laid down in Sections 3.6, 3.7 and 3.8 of the General Section, a Sub-fund may not combine:
- (a) investments in Transferable Securities or Money Market Instruments issued by,
  - (b) deposits made with, and/or
  - (c) exposures arising from OTC Derivative transactions undertaken with,
- a single body in excess of 20% of its net assets.
- 3.10 The 10% limit set forth in Section 3.6 of the General Section can be raised to a maximum of 25% in case of certain bonds issued by credit institutions which have their registered office in an EU Member State and are subject by law, in that particular country, to specific public supervision designed to ensure the protection of bondholders. In particular the funds which originate from the issue of these bonds are to be invested, in accordance with the law, in assets which sufficiently cover the financial obligations resulting from the issue throughout the entire life of the bonds and which are allocated preferentially to the payment of principal and interest in the event of the issuer's bankruptcy. Furthermore, if investments by a Sub-fund in such bonds with one and the same issuer represent more than 5% of the net assets, the total value of these investments may not exceed 80% of the net assets of the corresponding Sub-fund.
- 3.11 The 10% limit set forth in Section 3.6 of the General Section 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.
- 3.12 Transferable Securities and Money Market Instruments which fall under the special ruling given in Sections 3.10 and 3.11 of the General Section are not counted when calculating the 40% risk diversification ceiling mentioned in Section 3.6 of the General Section.
- 3.13 The limits provided for in Sections 3.6 to 3.11 of the General Section may not be combined, and thus investments in Transferable Securities or Money Market Instruments issued by the

same body or in deposits or derivative instruments with this body will under no circumstances exceed in total 35% of the net assets of a Sub-fund.

- 3.14 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 Sections 3.6 to 3.15 of the General Section.
- 3.15 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.

***Exceptions which can be made***

- 3.16 Without prejudice to the limits laid down in Section 3.27 of the General Section, the limits laid down in Sections 3.6 to 3.15 of the General Section 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 Investment 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:
- (a) its composition is sufficiently diversified;
  - (b) the index represents an adequate benchmark for the market to which it refers;
  - (c) it is published in an appropriate manner.

The above 20% limit may be raised to a maximum of 35%, 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. The investment up to this limit is only permitted for a single issuer.

- 3.17 **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 another OECD Member State, by another G20 Member State, Hong Kong or Singapore or by public international organisations in which one or more EU Member States are members. These securities must be divided into at least six different issues, with securities from one and the same issue not exceeding 30% of the total net assets of a Sub-fund.**

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

- 3.18 A Sub-fund may acquire the units of UCITS and/or other UCIs referred to in Section 3.4(e) of the General Section, 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.
- 3.19 Investments made in units of UCIs other than UCITS may not exceed, in aggregate, 30% of the net assets of the Sub-fund.

- 3.20 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 Sections 3.6 to 3.15 of the General Section.
- 3.21 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 (i) neither charge subscription, conversion or redemption fees on account of the Sub-fund's investment in the units of such UCITS and/or other UCIs (ii) nor any management fees exceeding 0.25% of the proportion of the Sub-fund's net assets invested in the units of such UCITS and/or other UCIs.
- 3.22 If a Sub-fund invests a substantial proportion of its assets in other UCITS and/or other UCIs that are not 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), 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.
- 3.23 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.

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

- 3.24 If, because of reasons beyond the control of the Company or the exercising of subscription rights, the limits mentioned in this Section 3 of the General Section 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 interests of the Shareholders.
- 3.25 Provided that they continue to observe the principles of risk diversification, newly established Sub-funds may deviate from the limits mentioned under Sections 3.6 to 3.21 of the General Section for a period of six months following the date of their initial launch.
- 3.26 If an issuer of Eligible Investment 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 3.6 to 3.15, 3.16, 3.17 and 3.18 to 3.23 of the General Section.

#### ***Investment prohibitions***

- 3.27 The Company is prohibited from:
- (a) acquiring equities with voting rights that would enable the Company to exercise a significant influence over the management of the issuer in question;
  - (b) acquiring more than:
    - (i) 10% of the non-voting shares of the same issuer;

- (ii) 10% of the debt securities issued by the same issuer;
- (iii) 10% of the Money Market Instruments issued by the same issuer; or
- (iv) 25% of the units of one and the same UCITS and/or other UCI.

The limits laid down in the second, third and fourth indents 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 OECD Member State 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) Carrying out uncovered sales of Transferable Securities, Money Market Instruments or other financial instruments;
- (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 sub-paragraphs (e), (g) and (h) of Section 3.4 of the General Section that are not fully paid up.

***Risk management and limits with regard to derivative instruments***

- 3.28 Each Sub-fund shall ensure that its global exposure relating to derivative instruments does not exceed the total net value of its portfolio.
- 3.29 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 sub-paragraphs.
- 3.30 If a Sub-fund invests in financial derivative instruments the exposure to the underlying assets may not exceed in aggregate the investment limits laid down in Sections 3.6 to 3.15 of the General Section. When the Sub-fund invests in index-based financial derivative instruments, these limits do not have to be combined with the limits laid down in Sections 3.6 to 3.15 of the General Section.
- 3.31 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.

### *Investments between Sub-funds*

3.32 A 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 Sub-fund is subject to the following conditions:

- (a) the Sub-fund may not invest more than 10% of its net assets in a single Target Sub-fund, this limit being increased to 20% if the Sub-fund is permitted, pursuant to its investment objective, to invest more than 10% of its net assets in units or shares of UCITS or other UCIs or in one single such UCITS or other UCIs;
- (b) the Target Sub-fund may not invest in the Sub-fund;
- (c) the Target Sub-fund may not invest more than 10% of its net assets in UCITS (including other Sub-funds) or other UCIs;
- (d) the voting rights attached to the Shares of the Target Sub-fund are suspended during the investment by the Sub-fund;
- (e) the value of the Share of the Target Sub-fund held by the Sub-fund are not taken into account for the purpose of assessing the compliance with the EUR1,250,000, respectively the equivalent thereof in the consolidation currency (USD) of the Company, minimum capital requirement; and
- (f) to the extent required by Luxembourg law, duplication of management, subscription or redemption fees is prohibited.

3.33 The Company may, to the widest extent permitted by the Luxembourg laws and regulations (i) create any Sub-fund qualifying either as a feeder UCITS (a "**Feeder UCITS**") or as a master UCITS (a "**Master UCITS**"), (ii) convert any existing Sub-fund into a Feeder UCITS, or (iii) change the Master UCITS of any of its Feeder UCITS.

A Feeder UCITS shall invest at least 85% of its assets in the units or shares of another Master UCITS. A Feeder UCITS may hold up to 15% of its assets in one or more of the following:

- (a) ancillary liquid assets;
- (b) financial derivative instruments, which may be used only for hedging purposes;
- movable or immovable property which is essential for the direct pursuit of its business.

For the purposes of compliance with Section 3.21 to 3.31, the Feeder UCITS shall calculate its global exposure related to financial derivative instruments by combining its own direct exposure under the second indent above with either:

- (a) the Master UCITS actual exposure to financial derivative instruments in proportion to the Feeder UCITS investment into the Master UCITS; or
- (b) the Master UCITS potential maximum global exposure to financial derivative instruments provided for in the Master UCITS management regulations or instruments of incorporation in proportion to the Feeder UCITS investment into the Master UCITS.

## 4. TECHNIQUES AND INSTRUMENTS

- 4.1 The Company is authorised to employ techniques and instruments relating to Transferable Securities and Money Market Instruments, provided that such techniques and instruments are used for the purpose of efficient portfolio management, i.e. they (i) are economically appropriate and realised in a cost-effective way, (ii) aim at a reduction of risk or cost and/or (iii) aim at generating additional capital or income for the Sub-fund with an appropriate level of risk, taking into account its risk profile and the risk diversification rules set out under this Section 4, and (iv) the risks are adequately captured by the risk management process of the Company.
- 4.2 Such techniques and instruments include securities lending transactions, sale with right of repurchase transactions (*operations à réméré*) and reverse repurchase transactions/repurchase transactions (*operations de prise/mise en pension*).
- 4.3 Under no circumstances will these operations cause a Sub-fund to diverge from its Investment Objectives as laid down in this Prospectus or result in additional risk higher than its risk profile as described in this Prospectus.

### *Securities lending transactions*

- 4.4 The Company may, in accordance with applicable laws and regulations, including in particular the provisions of CSSF circular 08/356, as amended or substituted from time to time, and the ESMA Guidelines on ETFs and other UCITS issues (ESMA/2014/937), as amended or substituted from time to time, enter into securities lending transactions subject to the following rules:
- (a) The Company may lend the securities to a counterparty either:
    - (i) directly; or
    - (ii) through a standardised lending system organised by a recognised clearing institution; or
    - (iii) through a lending system organised by a first class institution subject to prudential supervision rules considered by the CSSF as equivalent to those prescribed by Community law and specialising in this type of transaction.
  - (b) The borrower must in all cases be subject to prudential supervision rules considered by the CSSF as equivalent to those prescribed by Community law.
  - (c) The Company must receive collateral which complies with the requirements set out under Section 4.8 of the General Section, previously or simultaneously to the transfer of the securities lent, either by the borrower or the intermediary acting on its own account. In case the intermediary is a lending system as set out under Section 4.4(a)(ii) and (iii) of the General Section, securities lent may be transferred before the receipt of the collateral by the borrower if such intermediary assures the proper completion of the transaction.
  - (d) The Company will ensure that the volume of the securities lending transactions is kept at an appropriate level that enables it, at all times, to meet redemption requests and that these transactions do not jeopardise the management of the Company's assets in accordance with its investment policy.
  - (e) The global valuation of the securities lent during the reference period will be disclosed in the financial reports of the Company.

- (f) The revenues achieved from securities lending transactions, net of operational costs, remain with the Company to be re-invested accordingly. Direct and indirect operational costs that may be deducted from the revenues delivered to the Company may cover up to 0.5%. The Company and the Management Company ensure that sufficient collateral is provided consistent with regulatory requirements and best market practices. The Company and the Management Company also will represent the securities lending activities to investors and will inform them regularly about collateral details, risk parameters and lending program performance.

***Sale with right of repurchase transactions, reverse repurchase and repurchase agreement transactions***

4.5 General rules

- (a) The Company may only enter into sale with right of repurchase transactions, reverse repurchase and repurchase agreement transactions with counterparties which are subject to prudential supervision rules considered by the CSSF as equivalent to those prescribed by Community law.
- (b) The Company will provide separate information on securities (i) purchased with a repurchase option or under reverse repurchase agreements, or (ii) sold with a repurchase option or under repurchase agreements in its financial reports, disclosing the total amount of outstanding transactions on the date of reference of these reports.
- (c) The Company will ensure to maintain the value of the relevant transactions at a level such that it is able, at all times, to meet redemption requests.

4.6 Specific rules applicable to the purchase of securities with a repurchase option and reverse repurchase agreement transactions

In addition to the rules set out under Section 4.5 of the General Section, the purchase of securities with a repurchase option and reverse repurchase agreement transactions by the Company will comply with applicable laws and regulations, including in particular the provisions of CSSF circular 08/356, as amended or substituted from time to time, and the ESMA Guidelines on ETFs and other UCITS issues (ESMA/2014/937), as amended or substituted from time to time, and are subject to the following rules:

- (a) Securities that are the subject of purchase with a repurchase option transaction or that may be purchased in reverse repurchase agreements are limited to:
  - (i) short term bank certificates or Money Market Instruments;
  - (ii) bonds issued or guaranteed by a OECD Member State or by their local public authorities or by supranational institutions and undertakings with EU, regional or world-wide scope;
  - (iii) shares or units issued by money market UCIs calculating a daily net asset value and being assigned a rating of AAA or its equivalent;
  - (iv) bonds issued by non-governmental issuers offering an adequate liquidity;
  - (v) shares quoted or negotiated on a regulated market of an EU Member State or on a stock exchange of an OECD Member State, on the condition that these shares are included in a main index.



- (b) During the duration of a purchase with a repurchase option agreement, the Company may not sell the securities which are the subject of the contract, before the counterparty has exercised its option or until the deadline for the repurchase has expired, unless the Company has other means of coverage. During the duration of the reverse repurchase agreement, the Company may not sell or pledge/give as security the securities purchased through this contract, except if the Company has other means of coverage.
- (c) The securities purchased with a repurchase option must be in accordance with the Company's investment policy and must, together with the other securities that the Company holds in its portfolio, globally comply with the Company's investment restrictions.

#### ***Limitation of net exposure and eligible collateral***

##### **4.7 Limitation of net exposure**

- (a) For each securities lending transaction, the collateral received by the Company in accordance with Section 4.4(c), must be, during the lifetime of the lending agreement, at least equivalent to 90% of the global valuation (interests, dividends and other eventual rights included) of the securities lent.
- (b) The net exposure (exposure less collateral received by the Company, subject to eligibility requirements set out in Section 4.8 below) to a single counterparty of the Company arising from one or more securities lending transactions, sale with right of repurchase transactions and/or reverse repurchase/repurchase transactions will be taken into account for the purpose of the 20% restriction set out in Section 3.7 above.

##### **4.8 Eligible collateral**

- (a) The Company must value on a daily basis the collateral received.
- (b) The agreement concluded between the Company and the counterparty must include provisions to the effect that the counterparty must provide additional collateral at very short term in case the value of the collateral already granted appears to be insufficient in comparison with the amount to be covered. Furthermore, the aforementioned agreement must, if appropriate, provide for safety margins that take into consideration exchange risks or market risks inherent to the assets accepted as collateral.
- (c) The collateral must normally take the form of cash, short term certificates, Money Market Instruments, bonds or shares satisfying at all times the following criteria:
  - (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 provisions of Article 48 of the 2010 Act.
  - (ii) Valuation – collateral received should be valued on at least a daily basis and assets that exhibit high price volatility should not be accepted as collateral unless suitably conservative haircuts are in place.
  - (iii) Issuer credit quality – collateral received should be of high quality.

- (iv) Correlation – the collateral received by the Company 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 Company receives from a counterparty of efficient portfolio management and over-the-counter financial derivative transactions a basket of collateral with a maximum exposure to a given issuer of 20% of each Sub-fund's net asset value. When the Company 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 derogation to the above, a Sub-fund may be fully collateralised in different transferable securities and money market instruments issued or guaranteed by a EU Member State, one or more of its local authorities, a third country, or a public international body to which one or more EU Member States belong. The Sub-fund should receive securities from at least six different issues, but securities from any single issue should not account for more than 30% of its Net Asset Value. In case it is intended that a Sub-fund will be fully collateralised in securities issued or guaranteed by a Member State, this fact shall be disclosed in the relevant Special Section, along with an indication of the EU Member States, local authorities, or public international bodies issuing or guaranteeing securities.
- (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) Where there is a title transfer, the collateral received should be held by the Depositary. For other types of collateral arrangement, the collateral can be held by a third party custodian which is subject to prudential supervision, and which is unrelated to the provider of the collateral
- (viii) Collateral received should be capable of being fully enforced by the UCITS at any time without reference to or approval from the counterparty.

- (d) For each class of assets which may be received as collateral, a haircut policy may be applied as determined by the Management Company based on the quality of the collateral. A haircut is a discount applied to the value of a collateral asset to account for the fact that its valuation or liquidity profile, may deteriorate over time. The haircut policy takes account of the characteristics of the relevant asset class, including the credit standing of the issuer of the collateral, the price volatility of the collateral and the results of any stress tests which may be performed in accordance with the collateral management policy. Subject to the framework of agreements in place with the relevant counterparty, which may or may not include minimum transfer amounts, it is the intention of the Management Company that any collateral received by the Company shall have a value, adjusted in light of the haircut policy, which equals or exceeds the relevant counterparty exposure where appropriate.

The Management Company will apply haircuts to the collateral received by the Company according to the below table:

| <b>Collateral Instrument Type</b>                         | <b>Haircut</b> |
|---|----------------|
| Cash in the Reference Currency of the respective Sub-fund | 100%           |

In case of unusual market volatility, the Management Company reserves the right to temporarily increase the haircut it applies to collateral for such period of time and in such measure as justified by the circumstances. As a consequence, the Company will receive more collateral to secure its counterparty exposure. Should that situation persist, this haircut policy will be updated accordingly.

- (e) The Company must make sure that:
- (i) it is able to claim its rights on the collateral in case of occurrence of an event requiring the execution thereof;
  - (ii) the collateral is available at all times, either directly or through the intermediary of a first class institution or a wholly-owned subsidiary of this institution; in such a manner that the Company is able to appropriate or realise the assets given as collateral, without delay, if the counterparty does not comply with its obligation to return the securities;
  - (iii) that its contractual rights relating to the relevant transactions permit, in case of a liquidation, of a reorganisation or in any other situation of equal ranking, to discharge its obligation to return the assets received as collateral, if and to the extent that the restitution cannot be undertaken on the terms initially agreed; and
  - (iv) during the duration of the agreement the collateral is not sold or given as a security or pledged, except when the Company has other means of coverage.

***Reinvestment of cash provided as collateral***

4.9 If the collateral is given in the form of cash, such cash may be reinvested by the Company in:

- (a) shares or units in money market UCIs calculating a daily net asset value and being assigned a rating of AAA or its equivalent;

- (b) short-term bank deposits;
  - (c) Money Market Instruments;
  - (d) short-term bonds issued or guaranteed by an EU Member State, Switzerland, Canada, Japan or the United States or by their local authorities or by supranational institutions and undertakings with EU, regional or world-wide scope;
  - (e) bonds issued or guaranteed by first class issuers offering an adequate liquidity; and
  - (f) reverse repurchase agreement transactions according to the provisions described under Sections 4.5 and 4.6 of the General Section.
- 4.10 Financial assets other than bank deposits and units or shares of UCIs acquired by means of reinvestment of cash received as collateral, must be issued by an entity not affiliated to the counterparty.
- 4.11 Financial assets other than bank deposits must not be safekept by the counterparty, except if they are segregated in an appropriate manner from the latter's own assets. Bank deposits must in principle not be safekept by the counterparty, unless they are legally protected from consequences of default of the latter.
- 4.12 Financial assets may not be pledged/given as collateral, except if the Company has sufficient liquid assets enabling it to return the collateral by cash payment.
- 4.13 Short-term bank deposits, Money Market Instruments and bonds referred to in Section 4.9(b) through (d) of the General Section must be Eligible Investments.
- 4.14 The exposure arising from the reinvestment of collateral received by the Company must be taken into account for the purpose of the diversification rules applicable to Company as outlined above.
- 4.15 If the short-term bank deposits referred to in Section 4.9(b) of the General Section are likely to expose the Company to a credit risk vis-à-vis the safekeeper, the Company must not invest more than 20% of its assets in such deposits made with the same body.
- 4.16 The reinvestment must, in particular if it creates a leverage effect, be taken into account for the calculation of the Company's global exposure. Any reinvestment of collateral provided in the form of cash in financial assets providing a return in excess of the risk free rate, is subject to this requirement.
- 4.17 Reinvestments must be specifically mentioned with their respective value in an appendix to the financial reports of the Company.

## **5. DESCRIPTION OF THE SHARES**

- 5.1 Shares may only be issued in registered form.
- 5.2 In respect of Shares issued in registered form, the entry into the register of Shareholders is conclusive evidence of ownership. The register of the Shareholders will be kept by the Registrar and Transfer Agent on behalf of the Company. 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(es) of Shares held by his/her/it and the transfer of Shares and the dates of such transfers.
- 5.3 Each Share in the Company entitles the Shareholder to one vote at all general meetings of shareholders. However, the exercise of voting rights associated with Shares held by Restricted Persons may in relation to those Shares be refused by the Company at general meetings of Shareholders.
- 5.4 All Shares must be fully paid up. Shares have no nominal value or preferential rights. Fractional Shares are issued up to three decimals. Fractional Shares confer no voting rights, but do entitle the Shareholder to participate proportionally in the distribution of net income and in the proceeds of liquidation of the respective Sub-fund or Share Class.
- 5.5 Unless otherwise provided for in the relevant Special Section, the Company will also have the right to accept subscriptions through contributions in kind of assets to a Sub-fund in lieu of cash in accordance with Section 6.19 below.
- 5.6 For each Sub-fund, the Directors 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.
- 5.7 All shares in a Sub-fund have, as a matter of principle, the same rights, unless the Company decides to issue different Classes within a Sub-fund. From time to time, the Company can decide to create two or more Classes. In terms of their characteristics and rights, Classes can be distinguished according to the manner in which revenues are applied, to the fee structure, the use of foreign currency hedging contracts or other specific characteristics and rights. From Launch Date, all Shares participate equally in income, gains and liquidation revenue for their respective Class. Provided Classes have been established in respective Sub-fund, these are detailed in the relevant Special Section to this Prospectus, together with details of their specific characteristics and rights.
- 5.8 The use of foreign currency hedging contracts can occur for Shares whose Reference Currency, which is given in brackets for a Class, is not identical with the Reference Currency of the Sub-fund. By using foreign currency hedging contracts, the Company tries to hedge the currency risk of the Reference Currency of a Class against the Reference Currency of the Sub-fund. It is anticipated that currency risks will be hedged to a large extent although there is no guarantee that a complete hedging of the currency risk can be achieved. In the event of a currency hedging in favour of the Reference Currency of a Class, this Class is appended with a "h" in the Specific Section. All fees and costs (as well as gains and losses) associated with the currency hedging carried out for the specific purpose of the relevant hedged Class shall be borne by the Class in question.

## **6. SUBSCRIPTION FOR SHARES**

- 6.1 During the Initial Offering Period or on the Initial Offering 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. The Company or the Management Company may reject any subscription in whole or in part, in their absolute discretion and without liability.

- 6.2 After the Initial Offering Period, the Initial Offering 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 Transaction Day. The Company may decide that for a particular Class or Sub-fund no further Shares will be issued after the Initial Offering Period or Initial Offering 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.
- 6.3 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 of Shares. 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.
- 6.4 Shareholders or prospective investors may subscribe for Shares of 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 Offering Period, the Initial Offering Date or the Class Launch Date; or
  - (b) the Net Asset Value per Share or Adjusted Price calculated in respect of the relevant Valuation Day on which the subscription is effected where the subscription relates to a subsequent offering (other than the Initial Offering Period, the Initial Offering Date or the Class Launch Date) of Shares of an existing Class in an existing Sub-fund.
- 6.5 The applicable Minimum Subscription Amount and Minimum Subsequent Subscription Amount may be waived or varied on a case-by-case basis, by the Company or the Management Company.
- 6.6 If an investor wants to subscribe 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 or the respective Sub-fund or Class, the Management Company or the Distributor, as specified in respect of a Sub-fund in the relevant Special Section. The subscription price may in addition be increased by other fees or charges as will the case being specified in respect of a Sub-fund or Class in the relevant Special Section. Furthermore, specific charges may be incurred in the relevant jurisdiction where the Shares will be offered.

### ***Subscription procedure***

- 6.7 Subscription applications must be submitted to the Registrar and Transfer Agent, a Distributor or the paying agents. The respective collecting agents are obliged to forward the subscription applications to the Registrar and Transfer Agent without undue delay. The relevant date and time for the application of the Subscription Cut-Off-Time is the date and time of reception of the respective subscription application by the Registrar and Transfer Agent.
- 6.8 Complete subscription applications received by the Registrar and Transfer Agent by the Subscription Cut-Off-Time on the relevant Transaction Day at the latest as specified in respect of each Sub-fund in the relevant Special Section will be processed on the first Valuation Day following such Transaction Day on the basis of the Net Asset Value per Share or Adjusted Price calculated in respect of such Valuation Day. Any subscription applications received after the Subscription Cut-Off

Time on the relevant Transaction Day will be deferred to the next Transaction Day and will be dealt with on the basis of the Net Asset Value per Share or Adjusted Price calculated in respect of the Valuation Day immediately following such next Transaction Day.

- 6.9 In the event that the subscription application is incomplete (i.e. all requested papers are not received by the Registrar and Transfer Agent 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.
- 6.10 Different time limits may apply if subscription applications are made through a Distributor. No Distributor is permitted to withhold subscription applications to personally benefit from a price change. Investors should note that they might be unable to purchase or redeem Shares through a Distributor on days that such Distributor is not open for business. Certain Distributors may be authorized to offer Shares via Internet, also assisted by other sub-distributors, in accordance with applicable laws and regulations in the relevant countries of distribution. The Company will however not accept any direct subscriptions via Internet.

### ***Payment Procedure***

- 6.11 The subscription monies will have to be credited to the account held by the Depositary in cleared funds for the full amount of the subscription price (plus any Subscription Fee or other applicable fees as specified in respect of a Sub-fund or Class in the relevant Special Section) of the Shares being subscribed for pursuant to the subscription application within 3 Business Days following the relevant Valuation Day (unless otherwise specified in respect of a Sub-fund or Class in the relevant Special Section).
- 6.12 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 and the Management Company 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 Company.
- 6.13 Subscribers for Shares must make payment in the Reference Currency or an Authorised Payment Currency of the relevant Sub-fund or Class. Subscription monies received in another currency than the Reference Currency (i.e., an Authorised Payment Currency) will be exchanged by the Depositary on behalf of the investor at normal banking rates. Any such currency transaction will be effected by the Depositary at the investor's risk and cost. Such currency exchange transactions may delay any transaction in Shares.
- 6.14 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 15 of the General Section.
- 6.15 In the event that the Company or the Management Company decides 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).

### ***Issuance of Shares***

- 6.16 The number of Shares issued to a subscriber or Shareholder in connection with the foregoing procedures will be equal to the subscription monies provided by the subscriber or Shareholder divided by:

- (a) the Initial Subscription Price, in relation to subscriptions made in connection with an Initial Offering Period, an Initial Offering Date or a Class Launch Date; or
- (b) the Net Asset Value per Share or Adjusted Price of the relevant Class and in the relevant Sub-fund as of the relevant Valuation Day.

6.17 With regard to the Initial Offering Period or Initial Offering Date, Shares will be issued on the Launch Date. With regards to the Class Launch Date, Shares will be issued on the Class Launch Date.

### ***Ownership Restrictions***

6.18 A person who is a Restricted Person may not invest in the Company. The Shares have not been registered under the US Securities Act and the Company has not been registered under the US Investment Company Act. The Shares may not be offered, sold, transferred or delivered, directly or indirectly, in the United States of America, its territories or possessions or to US Persons (as defined in Regulation S under the US Securities Act). Neither the Shares nor any interest therein may be beneficially owned by any other US Person. The sale and transfer of Shares to US Persons is restricted and the Company may repurchase Shares held by a US Person or refuse to register any transfer to a US Person as it deems appropriate to assure compliance with the US Securities Act.

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

6.19 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 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 the contribution in kind are borne by the Shareholder acquiring shares in this manner.

### ***Institutional Investors***

6.20 The sale of Shares of certain Sub-funds or Classes may be restricted to institutional investors within the meaning of Article 174 of the 2010 Act (**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 8.14 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, the Management Company or their agents, and notify the relevant Shareholder of such conversion.

6.21 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 CSSF.



- 6.22 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 or the Management Company for direct ownership of the Shares.

## 7. CONVERSION OF SHARES

- 7.1 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/her/its 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 Offering Period or Initial Offering Date (as will be set forth in the relevant Special Section).
- 7.2 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 conversion application to the Registrar and Transfer Agent, a Distributor or the paying agents.
- 7.3 The respective collecting agents are obliged to forward the conversion applications to the Registrar and Transfer Agent without undue delay. The relevant date and time for the application of the Conversion Cut-Off-Time is the date and time of reception of the respective subscription application by the Registrar and Transfer Agent.
- 7.4 Complete conversion applications received by the Registrar and Transfer Agent by the Conversion Cut-Off Time on the relevant Transaction Day at the latest as specified in respect of a Sub-fund in the relevant Special Section will be processed on the first Valuation Day following such Transaction Day on the basis of the Net Asset Value per Share or Adjusted Price calculated in respect of such Valuation Day. Any conversion applications received after the Conversion Cut-Off Time on the relevant Transaction Day will be deferred to the next Transaction Day and will be dealt with on the basis of the Net Asset Value per Share or Adjusted Price calculated in respect of the Valuation Day immediately following such next Transaction Day.
- 7.5 The conversion request must state the number of Shares of the relevant Classes in the relevant Sub-fund, which the Shareholder wishes to convert.
- 7.6 If any application for conversion is received in respect of any one Transaction Day (the **First Transaction 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 Transaction Day so that not more than 10% of the total net assets of the Sub-fund be redeemed or converted on such First Transaction Day. To the extent that any application is not given full effect on such First Transaction 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 Transaction Day and, if necessary, subsequent Transaction Days

with a maximum of 7 Transaction Days. With respect to any application received in respect of the First Transaction Day, to the extent that subsequent applications will be received in respect of following Transaction Days, such later applications will be postponed in priority to the satisfaction of applications relating to the First Transaction Day, but subject thereto will be dealt with as set out in the preceding sentence.

- 7.7 A Conversion Fee, in favour of Sub-fund from which the Shares are converted, of up to 1% of the Net Asset Value or Adjusted Price of the Shares of the relevant Class of the relevant new Sub-fund to be issued may be levied to cover conversion costs. The same rate of Conversion Fee will be applied to all conversion requests (deemed) received on the same Transaction Day.
- 7.8 Conversion of Shares will be effected on the first Valuation Day after the relevant Transaction Day, 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 or Adjusted Price of the relevant Class in the relevant Sub-fund determined in relation to that Valuation Day; 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 or Adjusted Price for Shares of the relevant Class in the (new) Sub-fund determined in relation to that Valuation Day.
- 7.9 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.
- 7.10 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 in accordance with the rules laid down in Section 13 of the General Section.
- 7.11 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.

## **8. REDEMPTION OF SHARES**

### ***Timing, form of redemption applications***

- 8.1 Shares in a Sub-fund may be redeemed at the request of the Shareholders on any day that is a Transaction Day. Redemption applications must be sent to the Registrar and Transfer Agent, a Distributor or the paying agents. The respective collecting agents are obliged to forward the redemption applications to the Registrar and Transfer Agent without undue delay. The relevant date and time for the application of the Redemption Cut-Off-Time is the date and time of reception of the respective redemption application by the Registrar and Transfer Agent.
- 8.2 Complete redemption applications received by the Registrar and Transfer Agent by the Redemption Cut-Off Time on the relevant Transaction Day at the latest as specified in respect of each Sub-fund in the relevant Special Section will be processed on the first Valuation Day following such Transaction Day on the basis of the Net Asset Value per Share or Adjusted Price calculated in respect of such Valuation Day. Redemption applications received after the Redemption Cut-Off Time will be deferred to the next Transaction Day and will be processed on the basis of the Net

Asset Value per Share or Adjusted Price calculated in respect of the Valuation Day immediately following such next Transaction Day.

- 8.3 The Board, the Management Company, the Registrar and Transfer Agent and the Distributor(s) will ensure that the relevant Redemption Cut-Off-Time is strictly complied with and will therefore take all adequate measures to prevent practices known as "Late Trading".
- 8.4 Redemption applications must be for either a number of Shares or an amount denominated in the Reference Currency or an Authorised Payment Currency of the Class of the Sub-fund. 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 redemption 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 application was made by a Shareholder of the Company. Failure to provide appropriate documentation to the Registrar and Transfer Agent may result in the withholding of redemption proceeds.

#### ***Redemption Price***

- 8.5 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 respectively Sub-fund or Class, 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.

#### ***Redemption Fee***

- 8.6 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 respectively Sub-fund or Class, 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.

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

- 8.7 Payment of the redemption proceeds will be made generally within 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 has not paid for within the required subscription settlement period, in circumstances where the redemption proceeds would exceed the subscription amount that he owes, the Company will be entitled to retain such excess for the benefit of the Company.

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

- 8.8 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/her/its Shares.
- 8.9 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.

### ***Suspension of redemption***

8.10 Redemption of Shares may be suspended for certain periods of time as described under Section 15 of the General Section.

### ***10% Gate***

8.11 If any application for redemption is received in respect of the First Transaction 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 First Transaction Day so that not more than 10% of the total net assets of the Sub-fund be redeemed or converted on such First Transaction Day. To the extent that any application is not given full effect on such First Transaction 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 Transaction Day and, if necessary, subsequent Transaction Days with a maximum of 7 Transaction Days. With respect to any application received in respect of the First Transaction Day, to the extent that subsequent applications will be received in respect of following Transaction Days, such later applications will be postponed in priority to the satisfaction of applications relating to the First Transaction Day, but subject thereto will be dealt with as set out in the preceding sentence.

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

8.12 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 or Adjusted Price 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 or Adjusted Price 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.

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

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

8.14 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 or becomes a US Person (or is acting for or on behalf of a US Person); or

- (c) the Shareholder is or becomes a Restricted Person (or is acting for or on behalf of a Restricted Person); or
- (d) that 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
- (e) the continuing ownership of Shares by such Shareholder may be prejudicial to the Company or any of its Shareholders; or
- (f) 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.

## **9. TRANSFER OF SHARES**

9.1 All transfers of registered 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 registered Share will be signed by or on behalf of the transferor. The transferor will be deemed to remain the holder of the registered 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 registered 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 registered 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 among others a declaration as to whether the proposed transferee (i) is a US Person or acting for or on behalf of a US Person or (ii) is a Restricted Person or acting for or on behalf of a Restricted Person. Prior to the entering of the transferee on the Share register, all know-your-customer (KYC) requirements pursuant to Luxembourg law will have to be complied with in respect of the transferee.

9.2 The Company may decline to register a transfer of registered 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 12.2 of this General Section.

## **10. LISTING OF THE SHARES**

10.1 The Company may decide from time to time to apply for the listing of Shares of a particular Sub-fund or Class of Shares at the Luxembourg Stock Exchange as will be set out the case being in the

specific Special Section.

- 10.2 To the extent that Shares will be listed at the Luxembourg Stock Exchange, such Shares shall be freely negotiable and transferable on the Luxembourg Stock Exchange upon their admission to trading thereon and the trades registered thereon may not be cancelled by the Company,
- 10.3 The transfer restrictions and eligibility requirements, as set out in particular under Section 9 above, will apply to any investor to which Shares are transferred on the Luxembourg Stock Exchange. Accordingly, the Company reserves the right to compulsorily redeem any Shares held in breach of any such transfer restrictions or eligibility requirements.

## **11. ANTI-MONEY LAUNDERING AND TERRORIST FINANCING REQUIREMENTS**

- 11.1 Pursuant to international rules and Luxembourg laws and regulations, obligations have been imposed on all professionals of the financial sector to prevent the use of undertakings for collective investment for money laundering purposes.
- 11.2 Measures aimed towards the prevention of money laundering, as provided by (but not limited to) the Luxembourg laws of 19 February 1973 to combat drug addiction, as amended, of 5 April 1993, relating to the financial sector, as amended, and of 12 November 2004 on the fight against money laundering and terrorist financing, as amended (the "2004 Law"), the Grand Ducal Regulation of 1st February 2010 providing details on certain provisions of the 2004 Law, the CSSF Regulation N° 12-02 of 14 December 2012 on the fight against money laundering and terrorist financing and the CSSF Circular 13/556 concerning the entry into force of CSSF Regulation N° 12-02 of 14 December 2012 on the fight against money laundering and terrorist financing, may require a detailed verification of a prospective investor's identity. These measures are the responsibility of the Company.
- 11.3 These measures may require the Registrar and Transfer Agent 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/her passport or identification card duly certified by a competent authority (e.g. embassy, consulate, notary, police officer, 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, 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 Registrar and Transfer Agent in order to ensure the identification of the final beneficial owner of the Shares.
- 11.4 Until satisfactory proof of identity is provided by potential investors or transferees as determined by the Registrar and Transfer Agent, 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 Registrar and Transfer Agent will not be liable for any interest, costs or compensation.
- 11.5 In case of a delay or failure to provide satisfactory proof of identity, the Registrar and Transfer Agent may take such action as it thinks fit.

## **12. MARKET TIMING AND LATE TRADING**

- 12.1 Prospective investors and Shareholders should note that the Company may reject or cancel any subscription or conversion 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.

- 12.2 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 or the Management Company, compulsorily redeem Shares or reject any subscription orders and conversions orders from any investor that the Company or the Management Company reasonably believes has engaged in Market Timing activity. For these purposes, the Company and the Management Company may consider an investor's trading history in the Sub-funds and accounts under common control or ownership.
- 12.3 The Company, the Management Company and the Board will not be held liable for any loss resulting from rejected orders or mandatory redemption.
- 12.4 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.

### **13. CALCULATION OF NET ASSET VALUE**

- 13.1 The Company, each Sub-fund and each Class in a Sub-fund have a Net Asset Value determined in accordance with the Articles. The Consolidation Currency of the Company is the USD. 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 Administrative Agent for each Valuation Day on the NAV Calculation Day, 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.
- 13.2 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 Administrative Agent at such time as the Board shall determine on 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 to be processed on such Valuation Day).
- 13.3 If the Sub-fund has more than one Class in issue, the Administrative Agent 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 to be processed on such Valuation Day).
- 13.4 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.
- 13.5 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.

13.6 The assets of the Company will be valued as follows:

- (a) The value of any cash in hand or on deposit, bills and demand notes and accounts receivable, prepaid expenses, cash dividends and interest declared or accrued and not yet received shall be deemed to be the full amount thereof, unless in any case the same is unlikely to be paid or received in full, in which case the value thereof shall be arrived at after making such discount as Directors or their delegate may consider appropriate in such case to reflect the true value thereof;
- (b) The value of Transferable Securities, Money Market Instruments and financial derivative instruments are valued on the basis of the last available price of the relevant stock exchange or regulated market on which these securities or assets are traded or admitted for trading. Where such securities or other assets quoted or dealt in on one or more than one stock exchange or regulated market, the Board or its delegate shall adopt policies as to the order of priority in which such stock exchanges or other regulated markets shall be used for the provisions of prices of securities or assets;
- (c) If a Transferable Security or Money Market Instrument is not traded or admitted on any official stock exchange or an regulated market, or in the case of Transferable Securities or Money



Market Instruments so traded or admitted where the last available price is not representative of their fair market value, the Board or its delegate shall proceed on the basis of their reasonably foreseeable sales price, which shall be valued with prudence and in good faith;

- (d) OTC Derivatives will be valued in accordance with market practice. For certain Sub-funds using OTC Derivatives as part of their main Investment Policy, the valuation method of the OTC Derivative may be further specified in the relevant Special Section;
- (e) Units or shares of UCITS and UCIs shall be valued on the basis of their last available net asset value, as reported by such undertakings;
- (f) Liquid assets and Money Market Instruments may be valued at nominal value plus any accrued interest.

13.7 If any of the aforementioned valuation principles do not reflect the valuation method commonly used in specific markets or if any such valuation principles do not seem accurate for the purpose of determining the value of a Sub-fund's assets, the Board or its delegate may adopt different valuation principles in good faith and in accordance with generally accepted valuation principles and procedures.

13.8 Determinations of the Net Asset Value are made generally in accordance with Luxembourg generally accepted accounting principles. In the absence of bad faith, negligence or manifest error, every decision in determining the Net Asset Value taken by the Management Company will be final and binding on the relevant Sub-fund and on present, past and future Shareholders.

#### **14. PRICE ADJUSTMENT POLICY**

14.1 The basis on which the assets of each Sub-fund are valued for the purposes of calculating the Net Asset Value per Share is set out in Section 13 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 Share 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 price adjustment to the Net Asset Value per Share.

14.2 Shares will in principle be issued and redeemed on the basis of a single price, i.e., the Net Asset Value per Share. However – to mitigate the effect of dilution – the Net Asset Value per Share may be adjusted in respect of 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 in respect of such Valuation Day to arrive at the applicable adjusted price (the **Adjusted Price**). Where there is no dealing in a Sub-fund or Class of a Sub-fund in respect of 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 price adjustment. As a general rule, the requirement to make a price adjustment will depend upon the volume of subscriptions or redemptions of Shares in the relevant Sub-fund. The Company may make a price adjustment if, in its opinion, the existing Shareholders (in case of subscriptions) or remaining Shareholders (in case of redemptions) might otherwise be adversely affected. In particular, the price 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 in respect of 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 price adjustment.

14.3 The price 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% of the then applicable Net Asset Value per Share. However, this adjustment limit may be increased by the Board in exceptional circumstances to protect Shareholders' interests.

14.4 The Adjusted Price of each Class in the Sub-fund will be calculated separately but any price adjustment will in percentage terms affect the Adjusted Price of each Class in an identical manner. On the occasions when the price adjustment is not made there may be an adverse impact on the total assets of a Sub-fund.

## **15. SUSPENSION OF DETERMINATION OF NET ASSET VALUE, ISSUE, REDEMPTION AND CONVERSION OF SHARES**

15.1 The Company or the Management 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 of shares;
- (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.

15.2 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 Management Company will notify Shareholders requesting redemption or conversion of their Shares of such suspension.

15.3 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.

15.4 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 Registrar and Transfer Agent 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.

## **16. FISCAL YEAR AND REPORTING – SHAREHOLDERS' MEETING**

### ***Fiscal Year - Reporting***

16.1 The Fiscal Year will begin on 1 January and terminate on 31 December of each year.

16.2 Audited annual reports of the end of each Fiscal Year will be established as at 31 December of each year. In addition, unaudited semi-annual reports will be established as per the last day of the month of June. 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 Management Company. The first audited annual report will be established as at **31 December 2015** and the first unaudited semi-annual reports will be established as at **30 June 2016**.

16.3 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 USD.

16.4 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.

16.5 The Net Asset Value per Share and Adjusted Price of each Class within in each Sub-fund will be made public at the offices of the Company, the Management Company and the Administrative Agent on each NAV Calculation Day.

16.6 Documents available for inspection by Shareholders free of charge, during usual business hours at the offices of the Company, the Management Company and the Administrative Agent in

Luxembourg (copies of these documents may also be delivered without cost to Shareholders at their request):

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

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

16.8 A copy of the Prospectus, key investor information document, the most recent financial statements and the Articles may be obtained free of charge upon request at the registered office of the Company or the Management Company.

### ***General Meeting of Shareholders***

16.9 The annual general meeting of the Shareholders in the Company shall be held at the registered office of the Company or on the place specified in the convening notice on the last Friday in May of each year at 2:00 pm (Luxembourg time). If this day is a legal or banking holiday in Luxembourg, the annual general meeting will be held on the preceding Business Day.

16.10 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 will be published to the extent required by Luxembourg law in the Mémorial and in any Luxembourg and other newspaper(s) that the Board may determine.

16.11 Such notices shall contain the agenda, the date and place of the meeting, the conditions of admission to the meeting and they shall 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. Financial statements of the Company will be made available to the Shareholders in accordance with Luxembourg law.

16.12 To the extent permitted by law, 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.

## **17. FEES AND EXPENSES**

### ***Fees and expenses payable directly by the Company***

#### ***Formation and launching expenses***

17.1 The Company shall bear all the costs and expenses incurred in connection with the formation of the Company, including any setting up fees (which may be charged by the Management Company or

any third party in relation to the preparation of the initial fund documents and the initial organisation of the Company) and notary fees, and the creation and launching of the Initial Sub-fund. Any such costs and expenses will be written off over a period not exceeding five years.

- 17.2 Expenses incurred in connection with the creation and launching of any additional Sub-fund may be borne by the relevant Sub-fund and be written off over a period not exceeding five years. Hence, the additional Sub-funds will not bear a *pro rata* proportion of the formation and launching expenses incurred on behalf of, or in connection with, the formation of the Company and the launching of the Initial Sub-fund.
- 17.3 In relation to the launching of a particular Sub-fund, a start-up fee to be borne out of the Sub-fund's assets may be provided for in respect of a particular Sub-fund or Class to cover the start up activity (which may extent over the first year) in relation to e.g. the initial structuring of the investment strategy and of the Sub-fund's portfolio, being however understood that such fee will not cover any transaction costs incurred in building up the portfolio. To the extent that such a start-up fee will be applicable in respect of a particular Sub-fund or Class, the details thereof will be set out in respect of the relevant Sub-fund or Class in the respective Special Section. Any such fee may be written off over a period not exceeding five years.

#### *Operation and administration expenses*

- 17.4 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 and/or filing and printing the Articles and all other documents concerning the Company (in such languages as are necessary), including registration statements, prospectuses, key investor information documents 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 costs of registering the Shares for public distribution and/or the maintenance of such registration; 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 (and Adjusted Price); the cost of preparing, distributing and publishing 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; any director fees or remuneration (in an amount of up to EUR 10,000 p.a. per director) and reasonable travel expenses incurred by them; fees payable in respect of the domiciliation of the Company; costs for calculating the risk and performance figures and the calculation of performance-related fees for the Management Company by third parties appointed to do so; the costs related to the use of index names, in particular licence fees; costs charged at usual rates in relation to the assuming of the promoter function; auditors costs; 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 of administrative and other expenses of a regular or recurring nature based on an estimated amount rateably for yearly or other periods.

- 17.5 The Depositary is entitled to receive fees out of the assets of each Class within each Sub-fund pursuant to the relevant agreement between the Depositary and the Company and in accordance with usual market practice. The Depositary is entitled to receive, out of the assets of each Class within each Sub-fund, a variable fee of the Net Asset Value subject to a minimum fee per annum as further described in the Depositary Agreement. The respective variable fee will be set out in respect of each Sub-fund or Class, if applicable, in the relevant Special Section.

Further information on the custodian fee payable to the Depositary under the Depositary Agreement (including the applicable minimum fee per annum) can be obtained by investors from the Management Company upon request. In addition, the Depositary is entitled to recover from the Company sub-custody fees, transaction charges, and out-of-pocket expenses at normal commercial rates.

- 17.6 The Paying Agent is entitled to receive fees out of the assets of the Company, in accordance with usual market practice and pursuant to the Depositary Agreement.

- 17.7 The Administrative Agent is entitled to receive, out of the assets of each Class within each Sub-fund, a variable fee which will be set out in respect of each Sub-fund or Class, if applicable, in the relevant Special Section and which will be calculated on the average net assets of the Sub-fund. This fee may be subject to a minimum fee per month as further described in the Administration Agreement. Further information on the administration fee payable to the Administrative Agent under the Administration Agreement (including the applicable minimum fee per annum) can be obtained by investors from the Management Company upon request. In addition, the Administrative Agent is entitled to any reasonable expenses properly incurred in carrying out its duties under the Administration Agreement.

- 17.8 The Registrar and Transfer Agent is entitled to receive such fees as will be set out in respect of each Sub-fund or Class, if applicable, in the relevant Special Section. This fee may be subject to a minimum fee as further described in the Registrar and Transfer Agent Agreement. Further information on the registrar and transfer agent fee payable to the Registrar and Transfer Agent under the Registrar and Transfer Agent Agreement (including the applicable minimum fee) can be obtained by investors from the Management Company upon request. In addition, the Registrar and Transfer Agent may be entitled to any reasonable expenses properly incurred in carrying out its duties.

#### *Management Company Fee and related expenses*

- 17.9 In consideration for all services provided by the Management Company, the Management Company is entitled to a Management Company Fee which will be set out in respect of each Sub-fund or Class, if applicable, in the relevant Special Section and which will be calculated on the average net assets of the Sub-fund or Class, if applicable. To the extent that the Management Company provides in accordance with the Management Company Agreement domiciliation services to the Company, the Management Company shall in addition be entitled to a yearly domiciliation fee amounting at EUR 10,000.-.

#### *Remuneration of the Investment Manager(s) or Investment Adviser(s)*

- 17.10 If an Investment Manager or Investment Adviser is entitled to receive a remuneration out of the assets of a Sub-fund, then such remuneration will be disclosed in respect of each Sub-fund or Class, if applicable, in the relevant Special Section. The remuneration of the Investment Manager(s) or Investment Adviser(s) may be payable to the Management Company or be included in the Management Company Fee, in which case the Management Company will pay the respective Investment Manager or Investment Adviser out of such remuneration. If no separate remuneration of

the Investment Manager(s) or Investment Adviser(s) will be disclosed in the Special Section, such remuneration may be deemed included in the Management Company Fee.

#### *Performance Fee*

- 17.11 A performance related fee may be applicable in respect of a particular Sub-fund or Class within that Sub-fund. If a performance related fee will be applicable, the details thereof will be disclosed in respect of the concerned Sub-fund or Class in the relevant Special Section.

#### *Distribution Fees*

- 17.12 The Distributors may be entitled for the services they render and for expenses incurred in connection with the sale of Shares and/or in connection with services rendered to Shareholders and for managing Shareholder accounts. If a distribution fee will be applicable, the details thereof will be disclosed in respect of the concerned Sub-fund or Class in the relevant Special Section.

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

- 17.13 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. In case some Sub-funds are invested in other Luxembourg UCIs, which in turn are subject to the subscription tax provided for by the 2010 Act, no subscription tax is due from the Company on the portion of assets invested therein.

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

#### *Subscription Fee*

- 17.14 If an investor wants to subscribe 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 respectively Sub-fund or the Distributor, unless otherwise specified in respect of a Sub-fund in the relevant Special Section.

#### *Redemption Fee*

- 17.15 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 respectively Sub-fund, unless otherwise specified in respect of a Sub-fund in the relevant Special Section.

#### *Conversion Fee*

- 17.16 A Conversion Fee, in favour of Sub-fund from which the Shares are converted, of up to 1% of the Net Asset Value or Adjusted Price of the Shares of the relevant Class of the relevant new Sub-fund to be issued may be levied to cover conversion costs. The same rate of Conversion Fee will be applied to all conversion requests received on the same Transaction Day.

### **18. DIVIDEND POLICY**

- 18.1 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, respectively the equivalent thereof in the consolidation currency (USD) of the Company.

- 18.2 Over and above the distributions mentioned in the preceding paragraph, the Board may decide to the payment of interim dividends in the form and under the conditions as provided by law.
- 18.3 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.
- 18.4 For Distribution Classes, dividends, if any, may be declared and distributed on an annual basis. Moreover, interim dividends may be declared and distributed from time to time at a frequency determined by the Company within the conditions set forth by law.
- 18.5 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 shall 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.
- 18.6 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.

## **19. LIQUIDATION AND MERGER OF SUB-FUNDS OR CLASSES**

### **Dissolution of the Company**

- 19.1 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, respectively the equivalent thereof in the consolidation currency (USD) of the Company), 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 shall pass resolutions by simple majority of the Shares represented at the meeting.
- 19.2 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 Shares represented at the meeting.
- 19.3 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.
- 19.4 If the Company is dissolved, the liquidation shall 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 Mémorial 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. Any amounts unclaimed by the Shareholders at the closing of the liquidation of 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 shall be forfeited.

- 19.5 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 shall be deemed void.

## **Merger**

- 19.6 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 Sections 19.6 to 19.13, the term UCITS also refers to a sub-fund of a UCITS and the term Company also refers to a Sub-fund.
- 19.7 The decision of the Board to merge pursuant to 19.6 above must be approved by a general meeting of Shareholders (or, for a merger involving one or more Sub-funds, general meeting(s) of Shareholders of the relevant Sub-fund(s)), such decision to be taken by simple majority of the votes cast by Shareholders present or represented at the relevant general meeting of Shareholders. Any merger leading to termination of the Company must be approved by Supermajority Resolution at the Shareholders' meeting.
- 19.8 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.
- 19.9 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 Sections 19.6 to 19.13 and the 2010 Act.
- 19.10 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.
- 19.11 Under the same circumstances as provided by Section 19.14 below, the Board may decide to allocate the assets of a Sub-fund to those of another existing Sub-fund within the Company 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 in the same manner as described in Section 19.4 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.
- 19.12 Notwithstanding the powers conferred to the Board by Section 19.11 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 upon 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.
- 19.13 For 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.

## **Liquidation of Sub-funds or Classes**

- 19.14 If, for any reason, the net assets of a Sub-fund or attributable to any Class fall below the Minimum Net Asset Value, respectively 1/10 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. Liquidation proceeds which could not be distributed to the Shareholders upon the conclusion of the liquidation of a Sub-fund or Class will be deposited with the *Caisse de Consignation* on behalf of such beneficiaries.
- 19.15 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.
- 19.16 All the Shares redeemed will be cancelled.

## **20. TAXATION**

### **Tax treatment of the Company**

- 20.1 Under present Luxembourg law and administrative practice, neither the Company nor any of its Sub-funds is liable for any Luxembourg corporate income tax ("CIT"), municipal business tax ("MBT"), and net wealth tax ("NWT"). The Company (or each of its Sub-funds) is however liable in Luxembourg to a subscription tax payable on its total net assets at a rate of 0.05% per annum (except for Sub-funds or Classes which are reserved to Institutional Investors or UCIs which are subject to a tax at a reduced rate of 0.01% p.a. on net assets), payable quarterly. In the case some Sub-funds are invested in other Luxembourg UCIs, which in turn are subject to the subscription tax provided for by the 2010 Act, no subscription tax is due by the Company on the portion of assets invested therein.
- 20.2 No capital duty (droit d'apport) is due upon the incorporation of the Company. However, a fixed registration duty of EUR 75.- has been introduced and has to be paid upon incorporation and upon subsequent amendments (if any) to the Articles.
- 20.3 Dividends and interest, if any, received by the Company from investments may be subject to taxes and/or withholding taxes in the countries concerned at varying rates, such (withholding) taxes usually not being recoverable. The Company may be liable for certain other foreign taxes.

### **Tax treatment of the Shareholders**

- 20.4 Under current legislation, Shareholders are not subject to any taxation on income, taxation on capital

gains, transfer or withholding tax in Luxembourg on the holding, sale, purchase, transfer or repurchase of shares of the Company, except for (i) those Shareholders domiciled, resident of or having a permanent establishment or permanent representative in Luxembourg, or (ii) the withholding tax referred to in Section 20.7 (Council Directive 2003/48/EC regarding the taxation of savings income in the form of interest payment).

- 20.5 The information referred to in this section is limited to the Luxembourg taxation of the Shareholders not resident in Luxembourg in respect of their investment in the Shares.
- 20.6 EU Savings Directive General rules
- 20.7 Except in case of application of the Council Directive 2003/48/EC regarding the taxation of savings income in the form of interest payments (the "EU Savings Directive"), Luxembourg generally does not levy any withholding tax on (i) interest paid by a Luxembourg SICAV or (ii) dividend distributions made by a Luxembourg SICAV or (iii) payments made upon redemption/refund/sale of its shares by a Luxembourg SICAV (or any of its sub-funds).
- 20.8 The EU Savings Directive (adopted on 3 June 2003 by the EU Council of Economic and Finance Ministers) is in principle applied by EU Member States as from 1 July 2005 and has been implemented in Luxembourg by the laws of 21 June 2005, as amended. Under this directive, each EU Member State is required to provide to the tax authorities of another EU Member State details of payments of interest or other similar income paid by a paying agent within the meaning of the EU Savings Directive to an individual resident or certain types of entities called "residual entities", within the meaning of Article 4.2 of the EU Savings Directive, established in that other EU Member State. For a transitional period, however, Austria and Luxembourg are permitted to apply an optional information reporting system whereby if a beneficial owner, within the meaning of the EU Savings Directive, does not comply with one of two procedures for information reporting, the relevant EU Member State will levy a withholding tax on payments to such beneficial owner. The withholding tax system will apply for a transitional period during which the rate of the withholding is 35%. The transitional period is to terminate at the end of first full fiscal year following agreement by certain non-EU countries to the exchange of information relating to such payments
- 20.9 On 18 March 2014, the Luxembourg government has submitted to the Luxembourg Parliament the draft Bill N° 6668 on taxation of savings income putting an end to the current withholding tax regime as from 1 January 2015 and implementing the automatic exchange of information as from that date. This draft Bill is in line with the announcement of the Luxembourg government dated 10 April 2013
- 20.10 A number of non-EU countries (Switzerland, Andorra, Liechtenstein, Monaco and San Marino) and certain dependent or associated territories (Jersey, Guernsey, Isle of Man, Montserrat, British Virgin Islands, the former Netherlands Antilles and Aruba, collectively the "Territories") have agreed to adopt similar measures (either provision of information or transitional withholding) in relation to payments made by a paying agent (within the meaning of the EU Savings Directive) established within such countries or Territories to, or collected by such a paying agent for, inter alia, a "residual entity" established in a EU Member State. In addition, Luxembourg has entered into reciprocal provision of information or transitional withholding arrangements with those Territories in relation to payments made by a paying agent established in Luxembourg to, or collected by such a paying agent for, inter alia, a "residual entity" established in one of those Territories.
- 20.11 On 24 March, 2014, the Council of the European Union adopted a directive amending the Savings Directive (the "Amending Savings Directive") strengthening European Union rules on the exchange of information on savings income in order to enable the Member States to better clamp down on tax fraud and tax evasion. The Amending Savings Directive would amend or broaden the scope of the

requirements described above. It would in particular enlarge the scope of the Savings Directive to cover new types of savings income and products that generate interest or equivalent income and the scope of the tax authorities requirements to be complied with. The Member States would have until 1st January, 2016 to adopt the national legislation necessary to comply with the Amending Savings Directive

### **Application to a Luxembourg fund set up under Part I of the 2010 Act**

20.12 Payments of dividends by a Luxembourg SICAV set up under Part I of the 2010 Act or payments upon redemption/refund/sale of shares of such SICAV (or any of its sub-funds) can potentially be characterised as interest payments and fall within the scope of the EU Savings Directive if the beneficial owner is an individual resident or a so-called "residual entity" established in a EU member state other than Luxembourg or one of the Territories. Payments arising from the shares of such SICAV (or any of its sub-funds) falling within the scope of the EU Savings Directive would be subject to withholding tax at the current rate of 35% unless the investor opts for one of the disclosure of information systems provided by the EU Savings Directive.

20.13 The impact of the EU Savings Directive on income from distributions and redemptions/refund/sale arising from shares in such a SICAV (or any of its sub-funds) will depend on two basic principles: (a) the asset test and (b) the look-through principle.

#### (a) Asset test

- i. If such SICAV (or sub-fund) invests, directly or indirectly, 15% or less of its assets in debt claims: distributions and payments on redemption/refund/sale arising from its shares are out of the scope of the EU Savings Directive (de minimis rule),
- ii. If such SICAV (or sub-fund) invests, directly or indirectly, more than 15%, but not more than 25% of its assets in debt claims: distributions fall under the scope of the EU Savings Directive (but not the redemption/refund/sale of shares or shares),
- iii. If such SICAV (or sub-fund) invests, directly or indirectly, more than 25% of its assets in debts claims: distributions and payments on redemption/refund/sale fall within the scope of the EU Savings Directive.
- iv. When such a SICAV (or sub-fund) invests in another fund, the above asset test is done at the level of the latter to determine if the investment of such SICAV (or sub-fund) in such target fund falls within the scope of the EU Savings Directive.

#### (b) Look-through principle

- i. The principle is that, when a given Luxembourg SICAV (or any of its sub-funds) set up under Part I of the 2010 Act (or a target fund) falls within the scope of the EU Savings Directive according to the asset test (see above), the withholding tax should be levied on the portion of the distribution or payment from the redemption/sale/refund deriving from the accumulated interest received by such SICAV (or sub-fund).
- ii. The ALFI (Association of the Luxembourg Fund Industry or Association Luxembourgeoise des Fonds d'Investissement) advises that each SICAV (or each sub-fund) falling within the scope of the EU Savings Directive determines the level of taxable income for each share (concept of "taxable income per share-unit") on the basis of the portion of interest received by the SICAV (or sub-fund) in order to compute the basis for the withholding tax to be levied on each distribution or profit on redemption/sale/refund.

- iii. When a paying agent has no information concerning the proportion of the income which derives from interest payments, the total amount of the income shall be considered as interest payment.

### **Other jurisdictions**

- 20.14 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.
- 20.15 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.

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

- 20.16 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.
- 20.17 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.
- 20.18 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.

### ***US Tax Withholding and Reporting under the Foreign Account Tax Compliance Act ("FATCA")***

- 20.19 The act commonly known as "**FATCA**" generally impose a new reporting regime and potentially a 30% withholding tax with respect to (i) certain U.S. source income (including dividends and interest) and gross proceeds from the sale or other disposal of property that can produce U.S. source interest or dividends ("**Withholdable Payments**") and (ii) a portion of certain non-U.S. source payments from non-U.S. entities that have entered into FFI Agreements (as defined below) to the extent attributable to Withholdable Payments ("**Passthru Payments**"). As a general matter, the new rules are designed to require U.S. persons' direct and indirect ownership of non-U.S. accounts and non-US entities to be reported to the IRS. The 30% withholding tax regime applies if there is a failure to provide required information regarding U.S. ownership. The new withholding rules will be phased in beginning July 1, 2014.
- 20.20 Generally, the new rules will subject all Withholdable Payments and Passthru Payments received by an FFI to 30% withholding tax (including the share that is allocable to non-U.S. investors) unless the FFI enters into an agreement with the IRS (a "**FFI Agreement**") or complies with the terms of an applicable intergovernmental agreement (an "**IGA**"). Under an FFI Agreement or an applicable IGA, an FFI generally will be required to provide information, representations and waivers of non-U.S. law as may be required to comply with the provisions of the new rules, including, information

regarding its direct and indirect U.S. accountholders.

- 20.21 The governments of Luxembourg and the United States have entered into an IGA regarding FATCA (the "**Luxembourg IGA**"). Provided the Company adheres to any applicable terms of the Luxembourg IGA, the Company would not be subject to withholding or generally required to withhold amounts on payments it makes under FATCA. Additionally, the Company will not have to enter into an FFI agreement with the IRS and instead would be required to obtain information regarding accountholders and report such information to the Luxembourg government, which, in turn, would report such information to the IRS.
- 20.22 In certain circumstances, the Company may liquidate a non-compliant investor's interest in any Sub-fund or form and operate an investment vehicle organized in the United States that is treated as a "domestic partnership" for purposes of section 7701 of the Internal Revenue Code of 1986, as amended and transfer such investor's interest to such investment vehicle. Any tax caused by an investor's failure to comply with FATCA will be borne by such investor.
- 20.23 Each prospective investor should consult its own tax advisors regarding the requirements under FATCA with respect to its own situation.

## **21. RISK FACTORS**

### **General**

- 21.1 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 "Risk Factors" (if any) and "Profile of 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.
- 21.2 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 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.
- 21.3 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.
- 21.4 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.
- 21.5 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 Transaction 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.

- 21.6 Furthermore there can be a higher volatility on the composition of the Sub-fund's portfolio or the used methods of portfolio management.

### **General economic conditions**

- 21.7 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.

### **Indemnities**

- 21.8 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.

### **Key Persons**

- 21.9 The success of the Company or of its Sub-funds will largely depend on the experience, relationships and expertise of the key persons within the Board, the Management Company or the Investment Manager, if any, which have long term experience in the respective area of investment. The performance of the Company or any Sub-fund may be negatively affected if any of the key persons involved in the management or investment process of the Company or particular Sub-fund would for any reason cease to be involved. Furthermore, the key persons might be involved in other businesses, including in similar projects or investment structures, and not be able to devote all of their time to the Company or the respective Sub-fund. In addition the involvement in similar projects or investment structures may create a source for potential conflicts of interest.

### **Exchange rates**

- 21.10 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/her/its 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.

### **Interest rate**

- 21.11 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.
- 21.12 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.

### **Market volatility**

- 21.13 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.

### **Operational risk**

- 21.14 There shall be duplication of management fees and other operating fund related expenses, each time a Sub-fund invests in target funds. The maximum proportion of management fees charged both to the Sub-fund itself and to the target Sub-fund in which the Sub-fund invests shall be disclosed in the annual report of the Company. If the Company invests in the units or shares of target funds that are managed, directly or by delegation, by the 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, the Management Company or other company may not charge subscription or redemption fees on account of the Sub-fund's investment in such units or shares. The value of an investment represented by a target fund in which the Company invests, may be affected by fluctuations in the currency of the country where such target fund invests, or by foreign exchange rules, the application of the various tax laws of the relevant countries, including withholding taxes, government changes or variations of the monetary and economic policy of the relevant countries. Furthermore, it is to be noted that the Net Asset Value per Share will fluctuate mainly in light of the net asset value of the target fund.

### **Credit risk**

- 21.15 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.



## **Investments in emerging markets**

- 21.16 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.
- 21.17 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.
- 21.18 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.
- 21.19 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.
- 21.20 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.
- 21.21 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.

## **Risks in transactions in currencies**

- 21.22 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, the Investment Manager and the 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.

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

21.23 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.

#### *Market risk*

21.24 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.

#### *Control and monitoring*

21.25 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.

#### *Convertible securities risk*

21.26 A Sub-fund may invest in convertible securities, which may be low-rated and which may act like a bond (and be sensitive to interest rate changes) when the underlying equity value is depressed or like a stock (and move in a similar pattern to the stock the security is convertible into) when the underlying equity value approaches or exceeds the initial par value of the convertible security. The values of convertible securities may be affected by the price movement of the underlying securities and the investment in convertible securities may be subject to risk of default, risk related to interest rate changes, and liquidity risk. The value and performance of the Sub-fund may also be affected as a result.

#### *Liquidity risk*

21.27 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).

### *Counterparty risk*

- 21.28 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 the Section 3 of the General Section.
- 21.29 Certain markets in which 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.

### *Lack of availability*

- 21.30 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 Management Company 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.

### *Synthetic Short Selling*

21.31 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.

### *Synthetic Leverage*

21.32 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 21.32 below.

### *Use of specific derivative contracts*

21.33 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.

#### (a) 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.

(b) 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).

(c) 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 its 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.

(d) 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 Board 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 Management Company would otherwise recommend, to the possible detriment of the Sub-funds.

(e) Performance swaps, interest rate swaps, currency swaps, total return swaps, credit default swaps and interest rate swaptions.

The Company, the Management Company or the Investment Manager may, as a part of the investment strategy of a Sub-fund, enter into performance swaps, interest rate swaps, currency swaps, total return 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. Total return swaps involve the exchange of the right to receive the total return, coupons plus capital gains or losses, of a specified reference asset, index or basket of assets against the right to make fixed or floating payments.

Where a Sub-fund enters into interest rate swaps or total return 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 or total return 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 (or in the case of total return swaps, the net amount of the difference between the total rate of return of a reference investment, index or basket of investments and the fixed or floating payments). If the other party to an interest rate swap or total return swap defaults, in normal circumstances the Sub-fund's risk of loss consists of the net amount of interest or total return payments 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 preset 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, total return 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 Board, the Management Company or the 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.

(f) 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.

(g) 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.

*Risks of options trading*

21.34 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.

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

21.35 Futures markets are highly volatile markets. The profitability of the Sub-fund will partially depend on the ability of the Board, the Management Company or the 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 shall 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.

*Futures markets may be illiquid*

21.36 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, the Management Company or the 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.

#### *Options on futures*

21.37 The Company, the Management Company or the Investment Manager 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.

#### *Other risks*

21.38 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.

21.39 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.

#### **Fixed-interest securities**

21.40 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:

21.41 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.

- 21.42 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.
- 21.43 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.

### **High-yield securities**

- 21.44 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.

### **Equities**

- 21.45 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.

### **Use of structured finance securities**

- 21.46 Structured finance securities include, without limitation, securitised credit and portfolio credit-linked notes.
- 21.47 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.

- 21.48 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).
- 21.49 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.
- 21.50 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.
- 21.51 Exposure to structured finance securities may entail a higher liquidity risk than exposure to sovereign bonds which may affect their realisation value.

### **Financial failure of intermediaries**

- 21.52 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.

### **Specific restrictions in connection with the Shares**

- 21.53 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.

### **Taxation**

- 21.54 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.

- 21.55 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.
- 21.56 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.

### **Change of law**

- 21.57 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 Investment Objective followed by a Sub-fund.

### **Performance allocation and fees**

- 21.58 Certain Sub-funds may provide for the right of the Management Company, the Investment Manager or the Investment Adviser to receive a performance fee or similar remuneration schemes. The fact that the remuneration is based on the performance of the relevant Sub-fund may create an incentive for the Management Company or the relevant Service Provider to cause the Sub-fund to make investments that are more speculative than would be the case in the absence of performance-based compensation. However, such incentive may be tempered somewhat by the fact that losses will reduce the Sub-fund's performance and thus the Management Company or Investment Manager's performance fee or similar remuneration scheme.

### **Lack of operating history**

- 21.59 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.

### **Political factors**

- 21.60 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.

### **Securities lending**

- 21.61 Securities lending transactions involve counterparty risk, including the risk that the lent securities may not be returned or returned in a timely manner. Should the borrower of securities fail to return the securities lent by a Sub-fund, there is a risk that the collateral received may be realized at a lower value than the securities lent, whether due to inaccurate pricing of the collateral, adverse market

movements, decrease in the credit rating of the issuer of the collateral or the illiquidity of the market in which the collateral is traded, which could adversely impact the performance of the Sub-fund.

- 21.62 The Company and the Management Company undertake to use their reasonable endeavours to resolve fairly any conflicts of interest that may arise in relation to securities lending (having regard to their respective obligations and duties) and to ensure that the interests of the Fund and the Shareholders are not unfairly prejudiced.

## **22. CONFLICTS OF INTERESTS**

- 22.1 The Directors, the Management Company, the Distributor(s), the Investment Manager(s), the Investment Adviser(s), the Depositary and the Administrative Agent 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(s), the Investment Adviser(s), the Depositary and the Administrative Agent 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 shall 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**

- 22.2 The Directors, the Management Company, the Distributor(s), the Investment Manager(s), the Investment Adviser(s), the Depositary and the Administrative Agent 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; 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 Management Company, the Investment Manager or the Depositary or any subsidiary, affiliate, associate, agent or delegate thereof.
- 22.3 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 activities).
- 22.4 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.
- 22.5 Any such transactions must be carried out as if effected on normal commercial terms negotiated at arm's length.
- 22.6 Notwithstanding anything to the contrary herein and unless otherwise provided for in a Special Section for a particular Sub-fund, the Management Company and/or the Investment Manager(s) or Investment Adviser(s) (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 and/or the Investment Manager(s) or Investment Adviser(s) (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 and/or the Investment Manager(s) or Investment Adviser(s) (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 and/or the Investment Manager(s) or Investment Adviser(s) (if any) in managing a Sub-fund and affect the prices and availability of the securities and instruments in which such Sub-fund invests.

- 22.7 The Management Company and/or the Investment Manager(s) or Investment Adviser(s) (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 and/or the Investment Manager(s) or Investment Adviser(s) (if any) have no obligation to advise any investment opportunities to a Sub-fund which they may advise to other clients.
- 22.8 The Management Company and/or the Investment Manager(s) or Investment Adviser(s) (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 and/or the Investment Manager(s) or Investment Adviser(s) (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.
- 22.9 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.

## SPECIAL SECTION – GREEN ASH SICAV - MULTI ASSET FUND

This Special Section must be read in conjunction with the General Section of the Prospectus. This Special Section refers only to **Green Ash Sicav - Multi Asset Fund** (the **Sub-fund**).

|                              |   |
|------------------------------|---|
| <b>Investment Objective</b>  | <p>The Investment Objective is to achieve positive real returns, over a wide variety of market conditions, from a thematic, actively managed, diversified strategy that is unconstrained in terms of its global allocation to individual equities, bonds, currencies and alternative asset classes.</p>   |
| <b>Investment Philosophy</b> | <p>The Sub-fund’s investment philosophy takes an macroeconomic, thematic approach which is regionally agnostic to identify the most attractive investment opportunities in the global, liquid capital markets. The investment process identifies, but is not limited to, valuation opportunities and sentiment extremes investing across global asset classes, countries, sectors and themes. Asset class and regional exposure are typically unconstrained and can vary significantly from month to month on an opportunistic and dynamic basis. Assets are geographically diverse, and can be in both developed and/or emerging markets.</p> <p>A thematic investment style with equal emphasis on credit and equity market analysis, enabling the Sub-fund to extract maximum value across the capital structure and perform strongly in a number of market environments. Foreign exchange is treated as an independent asset class, opening up additional opportunities to source outperformance. The unconstrained approach allows for allocation of capital dynamically within and across the global liquid asset class spectrum, aiming to access the best opportunity set available. The experienced investment team have a broad and extensive understanding of both fundamental and technical aspects of financial markets.</p> |
| <b>Investment Policy</b>     | <p>The Sub-fund will seek to achieve these Investment Objectives by investing directly in and getting indirect exposure to a wide range of asset classes, including, but not limited to, equity and debt securities, equity related and/or debt related securities, alternative asset classes, deposits with credit institutions, Money Market Instruments and currencies.</p> <p>The equity or equity related securities may be issued by companies of any market capitalisation located anywhere in the world, including emerging markets and may include, without limitation, common stocks, depositary receipts (ADRs, EDRs or GDRs), convertibles, preferred stocks and warrants.</p> <p>The debt and debt related securities may include, without limitation, all varieties of fixed and floating rate income securities, bonds, debt instruments and obligations, treasury bills and debentures, issued or guaranteed by government and government-related issuers (EU Member States, another OECD Member State, another G20 Member State or Singapore, their sub-divisions, agencies or instrumentalities), banks, corporate or other commercial issuers worldwide. The Sub-fund may invest in below investment grade and unrated debt securities of any credit quality.</p>  |

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|  | <p>The indirect exposure, in particular but without limitation, in respect of the alternative asset classes (such as commodities, real estate and infrastructure investments) may be achieved via financial derivative instruments and/ or structured products (as further detailed hereinafter), REITs (qualifying as transferable securities), shares or units of UCITS and/or other UCIs and their respective sub-funds, including in particular open-ended exchange traded funds (ETFs) – provided that the Sub-fund’s investment in shares or units of UCITS and/or other UCIs is limited to 10% of its Net Asset Value.</p> <p>The Sub-fund has a flexible approach to asset allocation, which may vary significantly and exposure to certain markets, sectors or currencies may be concentrated from time to time. The Sub-fund may use both long and short positions (the later being achieved through the use of financial derivative instruments – as further detailed hereinafter) to vary exposure to different asset classes, geographic regions, currencies and market sectors in response to market conditions and opportunities.</p> <p>The Sub-fund may, in accordance with the provisions under the Investment Restrictions in section 3 of the General Section, utilise financial derivative instruments, whether dealt on a regulated market or OTC, for hedging, efficient portfolio management and/ or investment purposes. In particular, but without limitation, the Sub-fund may, in that respect, use futures, options, forwards and other fixed income and currency derivatives. In addition, the Sub-fund may invest in structured products (e.g. certificates), qualifying as transferable securities, provided that if such structured products embedding derivatives, the underlying assets will have to be eligible.</p> <p>Subject to the diversification rules set out in Section 3 of the General Section, the Sub-fund may at any time at the Investment Manager’s discretion move the entire portfolio (i.e. up to 100% of its Net Asset Value) to cash or cash equivalents (which shall include, but shall not be limited to, short-term fixed income securities including commercial papers, Money Market Instruments such as short and medium-term treasury bills and treasury notes (both fixed and floating rate), call money and time deposits).</p> <p><b>There can be no assurance that the investment objective and policy of the Sub-fund will be achieved.</b></p> |
| <p><b>Additional Investment Restrictions</b></p> | <p>In addition to the Investment Restrictions set out in Section 3 of the General Section, the Sub-fund will not invest in aggregate more than 10% of its assets in UCIs or UCITS.</p> <p>Furthermore investments in asset backed securities (ABS) or mortgage backed securities (MBS) will be excluded for the Sub-fund.</p>  |
| <p><b>Investment Manager</b></p>                 | <p><b>Green Ash Partners LLP</b>, with registered offices at 11 Albemarle Street, London, W1S 4HH, United Kingdom.</p> <p>Green Ash Partners LLP is an independent investment management firm under the supervision of the Financial Conduct Authority (FCA) United Kingdom, active in discretionary and advisory asset management services for professional clients only.</p>   |



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| <b>Management Company Fee</b>  | up to 0.15% p.a. based on the average Net Asset Value, subject to a minimum fee of EUR 35,000,- p.a.   |
| <b>Depository Fee</b>  | up to 0.06% p.a. calculated monthly based on the average Net Asset Value, subject to a minimum fee of EUR 15,000,- p.a.  |
| <b>Administration Agent Fee</b>  | up to 0.06% p.a. calculated monthly based on the average Net Asset Value, subject to a minimum fee of EUR 30,000, p.a.-  |
| <b>Registrar and Transfer Agent Fee</b>  | included in the Administration Agent Fee   |
| <b>Risk Management</b>   | The Sub-fund will use the commitment approach to monitor the global exposure.  |
| <b>Launch Date</b>   | 16 June 2015   |
| <b>Reference Currency of the Sub-fund</b>  | USD  |
| <b>Valuation Day</b>   | Every Luxembourg Banking Day   |
| <b>NAV Calculation Day</b>   | The NAV Calculation Day will be the first Business Day following the relevant Valuation Day  |
| <b>Valuta Date (Subscription/Redemption)</b>                                       | The subscription monies will have to be credited to the account held by the Depository in cleared funds for the full amount of the subscription price of the Shares being subscribed for pursuant to the subscription application within 3 Business Days following the relevant Valuation Day  |
| <b>Subscription Cut-Off-Time/ Redemption Cut-Off-Time/ Conversion Cut-Off Time</b> | 5 p.m. (Luxembourg Time) on every Luxembourg Banking Day   |
| <b>Risk profile of the Sub-fund</b>  | <p>The risks pertaining to an investment in the Sub-fund are those related to equity, debt securities and the use of Derivatives. The Sub-fund may have additional risks related to currency.</p> <p>In addition to the risks named in the general section, Risk Factors, the company-specific risk, the general market risk, and the counterparty risk and the risk of settlement default, and to a lesser extent, the emerging-markets risks, the liquidity risk, the country and transfer risks, and the custodial risk should also be mentioned.</p> |
| <b>Profile of the typical investor</b>   | <p>A typical investor is an investor prepared to accept a degree of medium to high volatility particularly over short term periods and which is seeking a diversified investment with a medium to high level of risk. The typical investor will seek to achieve exposure to a wide range of asset classes and a return on investment in the medium to long term.</p> <p>The Sub-fund is most suitable for investors who have an investment horizon of at least three years.</p>  |

|                             |              |
|-----------------------------|--------------|
| <b>Term of the Sub-fund</b> | Infinite     |
| <b>EU Savings Directive</b> | Out of scope |

| <b>Classes of Shares</b>   | <b>Class IA GBP Shares<sup>h</sup></b>    | <b>Class ID GBP Shares<sup>h</sup></b> | <b>Class IA EUR Shares<sup>h</sup></b> | <b>Class RA EUR Shares<sup>h</sup></b> |
|--|---|--|--|--|
| <b>Reference Currency of Share Class</b>                                     | GBP                                       | GBP                                    | EUR                                    | EUR                                    |
| <b>ISIN</b>  | LU1171480509                              | LU1171480681                           | LU1171480764                           | LU1171480848                           |
| <b>WKN</b>   | A14TNR                                    | A14TNS                                 | A14TNT                                 | A14TNU                                 |
| <b>Type of Shares</b>  | Registered shares                         | Registered shares                      | Registered shares                      | Registered shares                      |
| <b>Initial Offer Period</b>  | To be determined by decision of the Board |  |  |  |
| <b>Initial Subscription Price</b>  | GBP 100                                   | GBP 100                                | EUR 100                                | EUR 100                                |
| <b>Valuta Date for Initial Subscription Period (Paying of Initial Price)</b> | To be determined by decision of the Board |  |  |  |
| <b>First NAV Valuation Day</b>   | To be determined by decision of the Board |  |  |  |
| <b>Eligible Investors</b>  | Professional Investors                    | Professional Investors                 | Professional Investors                 | No restriction                         |
| <b>Minimum Subscription Amount</b>   | GBP 500,000                               | GBP 500,000                            | EUR 500,000                            | EUR 10,000                             |
| <b>Minimum Subsequent Subscription Amount</b>                                | GBP 100,000                               | GBP 100,000                            | EUR 100,000                            | EUR 1,000                              |
| <b>Subscription Fee</b>  | None                                      | None                                   | None                                   | None                                   |
| <b>Redemption Fee</b>  | None                                      | None                                   | None                                   | None                                   |
| <b>Investment Management Fee</b>   | 0.80%                                     | 0.80%                                  | 0.80%                                  | Up to 1.50%                            |
| <b>Performance Fee</b>   | None                                      | None                                   | None                                   | None                                   |
| <b>Distribution Fee</b>  | None                                      | None                                   | None                                   | None                                   |
| <b>Distribution Policy</b>   | Accumulating                              | Distributing                           | Accumulating                           | Accumulating                           |

|   |   |   |   |   |
|---|---|---|---|---|
| <b>Subscription Tax (Taxe d'Abonnement)</b> | 0.01% of the average Net Asset Value, payable quarterly | 0.01% of the average Net Asset Value, payable quarterly | 0.01% of the average Net Asset Value, payable quarterly | 0.05% of the average Net Asset Value, payable quarterly |
|---|---|---|---|---|

| <b>Classes of Shares</b>   | <b>Class IA USD Shares</b>      | <b>Class RA USD Shares</b>                |
|--|---------------------------------|---|
| <b>Reference Currency of Share Class</b>                                     | USD                             | USD                                       |
| <b>ISIN</b>  | LU1171480921                    | LU1171481069                              |
| <b>WKN</b>   | A14TNV                          | A14TNW                                    |
| <b>Type of Shares</b>  | Registered Shares               | Registered Shares                         |
| <b>Initial Offer Period</b>  | 16 June 2015 until 24 June 2015 | To be determined by decision of the Board |
| <b>Initial Subscription Price</b>  | USD 100                         | USD 100                                   |
| <b>Valuta Date for Initial Subscription Period (Paying of Initial Price)</b> | 29 June 2015                    | To be determined by decision of the Board |
| <b>First NAV Valuation Day</b>   | 24 June 2015                    | To be determined by decision of the Board |
| <b>Eligible Investors</b>  | Professional Investors          | No restriction                            |
| <b>Minimum Subscription Amount</b>   | USD 500,000                     | USD 10,000                                |
| <b>Minimum Subsequent Subscription Amount</b>                                | USD 100,000                     | USD 1,000                                 |
| <b>Subscription Fee</b>  | None                            | None                                      |
| <b>Redemption Fee</b>  | None                            | None                                      |
| <b>Investment Management Fee</b>   | 0.80%                           | Up to 1.50%                               |
| <b>Performance Fee</b>   | None                            | None                                      |
| <b>Distribution Fee</b>  | None                            | None                                      |
| <b>Distribution Policy</b>   | Accumulating                    | Accumulating                              |

|   |  |  |
|---|--|--|
| <b>Subscription Tax<br/>(Taxe<br/>d'Abonnement)</b> | 0.01% of the average Net Asset Value,<br>payable quarterly | 0.05% of the average Net Asset Value,<br>payable quarterly |
|---|--|--|