

# ARCIPELAGOS SICAV

Société d'Investissement à Capital Variable

1. ARCIPELAGOS SICAV – SUSTAINABILITY MULTISTRATEGY
2. ARCIPELAGOS SICAV – GLOBAL PROFESSIONAL
3. ARCIPELAGOS SICAV – MACAM CREDIT SELECT
4. ARCIPELAGOS SICAV – RED GATE CHINA GROWTH FUND
5. ARCIPELAGOS SICAV – VITAMIN FUND

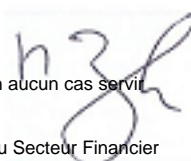
PROSPECTUS

02 November 2020

SUBSCRIPTIONS SHALL ONLY BE VALID IF MADE ON THE BASIS OF THE CURRENT PROSPECTUS ACCOMPANIED BY THE MOST RECENT ANNUAL REPORT AS WELL AS BY THE MOST RECENT SEMI-ANNUAL REPORT IF PUBLISHED MORE RECENTLY THAN THE MOST RECENT ANNUAL REPORT. NO ONE IS AUTHORISED TO STATE OTHER INFORMATION THAN THE ONES CONTAINED IN THE PROSPECTUS AS WELL AS IN THE DOCUMENTS HEREIN MENTIONED, WHICH ARE AVAILABLE TO THE PUBLIC.

VISA 2020/161246-3655-0-PC

L'apposition du visa ne peut en aucun cas servir  
d'argument de publicité  
Luxembourg, le 2020-11-04  
Commission de Surveillance du Secteur Financier



**ARCIPELAGOS SICAV**  
Société d'Investissement à Capital Variable (SICAV)

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**BOARD OF DIRECTORS**

**Chairman:**

- Mr Alessandro Silvestro  
LEMANIK ASSET MANAGEMENT S.A.  
14/F, Manning House,  
38-48 Queen's Road Central, Central,  
Hong Kong

**Directors:**

- Mr Arnaud Schellenberger  
LEMANIK ASSET MANAGEMENT S.A.  
106, route d'Arlon, L-8210, Mamer,  
Grand Duchy of Luxembourg
  
- Mr Paul Heiser  
ADEIS S.A.  
7 avenue de la gare  
L-4734 Petange,  
Grand Duchy of Luxembourg

**REGISTERED OFFICE**

106 route d'Arlon, L-8210 Mamer, Grand Duchy of Luxembourg

**MANAGEMENT COMPANY**

LEMANIK ASSET MANAGEMENT S.A.  
106 route d'Arlon, L-8210 Mamer, Grand Duchy of Luxembourg

**Chairman:**

- Mr Gianluigi SAGRAMOSO

**Vice-Chairman:**

- Mr Carlo SAGRAMOSO

**Director:**

- Mr Philippe MELONI

**DEPOSITARY BANK AND PAYING AGENT**

RBC Investor Services Bank S.A.  
14, Porte de France, L-4360 Esch-sur-Alzette, Grand Duchy of Luxembourg

**DOMICILIARY AGENT**

LEMANIK ASSET MANAGEMENT S.A.  
106 route d'Arlon, L-8210 Mamer, Grand Duchy of Luxembourg

**SUB-ADMINISTRATIVE AGENT AND SUB-REGISTRAR AGENT**

RBC Investor Services Bank S.A.  
14, Porte de France, L-4360 Esch-sur-Alzette, Grand Duchy of Luxembourg

**INVESTMENT MANAGERS**

MAC ASSET MANAGEMENT LTD  
1st floor, 34 South Molton Street, Mayfair, London W1K 5RG, United Kingdom

Red Gate Asset Management Company Limited  
1504 New World Tower I, 18 Queen's Road Central, Hong Kong

2PM Europe S.A.  
West Side Village, 89D rue Pafebruch - 1st floor, L-8308 Capellen - Luxembourg

**AUDITORS**

DELOITTE Audit S.à r.l.  
560, rue de Neudorf, L-2220 Luxembourg  
Grand Duchy of Luxembourg

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## PROSPECTUS

relating to the permanent offer of shares  
in the Company

### ARCIPELAGOS SICAV

**ARCIPELAGOS SICAV** (the “Company”) is listed on the official list of undertakings for collective investment pursuant to the law of **17<sup>th</sup> December 2010** relating to undertakings for collective investment (hereafter referred to as the “Law” or the “Law of 17<sup>th</sup> December 2010”) and submitted to the Law and to the law of 10<sup>th</sup> August 1915 on commercial companies (the “1915 Law”). It is subject in particular to the provisions of **Part I of the Law of 17<sup>th</sup> December 2010**, which relates specifically to undertakings for collective investment in transferable securities (“UCITS”), as defined by the European Directive. However, such listing does not require any Luxembourg authority to approve or disapprove either the adequacy or the accuracy of this Prospectus or the portfolio of securities held by the Company. Any representation to the contrary would be unauthorised and unlawful.

The Company’s board of directors (the “Board of directors”) has taken all possible precautions to ensure that the facts indicated in this Prospectus are exact and precise and that no point of any importance has been omitted which could render erroneous any of the statements set forth herein.

Any information or representation not contained herein, in the Appendixes to the Prospectus or in the reports, which form an integral part hereof, must be regarded as unauthorised. Neither the remittance of this Prospectus, nor the offer, issue or sale of shares of the Company will constitute a representation that the information given in this Prospectus is correct as of any time subsequent to the date hereof. In order to take account of important changes such as the opening of a new Sub-Fund of shares, this Prospectus, as well as its Appendixes will be updated at the appropriate time. Subscribers are therefore advised to contact the Company in order to establish whether any later Prospectus has been published.

References to the terms or abbreviations set out below designate the following currencies:

EUR: Euro

CHF: Swiss Franc

USD: United States Dollar

# I. GENERAL DESCRIPTION

## 1. INTRODUCTION

**ARCIPELAGOS SICAV** is an investment company with variable share capital consisting of various Sub-Funds, each relating to a portfolio of specific assets made up of Transferable Securities, Money Market Instruments and other eligible assets in compliance with article 41 of the Law denominated in various currencies. The characteristics and investment policies of each Sub-Fund are defined in Appendix III.

The capital of the Company is divided into several Sub-Funds each of which may offer several class of shares, as defined in Section III below and for each Sub-Fund in accordance with the respective provisions described in the Sub-Fund's relevant data sheet under Appendix III.

The Company may create new Sub-Funds. In such an event, this Prospectus will be amended accordingly and will contain detailed information on the new Sub-Funds in its Sub-Funds' data sheets under Appendix III.

The actual opening of any new Sub-Fund, category or class of shares within a Sub-Fund mentioned in the Prospectus will be decided by the Board of Directors. More particularly, the Board of Directors will determine the initial subscription price and subscription period/day, as well as the payment date of those initial subscriptions.

The shares of each Sub-Fund of the Company are issued and redeemed at prices calculated for each Sub-Fund with a frequency in accordance with the respective provisions described in the Sub-Fund's relevant data sheet under Appendix III and provided the banks in Luxembourg are open for business (a "Bank Business Day") on this day (the calculation day so defined being hereafter referred to as a "Valuation Day").

The Net Asset Value of each Sub-Fund of shares will be expressed in its reference currency, as stipulated in the Sub-Fund's relevant data sheet under Appendix III.

The reference currency of the Company is expressed in Euro.

## 2. THE COMPANY

The Company was incorporated in Luxembourg for an unlimited period on 21<sup>st</sup> January 2004 under the name "**ARCIPELAGOS SICAV**".

The minimum capital as provided by law is set at EUR 1,250,000.00 (one million two hundred and fifty thousand Euro). The Company's capital is at all times equal to the sum of the values of the net assets of its Sub-Funds and represented by shares of no par value.

Variations in the capital are effected "ipso jure" (automatically by the effect of law).

The Company's articles of incorporation ("Articles of Incorporation") were published in the Luxembourg Official Gazette on 9<sup>th</sup> February 2004, after having been filed with the *Registre de Commerce et des Sociétés*, where they may be consulted and where copies may be obtained upon payment of the applicable charges. The Company's Articles of Incorporation were last amended by notarial deed of June 17<sup>th</sup>, 2015 and published in the Luxembourg Official Gazette on July 14<sup>th</sup>, 2015.

The Company is entered in the *Registre de Commerce et des Sociétés* in Luxembourg under the number B 98.520.

## II. MANAGEMENT AND ADMINISTRATION

### 1. BOARD OF DIRECTORS

The Board of Directors is responsible for the administration and management of the Company and of the assets of each Sub-Fund. It may carry out all acts of management and administration on behalf of the Company; it may in particular purchase, sell, subscribe or exchange any Transferable Securities, Money Market Instruments and other eligible assets and exercise all rights directly or indirectly attached to the Company's assets.

The list of the members of the Board of Directors, as well as of the other administrative bodies in operation may be found in this Prospectus and in the periodic reports.

### 2. DEPOSITARY BANK AND PAYING AGENT, SUB-ADMINISTRATIVE AGENT AND SUB-REGISTRAR AGENT

The Company has appointed RBC Investor Services Bank S.A. ("**RBC**"), having its registered office at 14, Porte de France, L-4360 Esch-sur-Alzette, Grand Duchy of Luxembourg, as depositary bank and principal paying agent (the "**Depositary**") of the Company with responsibility for the

- (a) safekeeping of the assets,
- (b) oversight duties and
- (c) cash flow monitoring

in accordance with the Law, as amended, and the Depositary Bank and Principal Paying Agent Agreement dated 11 August 2016 and entered into between the Company and RBC (the "**Depositary Bank and Principal Paying Agent Agreement**").

RBC Investor Services Bank S.A. is registered with the Luxembourg Register for Trade and Companies (RCS) under number B-47192 and was incorporated in 1994 under the name "First European Transfer Agent". It is licensed to carry out banking activities under the terms of the Luxembourg law of 5 April 1993 on the financial services sector and specialises in custody, fund administration and related services. Its equity capital as at 31 October 2019 amounted to approximately EUR 1,226,823,73.-.

The Depositary has been authorized by the Company to delegate its safekeeping duties (i) to delegates in relation to other Assets and (ii) to sub-custodians in relation to Financial Instruments and to open accounts with such sub-custodians.

An up to date description of any safekeeping functions delegated by the Depositary and an up to date list of the delegates and sub-custodians may be obtained, upon request, from the Depositary or via the following website link:

<http://gmi.rbcits.com/rt/gss.nsf/Royal+Trust+Updates+Mini/53A7E8D6A49C9AA285257FA8004999BF?opendocument>.

The Depositary shall act honestly, fairly, professionally, independently and solely in the interests of the Company and the Shareholders in the execution of its duties under the Law, as amended, and the Depositary Bank and Principal Paying Agent Agreement.

Under its oversight duties, the Depositary will:

- ensure that the sale, issue, repurchase, redemption and cancellation of Shares effected on behalf of the Company are carried out in accordance with the Law, as amended, and with the Company's Articles of Incorporation,
- ensure that the value of Shares is calculated in accordance with the Law, as amended, and the Company's Articles of Incorporation,



- carry out the instructions of the Company or the Management Company acting on behalf of the Company, unless they conflict with the Law, as amended, or the Company's Articles of Incorporation,
- ensure that in transactions involving the Company's assets, the consideration is remitted to the Company within the usual time limits,
- ensure that the income of the Company is applied in accordance with the Law, as amended, or the Company's Articles of Incorporation.

The Depositary will also ensure that cash flows are properly monitored in accordance with the Law, as amended, and the Depositary Bank and Principal Paying Agent Agreement.

### **Depositary Bank's conflicts of interests**

From time to time conflicts of interests may arise between the Depositary and the delegates, for example where an appointed delegate is an affiliated group company which receives remuneration for another custodial service it provides to the Company. On an ongoing basis, the Depositary analyses, based on applicable laws and regulations any potential conflicts of interests that may arise while carrying out its functions. Any identified potential conflict of interest is managed in accordance with the RBC's conflicts of interests' policy which is subject to applicable laws and regulation for a credit institution according to and under the terms of the Luxembourg law of 5 April 1993 on the financial services sector.

Further, potential conflicts of interest may arise from the provision by the Depositary and/or its affiliates of other services to the Company and/or other parties. For example, the Depositary and/or its affiliates may act as the depositary, custodian and/or administrator of other funds. It is therefore possible that the Depositary (or any of its affiliates) may in the course of its business have conflicts or potential conflicts of interest with those of the Company, the Management Company and/or other funds for which the Depositary (or any of its affiliates) act.

RBC has implemented and maintains a management of conflicts of interests' policy, aiming namely at:

- Identifying and analysing potential situations of conflicts of interests;
- Recording, managing and monitoring the conflicts of interests situations in:
  - Implementing a functional and hierarchical segregation making sure that operations are carried out at arm's length from the Depositary business;
  - Implementing preventive measures to decline any activity giving rise to the conflict of interest such as:
    - RBC and any third party to whom the custodian functions have been delegated do not accept any investment management mandates;
    - RBC does not accept any delegation of the compliance and risk management functions.
    - RBC has a strong escalation process in place to ensure that regulatory breaches are notified to compliance which reports material breaches to senior management and the board of directors of RBC.
    - A dedicated permanent internal audit department provides independent, objective risk assessment and evaluation of the adequacy and effectiveness of internal controls and governance processes.

RBC confirms that based on the above no potential situation of conflicts of interest could be identified.

An up to date information on conflicts of interest policy referred to above may be obtained, upon request, from the Depositary or via the following website link: [https://www.rbcits.com/AboutUs/CorporateGovernance/p\\_InformationOnConflictsOfInterestPolicy.aspx](https://www.rbcits.com/AboutUs/CorporateGovernance/p_InformationOnConflictsOfInterestPolicy.aspx)

In its capacity as Transfer Agent and Registrar Agent, the Management Company delegates its duties to RBC Investor Services Bank S.A. (hereafter referred to as the "Sub-Registrar Agent"), pursuant to an agreement signed on June 30<sup>th</sup>, 2015 between the Management Company, the Company and RBC Investor Services Bank S.A..

As Sub-Registrar Agent, RBC Investor Services Bank S.A. is responsible for processing the issue (registration), redemption and conversion of shares in the Company, for the settlement arrangements thereof, as well as for keeping official records of the Shareholders' Register.

In its capacity as Administrative Agent, the Management Company delegates its duties to RBC Investor Services Bank S.A. (hereafter referred to as the "Sub-Administrative Agent"), pursuant to an agreement signed on June 30<sup>th</sup>, 2015 between the Management Company and RBC Investor Services Bank S.A..

As Sub-Administrative Agent, RBC Investor Services Bank S.A. is responsible for the calculation of the Net Asset Value per share, the maintenance of records and other general administrative functions.

In order to provide those services as described above, RBC must enter into outsourcing arrangements with third party service providers in- or outside the RBC group (the Sub-contractors). As part of those outsourcing arrangement, RBC may be required to disclose and transfer personal and confidential information and documents about the Shareholders and individuals related to the Shareholders (the Related Individuals) (the Data transfer) (such as identification data – including the Shareholder's and/or the Related Individual's name, address, national identifiers, date and country of birth, etc. – account information, contractual and other documentation and transaction information) (the Confidential Information) to the Sub-contractors. In accordance with Luxembourg law, a description of the purposes of the said outsourcing arrangements, the Confidential Information that may be transferred to Sub-contractors thereunder, as well as the country where those Sub-contractors are located is therefore set out in the below table.

Type of Confidential Information transmitted to the Sub-contractors	Country where the Sub-contractors are established	Nature of the outsourced activities
Confidential Information (as defined above)	Belgium Canada Hong Kong India Ireland Jersey Luxembourg Malaysia Poland Singapore United Kingdom United States of America	Transfer agent/ shareholders services (incl. global reconciliation) Treasury and market services IT infrastructure (hosting services, including cloud services) IT system management / operation Services IT services (incl. development and maintenance services) Reporting Investor services activities

Confidential Information may be transferred to Sub-contractors established in countries where professional secrecy or confidentiality obligations are not equivalent to the Luxembourg professional secrecy obligations applicable to RBC. In any event, RBC is legally bound to, and has committed to the Company that it will enter into outsourcing arrangements with Sub-contractors which are either subject to professional secrecy obligations by application of law or which will be contractually bound to comply with strict confidentiality rules. RBC further committed to [the UCI] that it will take reasonable technical and organisational measures to ensure the confidentiality of the Confidential Information subject to the Data Transfer and to protect Confidential Information against unauthorised processing. Confidential Information will therefore only be accessible to a limited number of persons within the relevant Sub-contractor, on "a need to know" basis and following the principle of the "least privilege". Unless otherwise authorised/required by law, or in order to

comply with requests from national or foreign regulatory authorities or law enforcement authorities, the relevant Confidential Information will not be transferred to entities other than the Sub-contractors.

By subscribing in the Company, the Shareholder has consented and agreed to the communication of the Confidential Information by RBC to the Sub-contractors.

### 3. MANAGEMENT COMPANY

Lemanik Asset Management S.A. (the "Management Company"), is appointed as management company, principal distributor, administrative agent, registrar and transfer agent, as well as domiciliary agent of the Company pursuant to the agreement signed on June 4<sup>th</sup>, 2008 between the Company and the Management Company.

The Management Company is a company incorporated under Luxembourg law with registered office situated at 106, route d'Arlon, L-8210 Mamer, Luxembourg. The company was incorporated for an indeterminate period in Luxembourg on 1<sup>st</sup> September 1993 in the form of a joint stock company (i.e., a société anonyme), in accordance with the 1915 Law, as subsequently amended. Its capital is actually in the amount of EUR 2.000.000 (two millions Euros).

The deed of incorporation of the company was published in the Luxembourg Official Gazette (i.e., *Mémorial, Recueil des Sociétés et Associations* or the *Recueil électronique des Sociétés et Associations*, as the case may be) on 5<sup>th</sup> October 1993 (Luxembourg Trade and Companies Register n° 44.870). The coordinated articles of incorporation have been published in the Luxembourg Official Gazette on 5<sup>th</sup> October 1993. The articles of incorporation of the Management Company were last amended by notarial deed of June 6<sup>th</sup>, 2015 and published in the Luxembourg Official Gazette on August 25<sup>th</sup>, 2015.

The Management Company is governed by Chapter 15 of the Law of 17<sup>th</sup> December 2010 and, in this capacity, is responsible for the collective management of the Company's portfolio. As provided in Appendix II to the Law, these duties encompass the following tasks:

- (I) asset management, the Management Company may:
  - provide all advice and recommendations as to the investments to be made,
  - enter into contracts, buy, sell, exchange and deliver all Transferable Securities and any other assets,
  - exercise, on behalf of the Company, all voting rights attaching to the Transferable Securities constituting the Company's assets.
  
- (II) administration, which encompasses:
  - a) legal services and accounts management for the Company,
  - b) follow-up of requests for information from clients,
  - c) valuation of portfolios and calculation of the value of Company shares (including all tax issues),
  - d) verifying compliance with regulations,
  - e) keeping the Company's Register of Shareholders,
  - f) allocating Company income,
  - g) issue and redemption of Company shares (Transfer Agent's duties),
  - h) winding-up of contracts (including sending certificates),
  - i) recording and keeping records of transactions.

**A.** marketing the Company's shares.

The rights and obligations of the Management Company are governed by contracts entered into for an indefinite period. The names of all other undertakings for collective investment managed by the Management Company from time to time are available at the registered office of the Management Company.

The Company may release the Management Company from them upon 3 (three) months' written notice. The Management Company may resign from its duties provided it gives the Company 3 (three) months' written notice.

In accordance with the laws and regulations currently in force and with the prior approval of the Company's Board of Directors, the Management Company is authorised to delegate, unless otherwise provided herein, all or part of its duties and powers to any person or company, which it may consider appropriate, it being understood that the Prospectus will be amended prior thereto and that the Management Company will remain entirely liable for the actions of such representative(s).

The management duties and the duties of administrative agent, registrar and transfer agent are currently delegated, as described above.

As consideration for the above services the Management Company shall be paid a management fee (the "Management Company Fee") as stipulated in each Sub-Fund's relevant data sheet under Appendix III (the "Fees borne by the Company").

The Management Company may each month be entitled to the payment of an additional commission linked to the performance of each one of the Sub-Funds (the "Performance Fee"), as stipulated in each Sub-Fund's relevant data sheet under Appendix III.

The Management Company has established and applies a remuneration policy and practices that are consistent with, and promote, sound and effective risk management and that neither encourage risk taking which is inconsistent with the risk profiles, rules, this Prospectus or the Articles nor impair compliance with the Management Company's obligation to act in the best interest of the Company (the "Remuneration Policy").

The Remuneration Policy includes fixed and variable components of salaries and applies to those categories of staff, including senior management, risk takers, control functions and any employee receiving total remuneration that falls within the remuneration bracket of senior management and risk takers whose professional activities have a material impact on the risk profiles of the Management Company, the Company or the Sub-Funds.

Details of the Remuneration Policy, including the persons in charge of determining the fixed and variable remunerations of staffs, a description of the key remuneration elements and an overview of how remuneration is determined, is available on the website [http://www.lemanikgroup.com/management-company-service\\_substance\\_governance.cfm](http://www.lemanikgroup.com/management-company-service_substance_governance.cfm). A paper copy of the Remuneration Policy is available free of charge to the Shareholders upon request.

The Remuneration Policy is in line with the business strategy, objectives, values and interests of the Management Company, the Company and the Shareholders and includes measures to avoid conflicts of interest.

In particular, the Remuneration Policy will ensure that:

- a) the staff engaged in control functions are compensated in accordance with the achievement of the objectives linked to their functions, independently of the performance of the business areas that they control;
- b) the fixed and variable components of total remuneration are appropriately balanced and the fixed component represents a sufficiently high proportion of the total remuneration to allow the operation of a fully flexible policy on variable remuneration components, including the possibility to pay no variable remuneration component;
- c) the measurement of performance used to calculate variable remuneration components or pools of variable remuneration components includes a comprehensive adjustment mechanism to integrate all relevant types of current and future risks;

In context of delegation, the Remuneration Policy will ensure that the Delegate comply with the following:

- a) the assessment of performance is set in a multi-year framework appropriate to the holding period recommended to the investors of the Company in order to ensure that the assessment process is based on the longer-term performance of the Company and its

investment risks and that the actual payment of performance-based components of remuneration is spread over the same period;

- b) if at any point of time, the management of the Company were to account for 50 % or more of the total portfolio managed by the Delegate, at least 50 % of any variable remuneration component will have to consist of Shares, equivalent ownership interests, or share-linked instruments or equivalent non-cash instruments with equally effective incentives as any of the instruments referred to in this item (e); and
- c) a substantial portion, and in any event at least 40 % of the variable remuneration component, is deferred over a period which is appropriate in view of the holding period recommended to the Shareholders and is correctly aligned with the nature of the risks of the Company.

#### **4. INVESTMENT MANAGERS**

For the definition of the investment policy and the day-to-day management of each of the Company's Sub-Funds, the board of directors of the Management Company may be assisted under its overall control and responsibility by one or several investment manager(s) ("Investment Manager(s)").

It being understood that the Prospectus will be amended accordingly and will contain detailed information.

Supervision of the activities of the Investment Managers is the sole responsibility of the Management Company. However, the Board of Directors assumes ultimate responsibility for the management.

Each Investment Manager will be remunerated by the Company. In addition the Investment Managers may be entitled to receive from the the Company a Performance Fee payable by the relevant Sub-Fund as set out in the relevant data sheet in Appendix III.

The Investment Managers may be assisted, with prior approval of the Management Company and under its overall control and responsibility, by one or more Sub-Investment Manager(s) for each Sub-Fund. It is being understood that the Prospectus will be amended accordingly.

##### **A. MAC Asset Management Ltd**

Pursuant to an investment management agreement dated as of 1<sup>st</sup> July 2020, MAC Asset Management Ltd. has been entrusted by the Management Company with the management of Arcipelagos SICAV - MACAM Credit Select, in a capacity as Investment Manager, with regard to its choice of investments and the trend of its investment policy:

MAC Asset Management Ltd is a company incorporated under the England and Wales law with registered office situated in the United Kingdom, 1<sup>st</sup> floor, 34 South Molton Street, Mayfair, London W1K 5RG. The company was incorporated for an indeterminate period in England and Wales on 13 May 2016 in the form of a private limited company (*société à responsabilité limitée*). Its capital is in the amount of 60 000 GBP.

The company obtained from FCA the authorisation to provide portfolio management, investment advice, execution of orders, receipt and transmit orders with the appropriate services passport.

##### **B. Red Gate Asset Management Company Limited**

Pursuant to an investment management agreement dated as of 1<sup>st</sup> July 2020, Red Gate Asset Management Company Limited has been entrusted by the Management Company with the management of Arcipelagos SICAV – Red Gate China Growth Fund, in a capacity as Investment Manager, with regard to its choice of investments and the trend of its investment policy:

Red Gate Asset Management Company Limited is a company incorporated in the form of a limited company under the laws of Hong Kong, having its registered office at 1504 New World Tower I, 18 Queen's Road Central, Hong Kong.

Red Gate Asset Management is licensed by the Hong Kong Securities & Futures Commission (SFC) with Type 4 (Advisory) and Type 9 (Asset Management) licenses.

### **C. 2PM Europe S.A.**

Pursuant to an investment management agreement dated as of 2 November 2020 2PM Europe S.A. has been entrusted by the Management Company with the management of Arcipelagos SICAV – Vitamin Fund, in a capacity as Investment Manager, with regard to its choice of investments and the trend of its investment policy:

2PM Europe S.A. is a company incorporated in the form of a limited company under the laws of Luxembourg, having its registered office at West Side Village, 89D rue Pafebruch, L-8308 Capellen, Grand Duchy of Luxembourg.

2PM Europe S.A., its shareholders and managers are approved and regulated by the Luxembourg financial sector supervisory authority as Professionals of the Financial Sector.

## **5. INVESTMENT ADVISORS**

The Management Company, respectively the Investment Managers, with the prior approval of the Management Company, are authorised to seek advice for managing the investment of the Company's assets, for one or several Sub-Fund(s), from any person or corporation which it may consider appropriate (hereafter referred to as the "Investment Advisor(s)").

It being understood that the Prospectus will be amended accordingly and will contain detailed information. The Investment Advisor shall perform the following activities:

- provide assessments on economic conditions, markets and other statistical and financial data considered relevant to the decisions of the Management Company, respectively the Investment Managers;
- provide the Management Company, respectively the Investment Managers, with recommendations concerning the purchase or sale of securities;
- provide the Management Company, respectively the Investment Managers, with all reasonably required material relating to the Investment Advisor's activities (i.e. monthly commentaries...);
- provide the Management Company, respectively the Investment Manager, with updated documentation (i.e. Prospectuses, Offering Memoranda...) concerning the recommended investments that allow to verify the compliance with the investment limits and/or any other restriction to the investment.

It being understood that the Management Company respectively the Investment Managers will remain entirely liable for acting under such advice unless in the event of any established wilful misconduct and gross disregard on the part of the Investment Advisor. The Management Company, respectively the Investment Managers, shall not be bound to act, purchase or sell securities, by any advice or recommendation given by the Investment Advisor.

It being understood that all activities undertaken by the Investment Advisor may at any time be subject to examination and review by the Investment Managers or by the Management Company.

The Investment Advisor shall advise the Management Company, respectively the Investment Managers of the Company on a day-to-day basis and subject to its overall control and responsibilities. Based on this advice, the Management Company, respectively the Investment Managers, will purchase and sell securities, in other words manage the Company's portfolios.

The Investment Advisor shall not make purchases or sales of securities on behalf of the Company and shall not be allowed for taking investment decisions in place of the Investment Managers and/or the Management Company.

The Management Company, respectively the Investment Managers, shall not be obliged to carry out transactions suggested by the Advisor and shall retain discretionary powers over its investment decisions.

The remuneration due to the Investment Advisor shall be paid by the Management Company or by the relevant Investment Manager, as the case may be and it is described in each Sub-Fund's data sheet under Appendix III.

It being understood that the performance fees may be paid only to the Management Company, the Investment Managers and Sub-Investment Managers, as mentioned in paragraph 4 above. Investment Advisors are not entitled to receive any performance fee.

## **6. NOMINEES**

The Company and, in its capacity as principal distributor, the Management Company may decide to appoint distributors (the "Distributors") and local paying agents (hereafter the "Local Paying Agents") to act as nominee (hereinafter the "Nominees"). Nominees must be professionals of the financial sector, domiciled in countries in which financial intermediaries are subject to similar obligations of identification as those which are provided for under Luxembourg law and under Section III D. "Fight against money laundering" below. Such Nominees may be appointed for the purpose of assisting it in the distribution of the shares of the Company in the countries in which they are marketed.

Certain Distributors and Local Paying Agents may not offer all of the Sub-Funds classes of shares or all of the subscription/redemption currencies to their customers. Customers are invited to consult their Distributor or Local Paying Agent for further details.

Nominee contracts will be signed between the Company, respectively the Management Company, and the various Distributors and/or Local Paying Agents.

In accordance with the Nominee contracts, the Nominee will be recorded in the Register of Shareholders instead of the clients who have invested in the Company. The terms and conditions of the Nominee contracts will stipulate, amongst other things, that a client who has invested in the Company via a Nominee may at all times require that the shares thus subscribed be transferred to his/her name, as a result of which the client will be registered under his/her own name in the Register of Shareholders with effect from the date on which the transfer instructions are received from the Nominee.

Copies of the various Nominee contracts are available to Shareholders during normal office hours at the Management Company's registered office and at the registered office of the Company.

The shares of the Company may be subscribed directly at the head office of the Company or through the intermediary of Distributors appointed by the Management Company in countries where the shares of the Company are distributed

Distributors and Local Paying Agents are banks or financial intermediaries that pertain to a regulated group headquartered in a FATF (Financial Action Task Force on Money Laundering) country. Such groups apply FATF provisions regarding money laundering issues to all their subsidiaries and affiliates.

A list of the Distributors and Local Paying Agents shall be at disposal at the Management Company's and the Company's registered office.

## **7. SUPERVISION OF THE COMPANY'S TRANSACTIONS**

The Company's accounts and annual reports are revised by Deloitte Audit S.à r.l., 560 rue de Neudorf, L-2220 Luxembourg, in its capacity as the Company's auditors.

## **III. THE SHARES**

## 1. GENERAL PRINCIPLES

The Company's capital is represented by the assets of its various Sub-Funds, each Sub-Fund having its own investment policy. Subscriptions are invested in the assets of the relevant Sub-Fund.

### A. CLASSES OF SHARES

Pursuant to the Articles of Incorporation, the Board of Directors may decide to issue, within each Sub-Fund, one or several class(es) of shares, the assets of which will be commonly invested but subject to specific features which are defined hereunder for the different classes of shares such as, but not limited to, sales and/or redemption charge structures, currency structures, marketing target or hedging policies. Where different classes are issued within a Sub-Fund, the details of each class are described in the Sub-Fund's relevant data sheet under Appendix III. References herein to shares of a Sub-Fund should be construed as being to shares of a class of a Sub-Fund also, if the context so requires.

For the time being, within each Sub-Fund, the Company has decided to issue classes of shares as further described in the synthetic table under Appendix III C.

Should it become apparent that shares of "Institutional" class are held by individuals other than those authorised, the Board of Directors will have the said shares converted, free of charge, into shares of "Retail" class.

Before subscribing, investors are invited to check in each Sub-Fund's data sheet under Appendix III which classes of shares are available in each Sub-Fund. No reference to a particular class means that only Capitalisation shares are in issue. Any minimum initial subscription amount is also mentioned in the list of Sub-Funds launched under Appendix III.C.

The Board of Directors may decide to promote investment programmes for current and future investors. The Board of Directors may determine the methods of such investment programmes (minimum amounts, the frequency of payments etc.). Such methods shall enable investors to discontinue their participation and to dispose of their shares in the Company at any time. Depending on the countries where the Company is marketed, the detailed methods of such programmes shall be published in the document supplied to local authorities therein in view of their marketing authorisation, as well as in the documents made available to the public.

Within the investment programmes, the Board of Directors may decide that the amount of subscription may be inferior to the minimum amount of subscription, if foreseen by the Prospectus. In this case, the different amount of subscription shall prevail on the provisions of each Sub-Fund, if any.

Besides, within the investment programmes, the various financial intermediaries involved in the marketing of the shares may apply subscription fee of maximum 5%, notwithstanding the provision of each Sub-Fund's relevant data sheet under Appendix III.

The shares will be issued at the subscription prices calculated on each Valuation Day as mentioned in the list of Sub-Funds launched under Appendix III C.

The assets of the various share classes of a Sub-Fund are combined into one single portfolio.

The Company may, in the interests of the Shareholders, split or consolidate the shares of any Sub-Fund, or class.

The Company may open further Sub-Funds and thus create new shares of each class representing the assets of these Sub-Funds.

Any individual or corporate entity may acquire shares in the various Sub-Funds making up the net assets of the Company by following the procedures defined in this section.



The shares of each Sub-Fund are of no par value and carry no preferential subscription rights upon the issue of new shares. Each share carries one vote at the General Meetings of Shareholders, regardless of its Net Asset Value.

All shares in the Company must be fully paid up.

#### **B. DIVIDENDS**

Shareholders may have their distribution shares exchanged for capitalisation shares, and vice versa, at their own expense, within the same Sub-Fund at any time. This exchange is carried out on the basis of the parity of the day.

#### **C. REGISTERED SHARES**

The shares are in registered form.

#### **D. CERTIFICATES AND FRACTIONS OF SHARES**

Shareholders will receive confirmations of inscription in the Shareholders' register, as the Shareholder's requests. Registered share certificates are only issued upon the Shareholder's formal request.

Shareholders who request the material delivery of their registered share certificates may have to pay the cost incurred by such delivery.

Fractions of shares with up to three decimal places will be issued for registered shares. In the case of registered shares held in account (with or without attribution of fractions of shares), any remainder after subscription will be reimbursed to the Shareholder, unless the amount is less than EUR 15.- (fifteen Euro) or its currency equivalent, as the case may be. Amounts thus not reimbursed will revert to the relevant Sub-Fund.

Registered share certificates will be issued in paper form for all shares and/or fractions of shares subscribed.

Share transfer forms for the transfer of registered shares are available at the Company's registered office and at the registered office of the Sub-Administrative Agent.

## **2. SHARE ISSUE AND SUBSCRIPTION PRICE**

#### **A. CONTINUOUS OFFERING**

After the close of the Initial Offering Period (as stipulated in each Sub-Fund's relevant data sheet under Appendix III) each Sub-Fund's share may be subscribed at the registered office of the Sub-Registrar Agent on any Valuation Day as stipulated in the list of Sub-Funds launched under Appendix III.C at a price per share equal to the Net Asset Value per share calculated on such relevant Valuation Day for the relevant Sub-Fund plus a maximum subscription fee in accordance with the provision described in the Sub-Fund's relevant data sheet under Appendix III.

This subscription fee may be distributed to the various financial intermediaries involved in the marketing of the shares.

Any investor applying for subscription of shares may at any time request such subscription by way of a written application, considered irrevocable, sent to the Sub-Registrar Agent. Requests must contain the following information: the exact name and address of the person making the subscription request and the amount or the number of shares to be subscribed, the Sub-Fund to which such subscription applies, the form of the shares (registered), as well as the class of shares concerned.

Provided the application together with any required documentation is received prior to 4.00 p.m., Luxembourg time on the Bank Business Day in Luxembourg preceding the next applicable Valuation Day, the shares will be issued based on the Net Asset Value per share applicable on the next Valuation Day. If received thereafter, the application will be deferred to the next following Valuation Day.

**Exception:**

For the Sub-Funds, investing in Asian markets, the application together with any required documentation shall be received before 4.00 p.m. Luxembourg time at the latest two (2) Bank Business Days preceding the relevant Valuation Day. If received thereafter, the application will be deferred to the next following Valuation Day. This provision is also stipulated in the data sheets of the concerned Sub-Funds under Appendix III.

The Directors may, however, decide to fix an earlier deadline for receipt of applications if they consider that as a result of large market fluctuations this is necessary to protect the Company and its Shareholders.

The Company reserves the right to reject any application in whole or in part. Details of the method of application for shares are set out in the application form. Application forms can be obtained from the registered office of the Company and/or the Sub-Registrar Agent. Investors may apply for shares by facsimile, telex or letter at the registered office of the Company and of the Sub-Registrar Agent. The Board of Directors may moreover reserve the right to discontinue without notice both the issue and the sale of the shares of the Company.

The proceeds for subscription shall be received by wire transfer to the account of the concerned Sub-Fund of the Company, opened with the Depository within 3 (three) Bank Business Days following the applicable Valuation Day. Payment may be made in the Sub-Fund reference currency in accordance with the provision described in the Sub-Fund's relevant data sheet under Appendix III. Shares will be allotted on receipt of the payment and of the duly fulfilled application form.

The Company may, under its own responsibility and in accordance with this Prospectus, accept listed securities in payment of a subscription if it deems such transaction to be in the interest of the Shareholders. However, the securities of companies that are accepted as payment for a subscription must be compatible with the investment policy of the Sub-Fund concerned.

For all securities accepted in payment for a subscription, the Sub-Registrar Agent will be required to have a valuation report drawn up by the Company's auditors giving in particular the quantity, denomination and method of valuation adopted for these securities. Such report will also specify the total value of the securities expressed in the currency of the Sub-Fund concerned by this contribution. The securities accepted as payment for a subscription are valued for the purpose of the transaction at the last available market bid price of the Bank Business Day with reference to which the Net Asset Value applicable to the subscription is calculated. The Board of Directors may refuse any securities offered in payment for a subscription at its own discretion and without having to justify its decision.

Taxes or brokerage fees that may be due on a subscription are paid by the subscriber. Under no circumstances may these costs exceed the maximum authorised by the laws, regulations and general banking practices of the countries in which the shares are acquired.

The Board of Directors has resolved to only accept Shareholders' initial applications for ownership in any Sub-Fund or class of shares for a minimum initial subscription amount stipulated in the list of Sub-Funds launched under Appendix III.C.

The Board of Directors may set for each Sub-Fund or class of shares different minimum initial subscription amount in accordance with the provision described in the list of Sub-Funds launched under Appendix III.C.

No shares will be issued by the Company in a Sub-Fund during any period when the calculation of the Net Asset Value per share of such Sub-Fund is suspended by the Company pursuant to the power reserved to it by its Articles of Incorporation and described under Section IV "Net Asset Value" hereafter. Notice of any such suspension shall be given to the persons having applied for subscription, and any application either presented or suspended along such suspension may be withdrawn by way of a written notice to be received

by the Company prior to the termination of the relevant suspension. Unless so withdrawn, any application shall be taken into consideration on the first Valuation Day following such suspension.

The issue, redemption and conversion price of shares in the Sub-Fund is available at the registered office of the Company, of the Management Company's and of the Sub-Administrative Agent.

## **B. REFUSAL OF SUBSCRIPTIONS**

The Company may restrict or prevent the ownership of shares by any person, firm or company, if in the sole opinion of the Company such holding may be detrimental to the interests of either the existing Shareholders and/or of the Company, if it may result in a breach of any law or regulation, whether Luxembourg or otherwise, or if as a result thereof the Company may become exposed to tax disadvantages, fines or penalties that it would not have otherwise incurred.

As the Company is not registered under the 1933 Act, nor under the 1940 Act, the Shares may not be offered or sold, directly or indirectly, in the United States of America or its territories or possessions or areas subject to its jurisdiction, or to U.S. Persons (i.e. a citizen or resident of the United States of America, its territories, possessions or areas subject to its jurisdiction, including the estate of any such person or corporations or partnership created or organised therein) except in accordance with applicable exemptions from the 1933 Act and from the 1940 Act.

If permitted by the Company, any subscriber of Shares that is U.S. Person must be a "qualified purchaser" as defined in the 1940 Act and the rules promulgated thereunder and an "accredited investor" as defined in the 1933 Act.

Accordingly, the Company may require any subscriber to provide it with any information that it may consider necessary for the purpose of deciding whether or not it is a U.S. Person or a non-FATCA compliant person. Where it appears to the Company that any person who is precluded from holding shares either alone or in conjunction with any other person is a beneficial owner of shares, the Company may compulsorily purchase all the shares so owned.

The Company does not allow Market Timing practice (defined as an arbitrage method through which an investor systematically subscribes and redeems or converts shares of the Company within a short time period, by taking advantage of time differences and/or imperfections or deficiencies in the method of determination of the Net Asset Value of the Company).

Moreover, in any case of suspicion of such Market Timing practice it reserves the right to:

- refuse any subscription;
- redeem at any time shares in the Company which were unlawfully subscribed or held and notably through such Market Timing practice.

Such actions do not need to be justified.

## **C. CERTIFICATES**

Share certificates are made available to subscribers, upon formal request, at the Sub-Registrar Agent's offices, or at other establishments designated by the Company, 5 (five) Business Days after payment of the subscription price. They may be replaced, should the certificates not be materially available, by a simple confirmation signed by the Sub-Registrar Agent until delivery of the certificates.

For registered shares, global certificates can also be issued and delivered or deposited in clearing systems such as Clearstream and/or Euroclear.

## **D. FIGHT AGAINST MONEY LAUNDERING**

Pursuant to the Luxembourg laws of February 19<sup>th</sup>, 1973 to combat drug addition, as amended, of April 5<sup>th</sup>, 1993, relating to the financial sector, as amended, and as of November 12<sup>th</sup>, 2004 on the fight against money laundering and terrorist financing, as amended, and to the relevant circulars of the supervisory authority, obligations have been imposed on professional of the financial sector to prevent use of undertakings for collective investment such as Company for money laundering purposes. Within this context, measures to ensure the identification of investors have been imposed.

Within the context of the fight against money laundering, application forms must be accompanied by a true copy certified by a competent authority (such as an embassy, consulate, notary or police commissioner) of the subscriber's identity card, for individuals, or by a copy of the Articles of Incorporation and extract of the trade register for corporate entities, in the following cases:

1. if the application is made directly to the Company, the Management Company or the Sub-Registrar Agent;
2. if the application is made via a professional of the financial sector residing in a country which is not required to follow an identification procedure equivalent to the standards applied in Luxembourg relating to the prevention of the use of the financial system for money-laundering purposes;
3. if the application is made via a subsidiary or branch whose parent company is required to follow an identification procedure equivalent to that required by Luxembourg law, if the law governing the parent company does not oblige it to ensure that the said procedure is followed by its subsidiaries and branches.

Moreover, the Company is legally responsible for identifying the origin of monies transferred. Subscriptions and payment of redemption proceeds may be temporarily suspended until such monies or the identity of the relevant Shareholder has been correctly identified.

It is generally accepted that investment professionals and financial sector institutions resident in countries adhering to the conclusions of the FATF report (Financial Action Task Force on Money Laundering) are considered to be required to enforce an identification procedure equal to the one required by Luxembourg law.

According to Luxembourg law, additional documentation may be requested upon cases and risk based approach.

In relation to an application for redemption, or transfer of shares, the Company and/or Sub-Registrar Agent may require at any time such documentation as it/they deem appropriate. Failure to provide such information in a form which is satisfactory to the Company and/or Sub-Registrar Agent may result in an application for redemption or transfer not being processed. Should documentation not be forthcoming with regard to the return of payments or the redemption of shares, then such payment may not proceed.

### **3. REDEMPTION OF SHARES**

Shareholders may place redemption orders every Bank Business Day for all or part of their shareholdings. Redemption requests, considered irrevocable, should be sent at the registered office of the Sub-Registrar Agent. Requests must contain the following information: the exact name and address of the person making the redemption request and the amount or the number of shares to be redeemed, the Sub-Fund to which such shares belong, the form of the shares (registered), as well as the category and class of shares.

Redemption applications are to be accompanied by the certificate(s) representing the registered shares.

Provided the application together with any required documentation is received prior to 4.00 p.m., Luxembourg time on the Bank Business Day in Luxembourg preceding the next applicable Valuation Day, the shares will be redeemed based on the Net Asset Value per share applicable on the next Valuation Day. If received thereafter, the application will be deferred to the next following Valuation Day.

#### **Exception:**

For the Sub-Funds, investing in Asian markets, the application together with any required documentation shall be received before 4.00 p.m. Luxembourg time at the latest two (2) Bank Business Days preceding the relevant Valuation Day. If received thereafter, the application will be deferred to the next following Valuation Day. This provision is also stipulated in the relevant Sub-Funds data sheets under Appendix III.

The Directors may, however, decide to fix an earlier deadline for receipt of applications if they consider that as a result of large market fluctuations this is necessary to protect the Company and its Shareholders.

A redemption fee at a maximum rate in accordance with the provision described in the Sub-Fund's relevant data sheet under Appendix III may be deducted from this amount.

The redemption value may be higher than, equal to, or lower than the initial purchase price.

The redemption proceeds will normally be paid on the third Bank Business Day after the relevant Valuation Day or from the day of receipt of the relevant certificates, by bank transfer.

Redemption orders will not actually be processed, and the redemption proceeds will not actually be paid until

- the Company's Sub-Registrar Agent has received the certificate(s) representing the shares to be redeemed, or
- the Sub-Registrar Agent has received confirmation from an independent depository that irrevocable instructions have in fact been given for the delivery of the securities, or
- the transfer form for registered shares has been received.

Neither the Board of Directors, nor the Sub-Registrar Agent may be held responsible for any lack of payment of whatever form resulting from the application of possible exchange controls or other circumstances beyond their control which may limit or render impossible the transfer of the redemption proceeds to other countries.

#### **Redemption in kind**

Under exceptional circumstances and upon special request by the Shareholder, the Board of Directors may accept requests for redemptions in kind. For any securities delivered as payment for redemption, the Sub-Registrar Agent will be required to have a valuation report drawn up by the Company's auditor; this report will mention the quantity, denomination and valuation method adopted for such securities.

The report will also specify the total value of the securities, expressed in the currency of the Sub-Fund in which the redemption is made. The securities delivered as payment for a redemption are valued at the last available market offer bid of the Bank Business Day with reference to which the Net Asset Value applicable to the redemption is calculated. The Board of Directors will make sure that such redemptions in kind will not be detrimental to the remaining Shareholders.

Any cost incurred in connection with a redemption in kind of securities shall be borne by the relevant Shareholder.

In addition to the suspension of the issue of shares, a suspension of the calculation of the Net Asset Value of the Company's assets entails also the suspension of redemptions. Any suspension of redemptions will be notified in accordance with Section IV "Net Asset Value" by all appropriate means to the Shareholders having presented their requests, the execution of which has been differed or suspended.

If the total net redemption requests received for one Sub-Fund on any Valuation Day exceed 10% of the net assets thereof, the redemption requests presented may be reduced and differed proportionally so as to reduce the number of shares redeemed on such day to 10% of the assets of the Sub-Fund in question. Any redemption request thus differed will have priority over the redemption requests received on the following Valuation Day, but always subject to the limit of 10% mentioned above.

In normal circumstances the Board of Directors will maintain adequate level of liquid assets in order to meet redemption requests.

## **4. CONVERSION OF SHARES**

A conversion can be analyzed as a simultaneous transaction of redemption and subscription of shares.

Consequently, such a transaction may only be processed on the first Valuation day on which both the Net Asset Values of the Sub-Funds involved in the said transaction are calculated.

Within one share category and/or class, Shareholders may request at any time the conversion of all or part of their holdings into shares of another Sub-Fund, category and/or class of shares.

Conversion, considered irrevocable, should be sent at the registered office of the Sub-Registrar Agent by letter, telex or facsimile, and by indicating the name of the Sub-Fund into which the shares are to be converted and specifying the class of the shares to be converted, the class of the shares of the new Sub-Fund to be issued. If this information is not given, the conversion will be made into shares of the same class.

Provided the application together with the required documentation is received prior to 4.00 p.m., Luxembourg time on the Bank Business Day in Luxembourg preceding the next applicable Valuation Day, the shares will be converted based on the Net Asset Value per share applicable on the next Valuation Day. If received thereafter, the application will be deferred to the next following Valuation Day.

**Exception:**

For the Sub-Funds, investing in Asian markets, the application together with any required documentation shall be received before 4.00 p.m. Luxembourg time at the latest two (2) Bank Business Days preceding the relevant Valuation Day. If received thereafter, the application will be deferred to the next following Valuation Day. This provision is also stipulated in the Sub-Funds relevant data sheets under Appendix III.

The Directors may, however, decide to fix an earlier deadline for receipt of applications if they consider that as a result of large market fluctuations this is necessary to protect the Company and its Shareholders.

Conversion requests are to be accompanied by the certificate(s) representing the registered shares, as the case may be.

Subject to a suspension of the calculation of the Net Asset Value, shares may be converted on any Valuation Day following receipt of the conversion request, by reference to the Net Asset Value of the shares of the Sub-Funds concerned as established on such Valuation Day.

The rate at which all or part of the holding of a given Sub-Fund (the "original Sub-Fund") is converted into shares of another Sub-Fund (the "new Sub-Fund") is determined as precisely as possible in accordance with the following formula:

$$A = \frac{(B \times C) - F}{D} \times E$$

- A being the number of shares of the new Sub-Fund to be attributed;
- B being the number of shares of the original Sub-Fund to be converted;
- C being the prevailing Net Asset Value per share of the original Sub-Fund on the day in question;
- D being the prevailing Net Asset Value per share of the new Sub-Fund on the day in question; and
- E being the exchange rate applicable at the time of the transaction between the currency of the Sub-Fund to be converted and the currency of the Sub-Fund to be attributed;
- F being a conversion fee payable to the original Sub-Fund, at a maximum rate in accordance with the provision described in the Sub-Fund's relevant data sheet under Appendix III.

A conversion fee at a maximum rate in accordance with the provision described in the Sub-Fund's relevant data sheet under Appendix III may be deducted from the prevailing Net Asset Value per share of the original Sub-Fund used for the conversion. This maximum rate should be the same applicable rate for all the conversion order executed on the same Valuation Day.

After conversion, the Sub-Registrar Agent will inform the Shareholders of the number of shares obtained of the new Sub-Fund and their cost.

In the case of registered shares held in account (with or without attribution of fractions of shares), any remainder after conversion will be reimbursed to the Shareholder, unless the amount is less than EUR 15.- (fifteen Euro) or its currency equivalent, as the case may be. Amounts thus not reimbursed will revert to the relevant Sub-Fund.

In converting shares of a Sub-Fund into shares of another Sub-Fund, a Shareholder must meet the applicable minimum initial subscription amount requirements.

If, as a result of any request for conversion, the number of shares held by any Shareholder in a Sub-Fund or class would fall below the value of minimum initial subscription amount indicated in the old Sub-Fund, the Company may treat such request as a request to convert the entire shareholding of such Shareholder. In addition, the Shareholder must comply with the minimum holding requirements, if any, with respect to the new Sub-Fund, as stipulated in the list of Sub-Funds launched under Appendix III.C.

No conversion of shares may be carried out whenever the calculation of the Net Asset Value of one of the Sub-Fund or class of shares involved in the conversion operation is suspended.

Any suspension of conversions will be notified in accordance with Section IV "Net Asset Value" by all appropriate means to the Shareholders having presented their requests, the execution of which has been differed or suspended.

## **5. STOCK EXCHANGE LISTING**

By decision of the Board of Directors, the shares of the Sub-Funds and classes of the Company shall be listed to the official list on the Luxembourg Stock Exchange.

# **IV. NET ASSET VALUE**

## **1. GENERAL PRINCIPLES**

### **A. DEFINITION AND CALCULATION OF THE NET ASSET VALUE**

The Net Asset Value per share of each Sub-Fund and class of shares of the Company is calculated in Luxembourg by the Sub-Administrative Agent, under the responsibility of the Board of Directors, in principle on each Valuation Day on a frequency as defined in the Sub-Funds' relevant data sheets under Appendix III, provided this day is a Bank Business Day.

The Net Asset Values are expressed in the Sub-Fund's or class's respective reference currency, as stated in the list of Sub-Funds launched under Appendix III.C.

The value of the shares of each Sub-Fund and class is obtained by dividing the Net Asset Value of the assets of the Sub-Fund and class considered by the number of outstanding shares of these Sub-Funds and classes.

In every Sub-Fund in which both distribution shares and capitalisation shares shall have been issued and are outstanding, the Net Asset Value shall be determined for each distribution share as well as for each capitalisation share.

Whenever dividends are allocated to distribution shares belonging to a given class of shares, the share of the net assets of the Sub-Fund to be allocated to the whole of distribution shares shall be reduced by the overall amounts of the distributed dividends.

If the Board of Directors considers that the Net Asset Value calculated on a given Valuation Day is not representative of the true value of the Company's shares, or if, since the calculation of the Net Asset Value,

there have been significant fluctuations on the stock exchanges concerned, the Board of Directors may decide to actualise the Net Asset Value on that same day. In these circumstances, all subscription, redemption and conversion requests received for that day will be handled on the basis of the actualised Net Asset Value with care and good faith.

## **B. DEFINITION OF THE PORTFOLIOS OF ASSETS**

The Board of Directors will establish a distinct portfolio of net assets for each Sub-Fund. Where relations between Shareholders and third parties are concerned, this portfolio will be attributed only to the shares issued by the Sub-Fund in question, taking into account, if necessary, the break-down of this portfolio between the distribution and/or capitalisation shares of this Sub-Fund, in accordance with the provisions of this clause.

In order to establish these different portfolios of net assets:

1. if two or more shares' classes belong to a given Sub-Fund, the assets allocated to such classes will be invested together according to the investment policy of the relevant Sub-Fund subject to the specific features of said shares' classes;
2. the proceeds resulting from the issue of the shares of a class of a given Sub-Fund will be attributed in the Company's accounts to the relevant class of this Sub-Fund and the assets, liabilities, income and expenses relating to this Sub-Fund class will also be attributed thereto;
3. the assets, liabilities, income and expenses relating to this Sub-Fund/category and/or class will also be attributed thereto;
4. where any asset derives from another asset, such derivative asset will be applied in the books of the Company to the same Sub-Fund from which it was derived, and on each subsequent revaluation of an asset, the increase or decrease in value will be attributed to the Sub-Fund to which it belongs;
5. if the Company has to bear a liability which is connected with an asset of a particular Sub-Fund or class with a transaction carried out in relation to an asset of a particular Sub-Fund or class, this liability will be attributed to that particular Sub-Fund or class (for example: hedging transactions);
6. in the case where any asset or liability of the Company cannot be considered as being attributable to a particular class of shares, such asset or liability shall be allocated to all the classes of shares pro rata to their respective Net Asset Values or in such other manner as determined by the Board of Directors acting in good faith. With reference to the relations between Shareholders and third parties, each Sub-Fund and class of shares will be treated as a separate entity;
7. after payment of dividends to distribution shares of a particular class, the Net Asset Value of this class attributable to these distribution shares will be reduced by the amount of such dividends.

## **C. VALUATION OF ASSETS**

The assets of each Sub-Fund of the Company will be valued in accordance with the following principles:

- 1 The value of any cash at hand or on deposit, bills, demand notes and accounts receivable, prepaid expenses, dividends and interests matured but not yet received shall be valued at the par-value of the assets, except if it appears that such value is unlikely to be received. In such a case, subject to the approval of the Board of Directors, the value shall be determined by deducting a certain amount to reflect the true value of the assets.
- 2 The value of Transferable Securities and Money Market Instruments listed on an official Stock Exchange or dealt in on a regulated market which operates regularly and is recognised and open to the public (a "Regulated Market"), as defined by laws and regulations in force, is based on the latest available price and if such Transferable Securities are dealt in on several markets, on the basis of the latest known price on the stock exchange which is normally the principal market for such securities. If the latest known price is not representative, the value shall be determined based on a reasonably foreseeable sales price to be determined prudently and in good faith.
- 3 In the event that any Transferable Securities or/and Money Market Instruments are not listed or dealt in on any stock exchange or any other Regulated Market operating regularly, recognised and open to the public, as defined by the laws and regulations in force, the value of such assets shall be assessed on the basis of their foreseeable sales price estimated prudently and in good faith.



- 4 The liquidating value of derivative contracts not traded on exchanges or on other Regulated Markets shall mean their net liquidating value determined by the Board of Directors in a fair and reasonable manner, on a basis consistently applied for each different variety of contracts. The liquidating value of futures, forward and options contracts traded on exchanges or on other Regulated Markets shall be based upon the last available settlement prices of these contracts on exchanges and Regulated Markets on which the particular futures, forward or options contracts are traded by the Company; provided that if a futures, forward and options contract could not be liquidated on the day with respect to which net assets are being determined, the basis for determining the liquidating value of such contract shall be such value as the Board of Directors may deem fair and reasonable.
- 5 The value of Money Market Instruments not listed or dealt in on any stock exchange or any other Regulated Market and with remaining maturity of less than 12 (twelve) months and of more than 90 (ninety) days is deemed to be the nominal value thereof, increased by any interest accrued thereon. Money market instruments with a remaining maturity of 90 (ninety) days or less will be valued by the amortised cost method, which approximates market value.
- 6 Units of undertakings for collective investment in transferable securities ("UCITS") and/or other UCI will be valued at their last determined and available Net Asset Value or, if such price is not representative of the fair market value of such assets, then the price shall be determined by the Directors on a fair and equitable basis. Units or shares of a closed-ended UCI will be valued at their last available stock market value.
- 7 Interest rate swaps will be valued at their market value established by reference to the applicable interest rate curve.
- 8 All other securities and other assets will be valued at fair market value, as determined in good faith pursuant to procedures established by the Board of Directors.

The value of all assets and liabilities not expressed in the reference currency of a Sub-Fund will be converted into the reference currency of such Sub-Fund at rates last quoted by major banks. If such quotations are not available, the rate of exchange will be determined in good faith by or under procedures established by the Board of Directors.

The Board of Directors, at its sole discretion, may permit some other method of valuation to be used if it considers that such valuation better reflects the fair value of any asset of the Company.

Every other asset shall be assessed on the basis of the foreseeable realisation value which shall be estimated prudently and in good faith.

In the event that extraordinary circumstances render valuations as aforesaid impracticable or inadequate, the Company is authorised, prudently and in good faith, to follow other rules in order to achieve a fair valuation of its assets.

All and any assets not expressed in the currency of the Sub-Fund to which they belong shall be converted into the currency of that Sub-Fund at the exchange rate applying on the concerned Bank Business Day or at such exchange rate as may be agreed in the relevant forward contracts.

The value of the net assets per share of each class, distribution shares and capitalisation shares, as well as their issue, redemption and conversion prices shall be made available at the registered office of the Company every Bank Business Day.

Adequate deductions will be made for expenses to be borne by the Company and account will be taken of the Company's liabilities according to fair and prudent criteria. Adequate provisions will be made for the expenses to be borne by the Company and account may be taken of the Company's off balance sheet liabilities according to fair and prudent criteria.

## **2. SUSPENSION OF THE CALCULATION OF THE NET ASSET VALUE, OF ISSUES, CONVERSIONS AND REDEMPTIONS OF SHARES**

A. The Board of Directors is authorised to suspend temporarily the calculation of the Net Asset Value of the assets of one or more Sub-Fund(s), or class(es) of the Company and the value per share of such Sub-Fund(s) or class(es), as well as the issue, redemption and conversion of the shares of these Sub-Funds or classes, in the following cases:

- a) when any of the principal stock exchanges, on which a substantial portion of the assets of one or more Sub-Funds of the Company is quoted, is closed other than for ordinary holidays, or during which dealings therein are suspended or restricted;
- b) when the market of a currency, in which a substantial portion of the assets of one or more Sub-Fund(s), or class(es) of the Company is denominated, is closed other than for ordinary holidays, or during which dealings therein are suspended or restricted;
- c) when any breakdown arises in the means of communication normally employed in determining the value of the assets of one or more Sub-Fund(s) or class(es) of the Company or when for whatever reason the value of one of the Company's investments cannot be rapidly and accurately determined;
- d) when exchange restrictions or restrictions on the transfer of capital render the execution of transactions on behalf of the Company impossible, or when purchases or sales made on behalf of the Company cannot be carried out at normal exchange rates;
- e) when political, economic, military, monetary or fiscal circumstances which are beyond the control, responsibility and influence of the Company prevent the Company from disposing of the assets, or from determining the Net Asset Value, of one or more Sub-Fund(s) or class(es) of the Company in a normal and reasonable manner;
- f) as a consequence of any decision to liquidate or dissolve the Company or one or several Sub-Fund(s) or class(es).

B. Any suspension of the calculation of the Net Asset Value of the shares of one or more Sub-Fund(s) or class(es) will be announced by all appropriate means, and in particular by publication, if appropriate, in the newspapers in which these values are usually published. The Company will inform the Shareholders having requested the subscription, redemption or conversion of the shares of these Sub-Funds or classes of any suspension of calculation in the appropriate manner.

Such suspension with regard to any of the Sub-Funds or classes of shares shall have no effect on the calculation of the Net Asset Value, the issue, the redemption and the conversion of the shares into another Sub-Fund or class of shares.

During the suspension period, Shareholders may cancel any subscription, redemption or conversion orders they have placed. If orders are not cancelled, shares will be issued, redeemed or converted on the basis of the first Net Asset Value calculated after the suspension period.

C. In exceptional circumstances which may be detrimental to the Shareholders' interests (for example large numbers of redemption, subscription or conversion requests, strong volatility on one or more market(s) in which the Sub-Fund(s) or class(es) is (are) invested, the Board of Directors reserves the right to postpone the determination of the value of this (these) Sub-Fund(s) or class(es) until the disappearance of these exceptional circumstances and if the case arises, until any essential sales of securities on behalf of the Company have been completed.

In such cases, subscriptions, redemption requests and conversions of shares, which were suspended simultaneously, will be satisfied on the basis of the first Net Asset Value calculated thereafter.

## **V. DIVIDENDS**

### **1. DISTRIBUTION POLICY**

On proposal of the Board of Directors, the General Meeting of Shareholders may decide to distribute dividends, within the limits of article 31 of the Law of 17<sup>th</sup> December 2010.

However, for each class of shares that has the right to receive them, the Board may decide to pay interim dividends within the limits permitted by the Law 17 December 2010.

Besides, during the year, the Board may decide at discretion to distribute income derived from the securities in the portfolio of those Sub-Funds which have distribution shares.

Distribution announcements will be published in the "Luxemburger Wort" and in such other newspapers to be determined by the Board of Directors, unless all such Shareholders and their addresses are known to the Company, in which case each such Shareholder shall be informed in writing.

Distribution shares may also pay a fixed dividend based on a total amount per share per annum, if this is defined in the relevant data sheet of the concerned Sub-Fund under Appendix III.

It is understood that such distribution share classes may not pay a dividend or may reduce the dividend amount payable if the payment of the dividend is not in the best interests of all shareholders.

Whilst such distribution share classes provide the benefit of having a regular dividend payment, shareholders should be aware of the following:

- The dividend paid is not dependent upon the level of income or capital gains of the share class;
- The dividend paid may exceed the gains of the share class resulting in erosion of the capital invested;
- During periods of negative performance of a Sub-Fund, the dividend will normally continue to be paid and this will result in a more rapid fall in the capital value of the investment than would occur if dividends were not being paid;
- It may not be possible to maintain the dividend payment indefinitely and the value of the investment could ultimately be reduced to zero.

Any distribution that has not been claimed within five (5) years of its declaration shall be forfeited and shall be accrued for the benefit of the class of shares of the relevant Sub-Fund.

No interest shall be paid on a dividend declared by the Company and kept by it at the disposal of its beneficiary.

In any event, no distribution may be made if, as a result, the net assets of the Company would fall below EUR 1.250.000,00 (one million two hundred fifty thousand Euro).

Upon distribution of a dividend or an income relating to securities to the distribution shares, the amount attributable to the shares of these classes is reduced by the total amount of the dividend/income, whereas the net asset amount attributable to the capitalisation shares remains unchanged.

Therefore, any dividend/income payment necessarily leads to an increase in the ratio between the value of the capitalisation shares and that of the distribution shares of the Sub-Fund concerned. This ratio is called "parity" in this Prospectus.

## **VI. CHARGES AND EXPENSES**

### **1. FEES TO BE BORNE BY THE COMPANY**

The following costs will be charged to the Company:

- costs incurred in connection with the formation of the Company, including the cost of services rendered in the incorporation of the Company and in obtaining approval by the competent authorities;
- remuneration of the Depositary Bank, the Paying Agent, the Sub-Registrar Agent and, if any, the remuneration of correspondents;

- the management fee;
- the Management Company Fee;
- Administrative and Domiciliary Agency fees;
- Auditors' costs and audit fees;
- remuneration of the Directors and reimbursement of their reasonable expenses;
- costs of printing and publishing information for the Shareholders and in particular the costs of printing and distributing the periodic reports, as well as the Prospectuses, brochures and other marketing material;
- brokerage fees and any other fees arising from transactions involving securities in the Company's portfolio;
- all taxes and duties which may be payable on the Company's income;
- the annual registration fee (cf. Section VII 1), as well as taxes or other fees payable to the supervisory authorities and costs relating to the distribution of dividends;
- costs of advisory services and other extraordinary expenses, in particular those relating to the consultation of experts or other such proceedings as may protect the Shareholders' interests;
- annual fees payable for stock exchange listing;
- subscriptions to professional associations and other organisations in Luxembourg, which the Company will decide to join in its own interest and in that of its Shareholders;
- risk and compliance management and fund reports.

Shares of each Sub-Fund may also be subject to a Shareholder servicing fee accrued daily and payable monthly at the annual rates indicated for each Sub-Fund in Appendix III.

In principle, these costs and expenses will be paid out of the assets of the different Sub-Funds in proportion to their net assets.

The Company will pay to the Depositary Bank, Paying Agent and Sub-Registrar Agent annual fees which will amount to a maximum percentage of 2% of the net asset value per Sub-Fund, depending on the total net assets of the Company with a minimum fee per Sub-Fund of EUR 8,400 and per share class of EUR 2,200.- per annum. These fees are payable on a monthly basis and do not include any transaction related fees and costs of sub-custodians or similar agents. The Depositary Bank, Paying Agent and Sub-Registrar Agent are also entitled to be reimbursed of reasonable disbursements and out of pocket expenses which are not included in the above mentioned fees.

The amount paid by the Company to the Depositary Bank, Paying Agent and Sub-Registrar Agent will be mentioned in the annual report of the Company

In remuneration of its services, the Administrative Agent of the Company, will receive an administration fee set as a maximum of 0.15% per annum per Sub-Fund, with a minimum of 30,000.- (thirty thousand) EUR and 5,000 (five thousand) EUR for any additional class of shares. This fee will be calculated on the net assets of each Sub-Fund.

As remuneration for its services, the Domiciliary Agent will receive from the Company an annual fee of EUR 5,000 plus EUR 1,000 p.a. per Sub-Fund.

As remuneration for its supervisory activity of the delegated counterparties, the Management Company will receive from the Company a fee of EUR 1,500 per Sub-Fund per annum.

In addition, any reasonable disbursements and out-of-pocket expenses, including telephone, telex, facsimile, electronic transmission and postage expenses etc. incurred by the Depositary Bank, the Administrative Agent or the Sub-Registrar Agent within the framework of their mandates, as well as correspondents' costs, will be borne by the relevant Sub-Fund of the Company. In its capacity as Paying Agent, the Depositary Bank may charge the usual fee charged in the Grand Duchy of Luxembourg.

Under the terms of the agreement entered into by the Company and the Management Company, the Company will pay fees appearing in each Sub-Fund's relevant data sheet under Appendix III, to remunerate the Management Company.

All recurring general costs will be charged first against investment income, then, should this not be sufficient, against realised capital gains.

Costs related to the establishment of any new Sub-Fund will be borne by such new Sub-Fund and amortised over a period of 1 (one) year from the date of establishment of such Sub-Fund or over any other period as the Directors may determine, with a maximum of 5 (five) years starting on the date of the Sub-Fund's establishment.

When a Sub-Fund is liquidated, any setting-up costs that have not yet been amortised will be charged to the Sub-Fund being liquidated.

## **2. FEES TO BE BORNE BY THE SHAREHOLDER**

The fees paid by Shareholders are described in each relevant Sub-Fund's data sheet under Appendix III, with the exception of the subscription fees applied within the investment programmes as described under Section III 1 A "*Classes of shares*" herein.

# **VII. TAX STATUS – APPLICABLE LAW – OFFICIAL LANGUAGE**

## **1. TAX STATUS**

### **A. TAXATION OF THE COMPANY**

The Company is governed by Luxembourg tax laws.

Under current law and practice, the Company is liable, at the date of this Prospectus, to an annual registration tax of 0.05% (except those Sub-Funds or share classes, which may benefit from the lower rate of 0.01% as more fully described in article 174 of the Law of 17<sup>th</sup> December 2010, i.e. the "Institutions" (considered as institutional investors in accordance with Luxembourg law) class of shares of the various Sub-Funds). No such tax is due on the portion of the assets of the Company invested in other Luxembourg UCITS or UCIs (if any) provided that such assets have already been subject to the subscription tax. This tax is payable quarterly and calculated on the basis of the Company's net assets at the end of the relevant quarter.

No duty or other tax will be paid in Luxembourg on the issue of shares of the Company except for a fixed registration duty of EUR 75 paid by the Company and payable at the time of incorporation..

Income received by the Company may be liable to withholding taxes in the country of origin and is thus collected by the Company after deduction of such tax. This is neither chargeable nor recoverable.

### **B. TAXATION OF THE SHAREHOLDERS OF THE COMPANY**

Under the present system, neither the Company, nor its Shareholders (with the exception of individuals or corporate entities residing in the Grand Duchy of Luxembourg or non residents and former residents holding 10% or more of the issued share capital of a Sub-Fund) are subject in Luxembourg to any taxation of or withholding on their income, on realised or unrealised capital gains, on transfers of shares for cause of death or on amounts received subsequent to dissolution.

Potential Shareholders are advised to make inquiries and, if necessary, to take advice on the subject of the laws and rulings (such as those concerning taxation and exchange control) which apply to the subscription, purchase, holding and disposal of shares in their country of origin, residence and/or domicile.

### **U.S. Foreign Account Tax Compliance Act ("FATCA")**

Under FATCA regime, the Company (or each Sub-Fund) will be subject to U.S. federal withholding taxes (at a 30% rate) on payments of certain amounts made to such entity after 30 June 2014 ("withholdable

payments”), unless it complies (or is deemed compliant) with extensive reporting and withholding requirements. Withholdable payments generally will include interest (including original issue discount), dividends, rents, annuities, and other fixed or determinable annual or periodical gains, profits or income, if such payments are derived from U.S. sources, as well as gross proceeds from dispositions of securities that could produce U.S. source interest or dividends. Income which is effectively connected with the conduct of a U.S. trade or business is not, however, included in this definition.

On 28 March 2014, the Grand Duchy of Luxembourg signed a Model 1 Inter-governmental Agreement (“IGA”) with the US to implement FATCA, such IGA will be implemented into Luxembourg law. The IGA is based on domestic reporting and reciprocal automatic exchange pursuant to the Convention between the government of the US and the government of the Grand Duchy of Luxembourg for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income and capital signed on 3 April 1996 (the “Convention”) as amended by the protocol amending the Convention done on 20 May 2009. Such protocol includes a provision prohibiting a contracting state to decline to supply information solely because the information is held by a bank or other financial institution, nominee or person acting in an agency or fiduciary capacity or because it relates to ownership interests in a person.

All foreign financial institutions (i.e. all non-US financial organisations – hereafter “FFI’s”) worldwide will have to take steps to become compliant with FATCA regardless of whether they have any US income, investments or investors. Luxembourg investment vehicles such as SICAVs and FCPs under the UCITS or specialised investment funds regimes fall under the FFI definition.

Pursuant to the IGA, the Company (or each Sub-Fund) may be deemed compliant and therefore not subject to the withholding tax and generally not required to withhold on investors, if it identifies and reports U.S. ownership information directly to the government of Luxembourg.

The Company (and each Sub-Fund) will not be required to report information relating to certain categories of U.S. Shareholders, generally including, but not limited to, U.S. tax-exempt Shareholders, publicly traded corporations, banks, regulated investment companies, real estate investment trusts, common trust funds, brokers, dealers and middlemen, and state and federal governmental entities, which for FATCA purposes are exempt from reporting.

Shareholders will be required to furnish appropriate documentation certifying as to their U.S. or non-U.S. tax status, together with such additional tax information as the Company (or a Sub-Fund) or its agents may from time to time request. Failure to provide requested information may subject a Shareholder to liability for any resulting U.S. withholding taxes, U.S. tax information reporting and/or mandatory redemption, transfer or other termination of the Shareholder’s interest in Shares. Prospective Shareholders should consult their own advisers regarding the possible implications of FATCA on an investment in Shares.

#### **Automatic Exchange of Information**

Following the development by the Organisation for Economic Co-operation and Development (“OECD”) of a common reporting standard (“CRS”) to achieve a comprehensive and multilateral automatic exchange of information (AEOI) in the future on a global basis, Council Directive 2014/107/EU amending Directive 2011/16/EU as regards mandatory automatic exchange of information in the field of taxation (the “Euro-CRS Directive”) was adopted on 9 December 2014 in order to implement the CRS among the Member States.

The Euro-CRS Directive was implemented into Luxembourg law by the law of 18 December 2015 on the automatic exchange of financial account information in the field of taxation (“CRS Law”).

The CRS Law requires Luxembourg financial institutions to identify financial assets holders and establish if they are fiscally resident in countries with which Luxembourg has a tax information sharing agreement. Luxembourg financial institutions will then report financial account information of the asset holder to the Luxembourg tax authorities, which will thereafter automatically transfer this information to the competent foreign tax authorities on a yearly basis.

Accordingly, the Fund will require its investors to provide information in relation to the identity and fiscal residence of financial account holders (including certain entities and their controlling persons), account details, reporting entity, account balance/value and income/sale or redemption proceeds to the local tax

authorities of the country of fiscal residency of the foreign investors to the extent that they are fiscally resident in a jurisdiction participating in the AEOI .

In addition, Luxembourg signed the OECD's multilateral competent authority agreement ("Multilateral Agreement") to automatically exchange information under the CRS. The Multilateral Agreement aims to implement the CRS among non-Member States; it requires agreements on a country-by-country basis.

Investors in the Fund may therefore be reported to the Luxembourg and other relevant tax authorities in accordance with applicable rules and regulations.

## **2. APPLICABLE LAW**

Any disputes between Shareholders and the Company are settled by arbitration in accordance with Luxembourg law, finally and without recourse.

## **3. OFFICIAL LANGUAGE**

The official language of this Prospectus and of the Articles of Incorporation is English. However, the Board of Directors and the Management Company may, personally and on behalf of the Company, consider that these documents must be translated into the languages of the countries in which the shares are offered and sold. In case of any discrepancies between the English text and any other language into which the Prospectus is translated, the English text will prevail.

# **VIII. FINANCIAL YEAR – MEETINGS – REPORTS**

## **1. FINANCIAL YEAR**

The financial year of the Company starts each year on 1<sup>st</sup> October and ends on the last day of each September of the following year.

## **2. MEETINGS**

The Annual General Meeting of Shareholders will be held in Luxembourg, at the registered office of the Company, on the first Thursday in the month of February at 11.00 a.m. If this day is a legal public holiday in Luxembourg, the Annual General Meeting will be held on the next following Bank Business Day.

The Board of Directors may convene an Extraordinary General Meeting. They shall be obliged to convene it so that it is held within a period of one month if Shareholders representing one tenth of the capital so required in writing with an indication of the agenda.

Furthermore, one or several Shareholders representing at least one tenth of the Company share capital may request the adjunction of one or several items to the agenda of any General Meeting of Shareholders.

Convening notices for every General Meeting shall contain the agenda and shall take the form of announcements published twice, with a minimum interval of 8 (eight) days, and 8 (eight) days before the meeting, in the Luxembourg Official Gazette and in a Luxembourg newspaper.

Notices by regular post mail shall be sent 8 (eight) days before the meeting to registered Shareholders, but no proof need to be given that this formality has been complied with.

Where all the shares are in registered form, the Board of Directors may decide that convening notices may be sent only by registered letters.

The Shareholders of the class or classes of shares issued by any Sub-Fund may, upon proposal from the Board of Directors, hold General Meetings at any time for the purpose of considering matters that concern that particular Sub-Fund only.

Moreover, the Shareholders of any class of shares may, upon proposal from the Board of Directors, hold General Meetings at any time for the purpose of considering matters that concern that particular class only.

Resolutions taken at such meetings will respectively apply to the Company, to the relevant Sub-Fund and/or to the class of shares.

### **3. EXERCISE OF THE SHAREHOLDERS' RIGHTS**

The Company draws the investors' attention to the fact that any investor will only be able to fully exercise his investor rights directly against the Company if the investor is registered himself and in his own name in the shareholders' register of the Company. In cases where an investor invests in the Company through an intermediary investing into the Company in his 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.

### **4. PERIODIC REPORTS**

Annual reports as at the last day of September, certified by the Auditors, and uncertified semi-annual reports as at last day of March are available to Shareholders free of charge.

The Company is authorised to publish an abridged version of the financial reports. However, a complete version of the financial reports may be obtained free of charge at the registered office of the Company, or the Management Company, as well as from the establishments designated by the Company. These reports will contain information concerning each Sub-Fund as well as the assets of the Company as a whole.

The financial statements of each Sub-Fund are expressed in its respective reference currency, whereas the consolidated accounts will be expressed in Euro.

The annual reports, which are made available within 4 (four) months after the end of the financial year, as well as the semi-annual reports, which are made public within 2 (two) months after the end of the half-year, are held at the Shareholders' disposal at the registered office of the Company and of the Management Company.

## **IX. LIQUIDATION OF THE COMPANY, SUB-FUNDS or CLASSES – MERGER OF SUB-FUNDSOR CLASSES**

### **1. LIQUIDATION OF THE COMPANY**

The Company will be liquidated in accordance with the provisions of the Law of 17<sup>th</sup> December 2010.

#### **A. MINIMUM ASSETS**

If the capital of the Company falls below two thirds of the required minimum, the Directors must submit the question of the Company's dissolution to a General Meeting of Shareholders for which no quorum will be prescribed and which will decide by a simple majority of the shares represented at the Meeting.

If the capital of the Company falls below one quarter of the required minimum, the Directors must submit the question of the Company's dissolution to the General Meeting of Shareholders for which no quorum will be prescribed; dissolution may be decided by the Shareholders holding one quarter of the shares represented at the Meeting.



The Meeting will be convened so as to be held within 40 (forty) days from the date on which the net assets are recorded as having fallen below either two thirds or one quarter of the legal minimum.

Moreover, the Company may be dissolved by a decision of a General Meeting ruling in accordance with the relevant statutory provisions.

Notice of the General Meeting's decision, or the Court's decision, to dissolve and liquidate the Company will be published in the Luxembourg Official Gazette, if such publication is required by the applicable law or by the Articles of Incorporation and in 2 (two) newspapers with adequate circulation, of which at least one must be a Luxembourg newspaper and in the newspapers of the countries in which the shares are marketed, as determined by the Board of Directors.

## **B. VOLUNTARY LIQUIDATION**

In case the Company is dissolved, its liquidation will be carried out by one or more liquidators appointed in accordance with the Articles of Incorporation and with the Law of 17<sup>th</sup> December 2010, which specifies the manner in which the net proceeds of liquidation, after deduction of expenses, is to be distributed amongst the Shareholders.

Amounts that have not been distributed by the close of the liquidation procedure will be consigned to the "*Caisse des Consignations*" in Luxembourg for the duration of the limitation period in favour of the Shareholders entitled thereto.

Shares will cease to be issued, redeemed and converted as soon as the decision to dissolve the Company is taken.

## **2. LIQUIDATION OF SUB-FUNDS OR CLASSES**

A sub-Fund or a Class may be terminated by resolution of the Board of Directors under the following circumstances:

- if the Net Asset Value of a Sub-Fund or a class is below a level at which the Board of Directors considers that its management may not be easily ensured; or
- in the event of special circumstances beyond its control, such as political, economic, or military emergencies; or
- if the Board of Directors should conclude, in light of prevailing market or other conditions, including conditions that may adversely affect the ability of a Sub-Fund or a class to operate in an economically efficient manner, and with due regard to the best interests of shareholders, that a Sub-Fund or a class should be terminated.

In such event, the assets of the Sub-Fund or the class shall be realized, the liabilities discharged and the net proceeds of realization distributed to shareholders in proportion to their holding of shares in that sub-Fund or class against such evidence of discharge as the Board of Directors may reasonably require.

The Company shall send a notice to the shareholders of the relevant Sub-Fund or class of shares before the effective date of such termination. Such notice shall indicate the reasons for such termination as well as the procedures to be enforced. Unless otherwise stated by the Board of Directors, shareholders of such Sub-Fund or class of shares may continue to apply for the redemption or the conversion of their shares free of charge, but on the basis of the applicable Net Asset Value, taking into account the estimated liquidation expenses.

Notwithstanding the powers conferred to the Board of Directors by the preceding paragraph, the general meeting of shareholders of any one or all classes of shares issued in any Sub-Fund will, in any other circumstances, have the power, upon proposal from the Board of Directors, to redeem all the shares of the relevant classes and refund to the shareholders the net asset value of their shares (taking into account actual realization prices of investments and realization expenses) calculated on the Valuation Day at which such decision shall take effect. There shall be no quorum requirements for such general meeting of shareholders which shall decide by resolution taken by simple majority of those present or represented and voting at such meeting.

The assets that were not distributed to their owners upon redemption shall be deposited with the “*Caisse de Consignation*” in Luxembourg on behalf of their beneficiaries.

### **3. MERGER OF SUB-FUNDS OR CLASSES**

The Board of Directors may decide to allocate the assets of any Sub-Fund to those of another existing Sub-Fund within the Company (the "new Sub-Fund") and to redesignate the shares of the class or classes of shares concerned as shares of the new Sub-Fund (following a split or consolidation, if necessary, and the payment of the amount corresponding to any fractional entitlement to shareholders).

The Board of Directors may also decide to allocate the assets of any Sub-Fund to another undertaking for collective investment organised under the provisions of Part I of the 2010 Law or under the legislation of a Member State of the European Union, or of the European Economic Area, implementing Directive 2009/65/EC or to a Sub-Fund within such other undertaking for collective investment.

The mergers will be undertaken within the framework of the 2010 Law.

Any merger shall be decided by the Board of Directors unless the Board of Directors decides to submit the decision for a merger to a meeting of shareholders of the Sub-Fund concerned. No quorum is required for such a meeting and decisions are taken by a simple majority of the votes cast. In case of a merger of a Sub-Fund where, as a result, the Company ceases to exist, the merger shall be decided by a meeting of shareholders resolving in accordance with the quorum and majority requirements for changing the Articles of Incorporation of the Company.

In the event that the Board of Directors believes it is required for the interests of the shareholders of the relevant Sub-Fund or that a change in the economic or political situation relating to the Sub-Fund concerned has occurred which would justify it, the reorganisation of one Sub-Fund or class, by means of a division into two or more Sub-Funds or classes, may be decided by the Board of Directors.

A notice relating to the merger or division of the Sub-Fund or class will be sent to the shareholders of the Sub-Fund or class concerned. The shareholders will have the possibility to redeem their shares free of charge. Any applicable contingent deferred sales charges are not to be considered as redemption charges and shall therefore be due.

The Company's auditors will produce a report on the merger.

These mergers may be justified by various economic circumstances. The Board of Directors may also decide to consolidate or split classes or split or consolidate different classes of shares within a Sub-Fund. Such decision will be notified in the same manner as described above) and in accordance with applicable laws and regulations.

If within a Sub-Fund different classes of shares have been issued as described in the Articles of Incorporation, the Board of Directors may decide that the shares of one class be converted into shares of another class at the time where the features applicable to the shares of a given class are no more applicable to such class. Such conversion shall be carried out without costs for the shareholders, based on the applicable Net Asset Values. Any shareholder of the relevant class shall have the possibility to request for redemption of his shares without any cost for a period of one month before the effective date of such compulsory conversion.

Any amounts remaining as a result of mergers of Sub-Funds or classes will be treated in the same manner as for subscriptions or conversions.

## **X. DATA PROTECTION**

### **DATA PROTECTION**

For the purposes of this clause, the terms “Personal Data”, “Controller”, “Processor” and “Data Subject” shall all be defined as set out in the applicable Data Protection Laws. “Data Protection Laws” means the

Luxembourg Act of 1st August 2018 concerning the organisation of the CNPD and the General Data Protection Regulation or any applicable national data protection legislation together with the protection of privacy in the electronic communications sector and the EU Regulation 2016/679 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data (hereby referred to as "GDPR").

### **Categories of Personal Data and Data Subjects**

The Company acting as data controller (the "Controller") collects, stores and processes by electronic or other means personal data (i.e. any information relating to an identified or identifiable natural person, hereafter, the "Personal Data") supplied by the Investors at the time of their subscription and their representative(s) (including, without limitation, legal representatives and authorized signatories), employees, directors, officers and/or unitholders for, nominees and/or ultimate beneficial owner(s) (as applicable) (the "Data Subjects") for the purposes of fulfilling the services required by the Investors.

Personal Data may include, without limitation,

- identifying data and identifying electronic data (such as name, address, e-mail address, identity documents, specimen of signature);
- banking and financial data (such as identification of the bank account, payslip/proceeds of remuneration, account balance...);
- data concerning personal characteristics (such as age, sex, date of birth, criminal records,...);
- data concerning profession and employment (such as current employment data);
- data concerning source of wealth (such as assets of the data subject).
- and any other Personal Data that is necessary to Controller and Processors for the purposes described below.

Personal Data is collected directly from Data Subjects or may be collected through publicly accessible sources, social media, subscription services, or other third party data sources.

### **Purpose of the processing of the Personal Data and the legal basis for the processing of the Personal Data**

Personal Data may be processed for the purposes of (i) offering investment in Shares and performing the related services as contemplated under this Prospectus, the subscription agreement, the Depositary Bank and Principal Paying Agent Agreement, the Management Company Agreement, the Investment Management Agreements and, the Transfer and Registrar Agent Agreement, including, but not limited to, processing subscriptions and redemptions and providing financial and other information to Investors (ii) direct or indirect marketing activities and, (iii) other related services resulting from any agreement entered into between Controller and a service provider that is communicated or made available to the Investors (hereafter the "Investment Services"). Personal Data may also be processed to comply with legal or regulatory obligations including, but not limited to, legal obligations under applicable fund and company law (such as maintenance of the register of Investors and recording orders), prevention of terrorism financing law, anti-money laundering law (such as carrying out customer due diligence), prevention and detection of crime, and tax law (such as reporting under the FATCA and CRS Laws (as defined in the Tax section of this Prospectus).

Personal Data will be used by the Company as Controller, and by the Management Company, the Paying Agent, the Depositary, the Registrar and Transfer Agent for maintaining the Register, processing transactions for Shareholders or payment of dividends, and complying with legal and regulatory obligations and other service providers of the Company (including its information technology providers) and, any of the foregoing respective agents, delegates, affiliates, subcontractors and/or their successors and assigns, acting as data processor on behalf of the Company (i.e. the "Processors"). The Processors may act as data processor on behalf of the Controller or, in certain circumstances, as data controller, in particular for compliance with their legal obligations in accordance with applicable laws and regulations (such as anti-money laundering identification) and/or order of competent jurisdiction.

The Controller and Processors may collect, use, store, retain, transfer and/or otherwise process Personal Data: (i) on the basis of Investors' consent and/or; (ii) for the Processors to perform their services rendered

in connection with the Investment Services, (iii) as a result of the subscription of Investors to the subscription agreement where necessary to perform the Investment Services or to take steps at the request of Investors prior to such subscription, including the holding of Shares in general and/or; (iv) to comply with a legal or regulatory obligation of the Controller or the Processors and/or; (v) in the event the subscription agreement is not entered into directly by the concerned Data Subject, Personal Data may be processed for the purposes of the legitimate interests pursued by Controller or by Processors, which mainly consist in the performance of the Investment Services, or direct or indirect marketing activities, or compliance with foreign laws and regulations and/or any order of a foreign court, government, supervisory, regulatory or tax authority, including when providing such Investment Services to any beneficial owner and any person holding shares directly or indirectly in the Company.

### **The recipients and categories of recipients of the Personal Data including transfer of Personal Data to third countries (including safeguards)**

Personal Data may be disclosed to and/or transferred to and otherwise accessed or processed by Processors, auditors or accountants, as well as any (foreign) court, governmental or regulatory bodies including tax authorities (i.e. the "Authorised Recipients"). The Authorised Recipients may act as data processor on behalf of Controller or, in certain circumstances, as data controller for pursuing their own purposes, in particular for performing their services or for compliance with their legal obligations in accordance with applicable laws and regulations and/or order of court, government or regulatory body, including tax authority. Investors acknowledge that the Authorised Recipients, including the Processors, may be located outside of the European Economic Area ("EEA") in countries which do not ensure an adequate level of protection according to the European Commission and where data protection laws might not exist or be of a lower standard than in the EEA. In case personal data are transferred outside the EEA, necessary steps are undertaken to ensure that appropriate safeguards required by GDPR and other applicable laws and regulations, are put in place to protect the privacy and integrity of such personal data, such as the implementation of EU model contract clauses.

The Controller undertakes not to transfer Personal Data to any third parties other than the Authorised Recipients, except as disclosed to Investors from time to time or if required or permitted by applicable laws and regulations, including Data Protection Law, or by any order from a court, governmental, supervisory or regulatory body, including tax authorities.

By purchasing Shares in the Company, Investors acknowledge and accept that Personal Data may be processed for the purposes described above and in particular, that the transfer and disclosure of Personal Data may take place to countries which do not have equivalent data protection laws to those of the EEA, including the Data Protection Law, or that are not subject to an adequacy decision of the European Commission. The Controller may only transfer Personal Data for the purposes of performing the Investment Services, marketing purposes or for compliance with applicable laws and regulations as contemplated under this Prospectus.

The Controller or the Processors on behalf of the Controller shall transfer Personal Data to the Authorised Recipients located outside European Economic Area ("EEA") in countries which do not ensure an adequate level of protection according to the European Commission on the basis of appropriate safeguards according to Data Protection Law, such as standard contractual clauses, binding corporate rules, an approved code of conduct, or an approved certification mechanism.

### **Right of Data Subjects to withdraw consent**

In the event the processing of Personal Data or transfer of Personal Data outside of the EEA take place on the basis of the consent of Investors, Data Subjects are entitled to withdraw their consent at any time without prejudice to the lawfulness of the processing and/or data transfers carried out before the withdrawal of such consent. In case of withdrawal of consent, Controller will accordingly cease such processing or transfers. However, Investors acknowledge that, notwithstanding any withdrawal of their consent, Controller may still continue to process and/or transfer Personal Data outside the EEA if permitted by Data Protection Law or if required by applicable laws and regulations. Any change to, or withdrawal of, Data Subjects' consent can be communicated in writing to the Company.

### **Source of the Personal Data**

Insofar as Personal Data provided by Investors include Personal Data concerning Data Subjects. Investors represent that they have authority to provide Personal Data of Data Subjects to Controller. If Investors are not natural persons, they confirm that they have undertaken to (i) inform any Data Subject about the processing of their Personal Data and their rights as described under this Prospectus, in accordance with the information requirements under the Data Protection Law and (ii) where necessary and appropriate, obtained in advance any consent that may be required for the processing of Personal Data as described under this Prospectus in accordance with the requirement of Data Protection Law with regard to the validity of consent, in particular, for the transfer of Personal Data to the Authorised Recipients located outside of the EEA. The Controller may assume, where applicable, that Data Subjects have, where necessary, given such consent and have been informed of the processing and transfer of their Personal Data and of their rights as contemplated under this Prospectus.

### **Consequence of refusal to provide Personal Data processed under statutory obligation**

Answering questions and requests with respect to (i) Data Subjects' identification, (ii) Shares held in the Company and (iii) FATCA is mandatory. Investors acknowledge and accept that failure to provide relevant personal data requested by the Company, the Management Company, the Investment Manager and/or the Administrative Agent in the course of their relationship with the Company may prevent them from maintaining their Shares in the Company and may be reported by the Company, the Management Company, the Investment Manager and/or the Administrative Agent to the relevant Luxembourg authorities.

Investors acknowledge and accept that the Company, the Management Company, the Investment Manager and/or the Administrative Agent will report any relevant information in relation to their investments in the Company to the Luxembourg tax authorities (Administration des contributions directes) which will exchange this information on an automatic basis with the competent authorities in the United States or other permitted jurisdictions as agreed in the FATCA Law, at OECD and EU levels or equivalent Luxembourg legislation.

### **Rights of Data Subjects**

Each Data Subject may request (i) access to, rectification, or deletion of, any incorrect Personal Data concerning him, (ii) a restriction of processing of Personal Data concerning him and, (iii) to receive Personal Data concerning him in a structured, commonly used and machine readable format or to transmit those Personal Data to another controller in accordance with Data Protection Law and (iv) to obtain a copy of or access to the appropriate or suitable safeguards which have been implemented for transferring the Personal Data outside of the EEA, in the manner and subject to the limitations prescribed in accordance with Data Protection Law. In particular, Data Subjects may at any time object, on request and free of charge, to the processing of Personal Data concerning them for marketing purposes or for any other processing carried out on the basis of the legitimate interests of Controller or Processors. Each Data Subject should address such requests to the Company. For any additional information related to the processing of their Personal Data, Data Subjects can contact the Controller via post mail.

### **Right to lodge a complaint with the supervisory authority**

Investors are entitled to address any claim relating to the processing of their Personal Data carried out by Controller and the Processors in relation with the Investment Services to the relevant data protection supervisory authority (i.e. in Luxembourg, the Commission Nationale pour la Protection des Données).

The Controller and Processors processing Personal Data on behalf of Controller will accept no liability with respect to any unauthorised third party receiving knowledge and/or having access to Personal Data, except in the event of proved negligence or willful misconduct of Controller or such Processors.

### **Storage limitation of the Personal Data**

Personal Data of Data Subjects will not be retained for longer than necessary with regard to the Purposes and compliance obligations, in accordance with applicable laws and regulations, subject always to applicable legal minimum retention periods.

## **XI. INFORMATION – DOCUMENTS AVAILABLE TO THE PUBLIC**

### **1. INFORMATION FOR SHAREHOLDERS**

#### **a) Net Asset Value**

The Net Asset Values of the shares of each Sub-Fund will be available on each Bank Business Day at the registered office of the Company, and of the Sub-Administrative Agent. The Board of Directors may subsequently decide to publish these net values in newspapers of the countries in which the shares of the Company are offered or sold.

#### **b) Issue and redemption prices**

The issue and redemption prices of the shares of each Sub-Fund of the Company are made public on each Valuation Day at the offices of the Sub-Administrative Agent / Paying Agent.

#### **c) Notices to Shareholders**

Notice to Shareholders will be sent at their attention at their address as indicated in the shareholder register and shall be made available at the registered office of the Company, free of charge. Furthermore, they may be published in Luxembourg and published in the countries where the Company is marketed, and in the Luxembourg Official Gazette, in Luxembourg, if such publications are required by the applicable law or by the Articles of Incorporation.

#### **d) Material contracts**

The following contracts are executed by the Company:

- Depository Bank and Principal Paying Agent Agreement dated 11 August 2016 between the Company and RBC Investor Services Banks S.A.;
- Transfer and Registrar Agent Agreement dated June 30<sup>th</sup>, 2015 between the Management Company, the Company and RBC Investor Services Banks S.A.;
- Management Company Services Agreement dated June 4<sup>th</sup>, 2008 between the Management Company and the Company.

#### **e) Rights of the investors**

The Company draws the investors' attention to the fact that any investor will only be able to fully exercise his investor rights directly against the Company, notably the right to participate in general shareholders' meeting if the investor is registered himself and in his own name in the shareholders' register of the Company. In cases where an investor invests in the Company through an intermediary investing into the Company in his 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.

#### **f) Additional information**

Additional information which the Management Company must make available to investors in accordance with Luxembourg laws and regulations such as but not limited to shareholder complaints handling procedures, management of activities giving rise to detrimental conflict of interest, voting rights policy of the Management Company etc... shall be available at the registered office of the Management Company.

### **2. DOCUMENTS AVAILABLE TO THE PUBLIC**

Copies of the Articles of Incorporation, of the latest annual and semi-annual reports of the Company and of the material contracts referred to above are available for inspection at the registered office of the Company and of the Management Company where a copy may be obtained free of charge.

Subscription forms may be obtained upon request at the registered office of the Company and of the Sub-Registrar Agent.

## **XII. SPECIAL CONSIDERATION ON RISKS**

With regard to each Sub-Fund, future investors are recommended to consult their professional advisors to evaluate the suitability of an investment in a specific Sub-Fund, in view of their personal financial situation.

The number and allocation of portfolio assets in each Sub-Fund should reduce the Sub-Fund's sensitivity to risks associated with a particular investment. Nevertheless, potential investors should be aware of the fact that there can be no assurance that their initial investment will be preserved.

Past performance is not indicative of future results. Each Sub-Fund is subject to the risk of common stock investment. The price of the shares and the income from them may fall as well as rise. There can be no assurance that each Sub-Fund will achieve its objectives. There is no guarantee that investors will recover the total amount initially invested.

In addition, future investors should give careful consideration to the following risks linked to an investment in certain Sub-Funds:

#### **Acceptable markets**

Some markets, on which securities are listed, may not qualify as acceptable markets under Article 41(1) of the Law. Investments in securities on these markets will be considered as investments in unlisted Transferable Securities. Accordingly, the total amount of net assets in a Sub-Fund invested in these securities and unlisted securities will be limited to 10%.

#### **Risk of limited trading volume**

Trading volumes of emerging country stock exchanges can be considerably lower than in leading world exchanges. The resulting lack of liquidity may adversely affect the price at which the securities held by a Sub-Fund can be sold.

#### **Accounting and statutory standards**

It may occur in some countries, where a Sub-Fund may potentially invest, that standards of accountancy, auditing and reporting are less strict than the standards applicable in more developed countries and that investment decisions have to be taken based on information less complete and accurate than that available in more developed countries.

#### **Concentration risk**

Some sub-funds may concentrate their investments in one or more countries, regions, sectors, asset classes, types of instrument or currencies in such a way that they are more affected by any economic, social, political or tax events involving the countries, regions, sectors, asset classes, types of instrument or currencies concerned.

#### **Currency risks**

Certain Sub-Funds, investing in securities denominated in currencies other than their reference currency, may be subject to fluctuations in exchange rates resulting in a reduction in the Sub-Fund's Net Asset Value. Changes in the exchange rate between the base currency of the Sub-Fund and the currency of its underlying assets may lead to a depreciation of the value of the Sub-Fund's assets as expressed in the Sub-Fund's base currency. The Sub-Fund may attempt to mitigate this loss by the use of hedging but only on the terms approved of in the Prospectus.

#### **Investment in small and medium-capitalised companies (small and medium cap)**

Investment in small and medium-sized companies can involve more risks than those normally associated with investment in larger and better established companies. Smaller companies, in particular, often have limits as regards product range, markets or financial resources, and there may be only one or two key manager(s).

#### **Investing in Equity Securities**

Investing in equity securities may offer a higher rate of return than those in short term and longer term debt securities. However, the risks associated with investments in equity securities may also be higher, because the investment performance of equity securities depends upon factors which are difficult to predict. Such factors include the possibility of sudden or prolonged market declines and risks associated with individual companies. The fundamental risk associated with any equity portfolio is the risk that the value of the

investments it holds might decrease in value. Equity security values may fluctuate in response to the activities of an individual company or in response to general market and/or economic conditions. Historically, equity securities have provided greater long-term returns and have entailed greater short-term risks than other investment choices.

### **Investments in Debt Securities**

Among the principal risks of investing in debt securities are the following:

interest rate risk (the risk that the value of the relevant Sub-Fund's investments will fall, if interest rates rise); interest rate risk generally is greater for Sub-Funds that invest in fixed income securities with relatively long maturities than for Sub-Funds that invest in fixed income securities with shorter maturities;

credit risk (the risk that companies in which the relevant Sub-Fund invests, or with which it does business, will fail financially, and be unwilling or unable to meet their obligations to the Sub-Fund).

### **Distressed or Defaulted Debt Securities**

For debt securities that are defaulted or distressed, payments of interest or of principal may or may not be assumed but there could be other opportunities to generate a positive return from an investment. Sub-Funds may invest in defaulted or distressed debt securities which are subject to a significant risk of the issuer's inability to meet principal and interest payments on the obligations and may also be subject to price volatility due to such factors as interest rate sensitivity, market perception of the creditworthiness of the issuer and general market liquidity risk. The risk of loss due to default may also be considerably greater with lower-quality securities because they are generally unsecured and are often subordinated to other creditors of the issuer.

The issuers of debt securities may default on their obligations, whether due to insolvency, bankruptcy, fraud or other causes and their failure to make the scheduled payments could cause the relevant Sub-Fund to suffer significant losses, which may lower its Net Asset Value.

Sub-Funds investing in defaulted or distressed debt securities will therefore be subject inter alia to credit, liquidity and interest rate risks. In addition, evaluation of credit risk for debt securities involves uncertainty because credit rating agencies throughout the world have different standards, making comparison across countries difficult. Also, the market for debt securities may be inefficient and illiquid, making it difficult to accurately value financial instruments. Evaluating investments in distressed or defaulted securities is highly complex and there is no assurance that a Sub-Fund will correctly evaluate the nature and magnitude of the various factors that could affect the prospects for a successful reorganisation or similar action.

Defaulted securities tend to lose much of their value before they default. Thus, the relevant Sub-Fund's Net Asset Value may be adversely affected before an issuer defaults. In addition, a Sub-Fund may incur additional expenses if it must try to recover principal or interest payments on a defaulted or distressed security.

### **Emerging Market Risks**

The attention of the investor is drawn to the fact that investments in emerging markets may offer higher risk. There follows an overview of the general risks entailed by investments in the emerging markets:

Emerging markets are at an early stage of development and suffer from increased risk of expropriation, nationalization and social, political and economic insecurity.

Counterfeit securities – with the weakness in supervisory structures, it is possible for securities purchased by a Sub-Fund to be counterfeited. Hence it is possible to suffer losses.

Liquidity difficulties – the buying and selling of securities can be costlier, lengthier and in general more difficult than is the case in the more developed markets. Difficulties with liquidity can also increase price volatility. Many emerging markets are small, have low trading volumes and suffer from low liquidity and high price volatility.

Currency fluctuations – the currencies of countries in which a Sub-Fund invests, compared with the accounting currency of that Sub-Fund, can undergo substantial fluctuations once the Sub-Fund has invested in these currencies. Such fluctuations may have a significant effect on the Sub-Fund's income. It is not possible to apply currency risk hedging techniques to all currencies in emerging market countries.

Currency export restrictions – it cannot be excluded that emerging markets limit or temporarily suspend the export of currencies. Consequently, it is not possible for a Sub-Fund to draw any sales proceeds without



delays. To minimise the possible impact on redemption applications, a Sub-Fund will invest in a large number of markets.

Settlement and custody risks – the settlement and custody systems in emerging markets countries are not as well developed as those in developed markets. Standards are not so high and the supervisory authorities do not have the same amount of experience. Consequently, it is possible for settlement to take place late, which may pose disadvantages for liquidity and securities.

Restrictions on buying and selling – in some cases, emerging markets can place restrictions on the buying of securities by foreign investors. Some equities are thus not available to a Sub-Fund because the maximum number allowed to be held by foreign shareholders has been exceeded. As well as this, the participation of foreign investors in the net income, capital and distributions may be subject to restrictions or government approval. Emerging markets may also limit the sale of securities by foreign investors. Should a Sub-Fund be barred due to such a restriction from selling its securities in an emerging market, it will try to obtain an exceptional approval from the authorities responsible or to counter the negative impact of this restriction through its investments in other markets. A Sub-Fund will only invest in markets in which the restrictions are acceptable. However, it is not possible to prevent additional restrictions from being imposed. Accounting – the accounting, auditing and reporting standards, methods, practices and disclosures required by companies in emerging markets differ from those in developed markets in respect of content, quality and the deadlines for providing information to investors. It may thus be difficult to correctly evaluate the investment options. Consequently, there is generally less publicly available information about such companies than about companies in developed countries. Furthermore, the quality and reliability of official data published by the government or securities exchanges in emerging markets may not accurately reflect the statistics being reported.

General market conditions – economic uncertainty, changes in law, trade barriers. Emerging market economies may differ favourably or unfavourably from the U.S. or other developed economies in such respects as growth of gross domestic product, rate of inflation, currency depreciation, asset reinvestment, resource self-sufficiency and balance of payments position. Further, emerging market economies are heavily dependent upon international trade and, accordingly, have been and may continue to be adversely affected by trade barriers, exchange controls, managed adjustments in relative currency values and other protectionist measures imposed or negotiated by the countries with which they trade. Such markets may be subject to higher inflation.

Volatility - Emerging markets are more likely than developed markets to experience periods of extreme volatility. Such volatility could result in substantial losses for the Sub-Fund.

Governmental risks/taxation - There is the possibility of nationalization, expropriation, confiscatory taxation, imposition of withholding or other taxes on dividends, interest, capital gains or other income, limitations on the removal of funds or other assets of the Sub-Fund, political changes, government regulation, social instability or diplomatic developments, any of which could affect adversely economies of emerging markets or the value of the Sub-Fund's investments, or both.

Reduced diversification - Where Sub-Fund assets are invested in narrowly-defined markets or sectors of a given economy, risk is increased by the inability to broadly diversify investments and by potentially adverse developments within those markets or sectors.

For the reasons mentioned, Sub-Funds that invest in Emerging Markets are especially suitable for investors who are aware of the risks

### **Foreign Investment Risks**

Government regulations and restrictions in certain countries, including countries in Asia and the Pacific region, Africa, Eastern Europe and Latin America, may limit the amount and types of securities that may be purchased by a Sub-Fund or the sale of such securities once purchased. Such restrictions may also affect the market price, liquidity and rights of securities that may be purchased by a Sub-Fund, and may increase Sub-Fund expenses. In addition, the repatriation of both investment income and capital is often subject to restrictions such as the need for certain governmental consents, and even where there is no outright restriction, the mechanics of repatriation may affect certain aspects of the operation of a Sub-Fund. In particular, a Sub-Fund's ability to invest in the securities markets of several of the Asian countries and other emerging countries is restricted or controlled to varying degrees by laws restricting foreign investment and these restrictions may, in certain circumstances, prohibit a Sub-Fund from making direct investments.

**Foreign exchange risks**

Certain Sub-Funds investing in securities denominated in currencies other than their reference currency, may be subject to fluctuations in exchange rates resulting in a reduction in the Sub-Fund's net asset value.

**Warrants**

Investment in warrants on Transferable Securities can lead to increased portfolio volatility. Thus, the nature of the warrants will involve Shareholders in a greater degree of risk than is the case with conventional securities.

**Interest rates**

When a Sub-Fund invests in or is otherwise exposed to the interest bearing securities, it is exposed to the risk of interest rate change and fluctuations.

**Investments in Specific Sectors**

Certain Sub-Funds will concentrate their investments in companies of certain sectors of the economy and therefore will be subject to the risks associated with concentrating investments in such sectors. More specifically, investments in specific sectors of the economy such as health care, consumer staples and services or telecommunications etc... may lead to adverse consequences when such sectors become less valued.

**ISDA Master Agreements**

A Sub-Fund may enter into derivative transactions of the type governed by the ISDA Master Agreement. The ISDA Master Agreement is a standard agreement commonly used in the OTC derivatives market which sets forth key provisions governing the contractual relationship between the parties to such agreement, including each of their rights, liabilities and obligations. If the Investment Adviser enters into transactions governed by the ISDA Master Agreement such as interest rate swaps on a Sub-Fund's behalf, it will also need to enter into a Credit Support Annex, which is an annex to the ISDA Master Agreement that is used to document bilateral credit support arrangements between parties for transactions governed by an ISDA Master Agreement, on such Sub-Fund's behalf. Following agreement with a selected counterparty, upon the relevant Investment Manager entering into an initial or a further transaction governed by the ISDA Master Agreement including a foreign exchange transaction, currency option or, if relevant, interest rate swap on a Sub-Fund's behalf, an ISDA Master Agreement, amended to reflect any negotiated commercial and/or legal points, shall be immediately deemed to be entered into between that Sub-Fund and such counterparty and any confirmation in respect of a transaction entered into thereunder (including such initial derivatives transaction) shall supplement and form part of such ISDA Master Agreement.

On each date on which a derivatives transaction is entered into on behalf of a Sub-Fund, the Company, on behalf of such Sub-Fund, will be deemed to have given certain representations and undertakings to each counterparty with whom the ISDA Master Agreement is entered into on its behalf. Such representations and undertakings include, without limitation, representations and undertakings, from and in respect of the Company, as to the due establishment, good standing and corporate powers of the relevant Sub-Fund, the obtaining of all requisite consents and compliance with applicable laws by the relevant Sub-Fund and the binding nature of obligations on the relevant Sub-Fund under the relevant ISDA Master Agreement and associated contracts and transactions. The Company must notify the relevant Investment Manager if at any time it becomes aware that it is in breach of any such representations or unable to continue to comply with any such undertakings. Any such breach may, in addition to other potential consequences, lead to each relevant counterparty being able to unilaterally terminate its ISDA Master Agreement with the Company on behalf of the relevant Sub-Fund and to close out any open contracts with it.

**Use of derivatives and other Investment Techniques**

Certain Sub-Funds of the Company may also invest in financial derivative instruments as a principal investment objective, as more fully described in the investment policy of the relevant Sub-Funds, which may entail additional risks for Shareholders.

Derivative financial instruments are not in themselves investment instruments but rights whose valuation mainly derives from the price and the price fluctuations and expectations of an underlying instrument. Investments in derivatives are subject to the general market risk, management risk, credit and liquidity risk. Depending on the specific characteristics of derivative financial instruments, however, the aforementioned risks may be of a different kind and occasionally turn out to be higher than the risks with an investment in

the underlying instruments. The risk of default in the case of derivatives traded on an exchange is generally lower than the risk associated with derivatives that are traded over-the-counter on the open market. This is because the clearing agents assume the function of issuer or counterparty in relation to each derivative traded on an exchange. In the case of derivatives traded over-the-counter on the open market, there is no comparable clearing agent guarantee and in assessing the potential risk of default, the Management Company must take account of the creditworthiness of each counterparty. There are also liquidity risks since it may be difficult to buy or sell certain instruments. Additional risks connected with the employment of derivatives lie in the incorrect determination of prices or valuation of derivatives.

There is also the possibility that derivatives do not completely correlate with their underlying assets, interest rates or indices. Inappropriate valuations can result in higher demands for cash by counterparties or in a loss of value for the Company. There is not always a direct or parallel relationship between a derivative and the value of the assets, interest rates or indices from which it is derived. For these reasons, the use of derivatives by the Company is not always an effective means of attaining the Company's investment objective and can at times even have the opposite effect.

The Company will use commitments methodologies in order to calculate the global risk exposure of each relevant Sub-Fund and to ensure that such global risk exposure relates to financial derivative instruments does not exceed the total Net Asset Value of such Sub-Funds.

## **APPENDIX I INVESTMENT RESTRICTIONS**

The Board of Directors shall, based upon the principle of risk spreading, have power to determine the corporate and investment policy for the investments for each Sub-Fund, the benchmark, the reference currency and the Company's management strategy.

Except to the extent that more restrictive rules are provided for in connection with a specific Sub-Fund under Appendix III, the investment policy shall comply with the rules and restrictions laid down hereafter:

### **A. The Company may invest in one or more of the following:**

- (1) Transferable Securities and Money Market Instruments admitted to or dealt in on a Regulated Market within the meaning of Directive 2004/39/EC of the European Parliament and of the Council of 21 April 2004 on markets in financial instruments;
- (2) Transferable Securities and Money Market Instruments dealt in on another market in a Member State of the European Union ("EU"), which is regulated, operates regularly and is recognised and open to the public;
- (3) Transferable Securities and Money Market Instruments admitted to official listing on a stock exchange in a non Member State of the EU or dealt in on another market in a non Member State of the EU, which is regulated, operates regularly and is recognised and open to the public;
- (4) recently issued Transferable Securities and Money Market Instruments, provided that:
  - the terms of issue include an undertaking that application will be made for admission to official listing on a Regulated Market, stock exchange or on another Regulated Market as described under (1)-(3) above;
  - such admission is secured within one year of the first issue;
- (5) units of UCITS and/or other UCIs within the meaning of Article 1(2) points a) and b) of Directive 2009/65/EC, whether situated in a Member State of the EU or in a non Member State of the EU, provided that:
  - such other UCIs are authorised under laws which provide that they are subject to supervision considered by the Regulatory Authority (the "CSSF") to be equivalent to that laid down in Community law, and that cooperation between authorities is sufficiently ensured;
  - the level of protection guaranteed to unitholders in such other UCIs is equivalent to that provided for unitholders in a UCITS, and, in particular, that the rules on assets segregation, borrowing, lending and uncovered sales of Transferable Securities and Money Market Instruments comply with the requirement of Directive 2009/65/EC;
  - the business of the other UCIs is reported in half-yearly and annual report to enable an assessment of the assets and liabilities, income and operation over the reporting period;
  - no more than 10% of the assets of the UCITS or of the other UCIs, whose acquisition is contemplated, can be, according to their management regulations or instruments of incorporation, invested in aggregate in units of other UCITS or other UCIs;
- (6) deposits with credit institutions and time deposits, which are repayable on demand or have the right to be withdrawn, and maturing in no more than 12 (twelve) months, provided that the credit institution has its registered office in a Member State of the EU or, if the registered office of the credit institution is situated in a non Member State of the EU, provided that it is subject to prudential rules considered by the CSSF as equivalent to those laid down in Community law;

(7) financial derivative instruments, including equivalent cash-settled instruments, dealt in on a Regulated Market or other market referred to in points (1), (2) and (3) above, and/or financial derivative instruments dealt in over-the-counter (“OTC derivative”), provided that:

- the underlying assets consist of instruments covered by Article 41, paragraph (1), of the Law, financial indices, interest rates, foreign exchange rates or currencies, in which the Company may invest in accordance with its investment objectives as stated in the Company management regulations or instruments of incorporation;
- the counterparties to OTC derivatives transactions are institutions subject to prudential supervision and belonging to the categories approved by the CSSF, and
- the OTC derivatives are subject to reliable and verifiable valuation on a daily basis and can, at the Company's initiative, be sold, liquidated or closed at fair value at any time by means of an offsetting transaction;

(8) Money Market Instruments other than those dealt in on a Regulated Market and which fall under Article 1 of the Law, if the issuer or the issuer of such instruments is itself regulated for the purpose of protecting investors and saving, and provided that such instruments are:

- issued or guaranteed by a central, regional or local authority or by a central bank of a Member State of the EU, the European Central Bank, the EU or the European Investment Bank, a non Member State of the EU or, in 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 Member States belong, or
- issued by an undertaking, any securities of which are dealt in, on Regulated Markets referred to in (1), (2) or (3) above, or
- 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
- 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 those laid down in the first, the second or the third indents and provided that the issuer is a company whose capital and reserves amount to at least EUR 10.000.000.- (ten million Euro) and which presents and publishes its annual accounts in accordance with the fourth Directive 78/660/EEC, is an entity which, within a Group of Companies which includes one or several listed company(ies), is dedicated to the financing of the group or is an entity which is dedicated to the financing of securitisation vehicles, which benefit from a banking liquidity line.

**B. Moreover, in each Sub-Fund the Company may:**

- (1) invest up to 10% of its net assets in Transferable Securities and Money Market Instruments other than those referred to above under Section A point (1) to (4) and (8);
- (2) hold cash and cash equivalents on an ancillary basis; such restriction may exceptionally and temporarily be exceeded if the Board of Directors considers this to be in the best interest of the Shareholders;
- (3) borrow up to 10% of its net assets, provided that such borrowings are made only on a temporary basis. Commitments in connection with options and the purchase and sale of futures are not taken into consideration when calculating the investment limit;
- (4) acquire foreign currency by means of a back-to-back loan.

**C. In addition, the Company shall comply in respect of the net assets of each Sub-Fund with the following investment restrictions per issuer:**

**(a) Risk Diversification Rules**

For the purpose of calculating the restrictions described in (1) to (5) and (8) hereunder, companies, which are included in the same Group of Companies, are regarded as a single issuer.

To the extent an issuer is a legal entity with multiple Sub-Funds, where the assets of a Sub-Fund are exclusively reserved to the investors in such Sub-Fund and to those creditors whose claim has arisen in connection with the creation, operation and liquidation of that Sub-Fund, each Sub-Fund is to be considered as a separate issuer for the purpose of the application of the risk spreading rules.

▪ **Transferable Securities and Money Market Instruments**

- (1) No Sub-Fund may purchase additional Transferable Securities and Money Market Instruments of any single issuer if:
  - (i) upon such purchase more than 10% of its net assets would consist of Transferable Securities and Money Market Instruments of such issuer; or
  - (ii) the total value of all Transferable Securities and Money Market Instruments of issuers, in which it invests more than 5% of its net assets, would exceed 40% of the value of its net assets. This limitation does not apply to deposits and OTC derivative transactions made with financial institutions subject to prudential supervision.
- (2) The limit of 10% stipulated in point (1)(i) is raised to 20% if the Transferable Securities and Money Market Instruments are issued by companies belonging to the same group, that are not required to consolidate their financial statements, pursuant to Council Directive 83/349/EEC of 13<sup>th</sup> June 1983, with regard to consolidated accounts or pursuant to accepted international accounting rules.
- (3) The limit of 10% stipulated in point (1)(i) is raised up to 35% if the Transferable Securities and Money Market Instruments are issued or guaranteed by an EU Member State, by its public local authorities, by a non-Member State or by international public organisations of which one or more EU Member States are a member.
- (4) The limit of 10% set forth above under (1)(i) is increased up to 25% for certain debt securities where they are issued by a credit institution, which has its registered office in an EU Member State, and which, under applicable law, is submitted to specific public control, in order to protect the holders of such debt securities. In particular, sums deriving from the issue of those debt securities must be invested in accordance with applicable law in assets which, during the whole period of validity of the debt security, are capable of covering claims attaching to the debt securities and which, in case of bankruptcy of the issuer, would be used on a priority basis for the reimbursement of the principal and payment of the accrued interest. To the extent that a relevant Sub-Fund invests more than 5% of its net assets in debt securities issued by such an issuer, the total value of such investments may not exceed 80% of the net assets of such Sub-Fund.
- (5) The securities specified above under (3) and (4) are not to be included for purposes of computing the ceiling of 40% set forth above under (1)(ii).
- (6) **Notwithstanding the ceilings set forth above, each Sub-Fund is authorised to invest, in accordance with the principle of risk spreading, up to 100% of its net assets in Transferable Securities and Money Market Instruments issued or guaranteed by an EU Member State, by its local authorities, by any other Member State of the Organisation for Economic Cooperation and Development (“OECD”) such as the U.S. or by international public organisations of which several EU Member States are members, provided that (i) such securities are part of at least 6 (six) different issues and (ii) the securities from any such issue do not account for more than 30% of the net assets of such Sub-Fund.**
- (7) Without prejudice to the limits set forth hereunder under Section (b), the limits set forth in (1) are raised to a maximum of 20% for investments in shares and/or bonds issued by the same body, when the aim of the Sub-Fund’s investment policy is to replicate the composition of a certain stock or bond index which is recognised by the CSSF and based, among others, on the following basis:
  - the composition of the index is sufficiently diversified,
  - the index represents an adequate benchmark for the market to which it refers,
  - it is published in an appropriate manner.

The limit of 20% is raised to 35% where that proves to be justified by exceptional market conditions, in particular in Regulated Markets where certain Transferable Securities and Money Market Instruments are highly dominant. The investment up to this limit is only permitted for a single issuer.

▪ **Bank deposits**

- (8) A Sub-Fund may not invest more than 20% of its assets in deposits made with the same body.

▪ **Derivatives**

- (9) The counterparty risk connected with OTC derivatives transactions may not exceed 10% of the net assets of a Sub-Fund, when the counterparty is one of the credit institutions referred to under Section A (6) above or 5% of its net assets in all other cases.
- (10) Each Sub-Fund may invest, as a part of its investment policy and within the limits laid down in Article 43 (5) of the Law in financial derivative instruments, provided that the exposure to the underlying assets does not exceed in aggregate the investment limits laid down in Article 43 of the Law. When a Sub-Fund invests in index-based financial derivative instruments, those investments are not required to be combined for the purposes of the limits laid down in Article 43 of the Law.
- (11) When a Transferable Security or a Money Market Instrument embeds a derivative financial instrument, this derivative shall be taken into account for the purpose of applying the provisions set out in Article 42 of the Law.

▪ **Units of Open-Ended Funds**

- (12) The Company may not invest more than 20% of the net assets of each Sub-Fund in units of any one UCITS or other UCIs as defined in Section A, point (5).

Investments made in units of UCIs other than UCITS may not in aggregate exceed 30% of the assets of the Sub-Fund.

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 Article 43 of the Law.

When the Company invests in the units of other 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, that management company or other company may not charge subscription or redemption fees on account of the Company's investment in the units of such other UCITS and/or UCIs.

Any Sub-Fund, that invests a substantial proportion of its assets in other UCITS and/or other UCIs, shall disclose the maximum level of the management fee that may be charged both to the Sub-Fund itself and to the UCITS, and/or other UCIs in which it intends to invest. In the annual report, it shall be indicated the maximum proportion of management fee charged both to each such Sub-Fund and to the UCITS and/or other UCIs, in which they invest.

▪ **Combined limits**

- (13) Notwithstanding the individual limits laid down in Article 43 of the Law, a Sub-Fund may not combine, where this would lead to investment of more than 20% of its assets in a single body, any of the following:
- investments in Transferable Securities or Money Market Instruments issued by the that body and/or,
  - deposits made with that body, and/or,

- exposure arising from OTC derivatives transactions undertaken with that body,
- (14) The limits set out under Section C, points (1), (3), (4), (8), (9) and (13) above may not be combined, and thus the aggregate investments of each Sub-Fund in Transferable Securities or Money Market Instruments issued by the same body, in deposits or derivative instruments made with this body carried out in accordance with points (1), (3), (4), (8), (9) and (13) under Section C above may not exceed a total of 35% of the assets of the of said Sub-Fund.

**(b) Limitations on Control**

- (15) No Sub-Fund may acquire such amount of shares carrying voting rights, which would enable the Company to exercise a significant influence over the management of the issuer.
- (16) The Company may not acquire (i) more than 10% of the outstanding non-voting shares of any one issuer; (ii) more than 10% of the outstanding debt securities of any one issuer; (iii) more than 10% of the Money Market Instruments of any one issuer; or (iv) more than 25% of the outstanding shares or units of any one UCITs or other UCI.

The limits set forth in (ii) to (iv) may be disregarded at the time of acquisition if, at that time, the gross amount of bonds or of the Money Market Instruments or the net amount of the instruments in issue cannot be calculated.

The ceilings set forth above under (15) and (16) do not apply in respect of:

- Transferable Securities and Money Market Instruments issued or guaranteed by an EU Member State or by its local authorities;
- Transferable Securities and Money Market Instruments issued or guaranteed by any other State, which is not an EU Member State;
- Transferable Securities and Money Market Instruments issued by a public international body of which one or more EU Member State(s) is (are) member(s);
- shares in the capital of a company, which is incorporated under or organised pursuant to the laws of a State, which is not an EU Member State, provided that (i) such company invests its assets mainly in securities issued by issuers of that State, (ii) pursuant to the laws of that State, a participation by the relevant Sub-Fund in the equity of such company constitutes the only possible way to purchase securities of issuers of that State, and (iii) such company observes in its investments policy the restrictions set forth under Section C, points (1) to (5), (8), (9) and (12) to (16) and Section D, point (2);
- shares in the capital of subsidiary companies which, exclusively on its or their behalf carry on only the business of management, advice or marketing in the country where the subsidiary is located, in regard to the redemption of shares at the request of Shareholders.

**D. In addition, the Company shall comply in respect of its net assets with the following investment restrictions per instrument:**

Each Sub-Fund shall ensure that its global exposure relating to derivative instruments does not exceed the total net value of its portfolio.

The exposure is calculated taking into account the current value of the underlying assets, the counterparty risk, foreseeable market movements and the time available to liquidate the positions.

**E. Finally, the Company shall comply in respect of the assets of each Sub-Fund with the following investment restrictions:**

- (1) No Sub-Fund may acquire commodities or precious metals or certificates representative thereof, provided that transactions in foreign currencies, financial instruments, indices or Transferable



Securities, as well as futures and forward contracts, options and swaps thereon are not considered to be transactions in commodities for the purposes of this restriction.

- (2) No Sub-Fund may invest in real estate, provided that investments may be made in securities secured by real estate or interests therein or issued by companies which invest in real estate or interests therein.
- (3) No Sub-Fund may use its assets to underwrite any securities.
- (4) No Sub-Fund may issue warrants or other rights to subscribe for shares in such Sub-Fund.
- (5) A Sub-Fund may not grant loans or guarantees in favour of a third party, provided that such restriction shall not prevent each Sub-Fund from investing in non fully paid-up Transferable Securities and Money Market Instruments or other financial instruments, as mentioned under Section A, points (5), (7) and (8).
- (6) The Company may not enter into uncovered sales of Transferable Securities, Money Market Instruments or other financial Instruments as listed under Section A, points (5), (7) and (8).
- (7) No Sub-Fund may invest in private equity securities.

**F. Notwithstanding anything to the contrary herein contained:**

- (1) The ceilings set forth above may be disregarded by each Sub-Fund, when exercising subscription rights attaching to Transferable Securities or Money Market Instruments in such Sub-Fund's portfolio.
- (2) If such ceilings are exceeded for reasons beyond the control of a Sub-Fund or as a result of the exercise of subscription rights, such Sub-Fund must adopt as its priority objective in its sale transactions the remedying of such situation, taking due account of the interests of its Shareholders.

The Board of Directors has the right to determine additional investment restrictions to the extent that those restrictions are necessary to comply with the laws and regulations of countries, where shares of the Company are offered or sold.

**G. Investments between Sub-Funds**

A Sub-Fund (the "Investing Sub-Fund") may subscribe, acquire and/or hold securities to be issued or issued by one or more Sub-Funds (each, a "Target Sub-Fund") without the Company being subject to the requirements of the Law of 1915, with respect to the subscription, acquisition and/or the holding by a company of its own shares, under the condition however that:

- (1) the Target Sub-Fund(s) do(es) not, in turn, invest in the Investing Sub-Fund invested in this (these) Target Sub-Fund(s); and
- (2) no more than 10% of the assets that the Target Sub-Fund(s) whose acquisition is contemplated may be invested in Shares of other Target Sub-Funds; and
- (3) voting rights, if any, attaching to the Shares of the Target Sub-Fund(s) are suspended for as long as they are held by the Investing Sub-Fund concerned and without prejudice to the appropriate processing in the accounts and the periodic reports; and
- (4) in any event, for as long as these securities are held by the Investing Sub-Fund, their value will not be taken into consideration for the calculation of the net assets of the Company for the purposes of verifying the minimum threshold of the net assets imposed by the 2010 Law; and

**H. Master-Feeder Structures**

Under the conditions and within the limits laid down by the 2010 Law, 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.

- (1) A Feeder UCITS shall invest at least 85% of its assets in the units/shares of another master UCITS.
- (2) A Feeder UCITS may hold up to 15% of its assets in one or more of the following:
  - ancillary liquid assets in accordance with article 41 (2) of the 2010 Law;

- financial derivative instruments, which may be used only for hedging purposes;
  - movable and immovable property which is essential for the direct pursuit of its business, if the Feeder UCits is an investment company.
- (3) For the purposes of compliance with paragraph (D) above, the Feeder UCITS shall calculate its global exposure related to financial derivative instruments by combining its own direct exposure under the second indent under b) with either:
- the master UCITS actual exposure to financial derivative instruments in proportion to the Feeder UCITS investment into the master UCITS; or
  - 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.

## APPENDIX II FINANCIAL TECHNIQUES AND INSTRUMENTS

Despite the Company being authorized to use securities financing transactions and total return swaps, it is not currently the intention of the Company to use such techniques and instruments. Should the Company or a Sub-Fund intend to use them, the Prospectus or the relevant appendix describing such Sub-Fund will be updated in accordance with section “X. Efficient portfolio management techniques “of the ESMA guidelines 2014/937 on ETFs and other UCITS issues and the Regulation (EU) 2015/2365 of the European parliament and of the Council of 25 November 20185 ON transparency of securities financing transactions and of reuse.

### **A. General provisions**

To optimise portfolio management and/or to protect its assets and liabilities, the Company may use techniques and instruments involving Transferable Securities, Money Market Instruments, currencies and other eligible assets within the meaning of the Law.

Furthermore, each Sub-Fund is notably authorised to carry out transactions intended to sell or buy foreign exchange rate futures, to sell or buy currency futures and to sell call options or to buy put options on currencies, in order to protect its assets against currency fluctuations or to optimise yield, i.e. for the purpose of sound portfolio management.

The efficient portfolio management techniques (EPM Techniques) that may be employed by the Sub-Funds in accordance with the above include securities lending, repurchase agreements and reverse repurchase agreements as described in sections below. **Such description is made for information purposes only as those latter techniques are not used by any Sub-Funds at the date of the Prospectus.**

All revenues resulting from the EPM techniques will be returned in full to the Company after deduction of the direct and indirect operational costs/fees paid to the Depositary, its related Agent as the case may be, and the UCITS Management Company.

These costs/fees may reach a maximum of 25% of revenues arising from EPM Techniques and do not include hidden revenues.

The Company's annual report should contain details of the following:

- the exposure obtained through efficient portfolio management techniques;
- the identity of the counterparty(ies) to these efficient portfolio management techniques;
- the type and amount of collateral received by the Company to reduce counterparty exposure; and
- the revenues arising from efficient portfolio management techniques for the entire reporting period together with the direct and indirect operational costs and fees incurred.

### **B. Limitation**

When transactions involve the use of derivatives, the Company must comply with the terms and limits stipulated above in Appendix I, Section A, point (7), Section C, points (9), (10), (11), (13) and (14) and Section D, point (1).

The use of transactions involving derivatives or other financial techniques and instruments may not cause the Company to stray from the investment objectives set out in the Prospectus.

### **C. Risks - Notice**

In order to optimise their portfolio yield, all Sub-Funds are authorised to use the derivatives techniques and instruments described in this Appendix and Appendix I (particularly swaps of rates, currencies and other

financial instruments, futures, and securities, rate or futures options), on the terms and conditions set out in said Appendices.

The investor's attention is drawn to the fact that market conditions and applicable regulations may restrict the use of these instruments. The success of these strategies cannot be guaranteed. Sub-Funds using these techniques and instruments assume risks and incur costs, they would not have assumed or incurred, if they had not used such techniques. The investor's attention is further drawn to the increased risk of volatility generated by Sub-Funds using these techniques for other purposes than hedging. If the Investment Managers and Sub-Investment Managers forecast incorrect trends for securities, currency and interest rate markets, the affected Sub-Fund may be worse off than if no such strategy had been used.

In using derivatives, each Sub-Fund may carry out over-the-counter futures or spot transactions on indices or other financial instruments and swaps on indices or other financial instruments with highly-rated banks or brokers specialised in this area, acting as counterparties. Although the corresponding markets are not necessarily considered more volatile than other futures markets, operators have less protection against defaults on these markets since the contracts traded on them are not guaranteed by a clearing house.

**D. Conditions for use of EPM techniques**

1. When entering into a securities lending agreement, the SICAV should ensure that it is able at any time to recall any security that has been lent out or terminate the securities lending agreement.
2. When entering into a reverse repurchase agreement, the Company should ensure that it is able at any time to recall the full amount of cash or to terminate the reverse repurchase agreement on either an accrued basis or a mark-to-market basis. When the cash is recallable at any time on a mark-to-market basis, the mark-to-market value of the reverse repurchase agreement should be used for the calculation of the net asset value of the relevant Sub-Fund.
3. When entering into a repurchase agreement, the Company should ensure that it is able at any time to recall any securities subject to the repurchase agreement or to terminate the repurchase agreement into which it has entered;
4. These transactions may be carried out only with EU-based first-rate financial institutions subject to prudential monitoring considered by CSSF as equivalent to that laid down in Community legislation that specialise in such transactions and must be executed on the basis of standardised documents such as the International Swaps and Derivatives Association (ISDA) Master Agreement.
5. The maximum and expected proportion of assets that may be subject to Securities Financing Transactions, will be set out for each Sub-Fund in the relevant factsheet. If a Sub-Fund intends to make use of total return swap, the relevant factsheet will include the disclosure requirements of SFTR Regulation.

**E. Collateral policy for using EPM Techniques and OTC derivatives transactions**

1. Collateral received by a Sub-Fund must comply at all times with the following principles:
  - (i) Liquidity – any collateral received other than cash should be highly liquid and traded on a regulated market or multilateral trading facility with transparent pricing in order that it can be sold quickly at a price that is close to pre-sale valuation. Collateral received should also comply with the acquisition limits set out in Section C point (16) of the Appendix I above.
  - (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 Sub-Fund should be issued by an entity that is independent from the counterparty and is expected not to display a high correlation with the performance of the counterparty.
  - (v) Collateral diversification (asset concentration) – collateral should be sufficiently diversified in terms of country, markets and issuers. The criterion of sufficient diversification with respect to issuer concentration is considered to be respected if the Sub-Fund receives from a counterparty of OTC Derivative or Efficient Portfolio Management Techniques transactions a basket of collateral with a maximum exposure to a given issuer of 20% of its net asset value. When a Sub-Fund is exposed to different counterparties, the different baskets of collateral should be aggregated to calculate the 20% limit of exposure to a single issuer. Within the limit permitted by the applicable regulation and notwithstanding the

previous paragraph, a Sub-Fund may be fully collateralised in different transferable securities and money market instruments issued or guaranteed by one of the Member State, one or more of its local authorities, a country which is member of the OECD, Singapore, or a country which is member of the Group of Twenty, or a public international body to which one or more Member States belong, provided that the concerned 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 the Sub-Fund's net asset value.

- (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 of the Company. 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 Company for the account of the Sub-Fund at any time without reference to or approval from the counterparty.
2. The Sub-Funds may only accept the following assets as collateral:
    - a) Liquid assets. Liquid assets include not only cash and short term bank certificates, but also money market instruments such as defined within Directive 2009/65/EC. A letter of credit or a guarantee at first-demand given by a first class credit institution not affiliated to the counterparty is considered as equivalent to liquid assets.
    - b) Bonds issued or guaranteed by a Member State of the OECD or by their local public authorities or by supranational institutions and undertakings with EU, regional or world-wide scope.
    - c) Shares or units issued by money market UCIs calculating a daily net asset value and being assigned a rating of AAA or its equivalent.
    - d) Shares or units issued by UCITS investing mainly in bonds/shares mentioned in items e) and f) below.
    - e) Bonds issued or guaranteed by first class issuers offering an adequate liquidity.
    - f) Shares admitted to or dealt in on a regulated market of a Member State of the European Union or on a stock exchange of a Member State of the OECD, on the condition that these shares are included in a main index.
  3. Non-cash collateral received by a Sub-Fund may not be sold, re-invested or pledged.
  4. Cash collateral received by a Sub-Fund cannot be reinvested.
  5. Collateral posted in favour of a Sub-Fund under a title transfer arrangement should be held by the Depositary Bank or one of its correspondents or sub-custodians.
  6. The collateral received for securities lending transactions, OTC financial derivative transactions and repurchase transactions must be at least equal to 100% of the global valuation of the counterparty exposure.
  7. The counterparty risk arising from OTC Derivatives and EPM Techniques may not exceed 10% of the assets of a Sub-Fund when the counterparty is a credit institution domiciled in the EU or in a country where the CSSF considers that supervisory regulations are equivalent to those prevailing in the EU. This limit is set at 5% in any other case.

### **1. Securities lending transactions**

The Company may enter into securities lending transactions in accordance with the provisions of CSSF Circulars 08/356, 11/512, as amended by Circular 18/698 and 14/592 as far as these provisions have not been superseded by the ESMA Guidelines 2014/937 and/or the SFTR Regulation.

Collateral will be valued, on a daily basis, using available market prices and taking into account appropriate discounts which will be determined by the Company for each asset class based on its haircut policy described below. The policy takes into account a variety of factors, depending on the nature of the collateral received, such as the issuer's credit standing, the maturity, currency, price volatility of the assets and, where applicable, the outcome of liquidity stress tests carried out by the Company under normal and exceptional liquidity conditions.

As collateral for securities lending, the Company accepts only equity securities and Government bonds issued or guaranteed by OECD Member States or by their regional or local authorities.

#### **Haircut policy**

The following haircuts are applied for securities lending transactions:

Type of collateral received	Haircuts
Government bonds	min 2%
Equity	min 5%

At the date of this Prospectus the Company has not entered into any securities lending transaction. Any decision to the contrary will result in an amendment of this Prospectus beforehand notably to comply with the requirements of SFTR Regulation.

## **2. Repurchase transactions**

The Company may enter into repurchase agreement transactions in accordance with the CSSF Circulars 08/356, 11/512, as amended by Circular 18/698 and 14/592 as far as these provisions have not been superseded by the ESMA Guidelines 2014/937 and/or the SFTR Regulation.

The Company may, on an ancillary basis, enter into repurchase agreement transactions, which consist of the purchase and sale of securities with a clause reserving the seller the right or the obligation to repurchase from the acquirer the securities sold at a price and term specified by the two parties in their contractual arrangement.

The Company can act either as purchaser or seller in repurchase agreement transactions or a serie of continuing repurchase transactions. Its involvement in such transactions is, however, subject to the following rules:

- (i) The Company may not buy or sell securities using a repurchase agreement transaction unless the counterpart in such transactions is a first class financial institution specialised in this type of transaction, including a member bank of the U.S. Federal Reserve System
- (ii) During the life of a repurchase agreement contract, the Company cannot sell the securities, which are the object of the contract, either before the right to repurchase these securities has been exercised by the counterparty, or the repurchase term has expired, except to the extent it has borrowed similar securities in compliance with the provisions set forth here above in respect of securities borrowing transactions.
- (iii) As the Company is exposed to redemptions of its own shares, it must take care to ensure that the level of its exposure to repurchase agreement transactions is such that it is able, at all times, to meet its redemption obligations.

As collateral for repurchase transactions, the Company accepts only cash and Government bonds issued or guaranteed by OECD Member States or by their regional or local authorities.

### **Haircut policy**

The following haircuts are applied for repurchase transactions:

Type of collateral received	Haircuts
Cash (EUR-USD-GBP)	0%
Government bonds	max 3%

At the date of this Prospectus, the Company has not entered into any repurchase transaction. Any decision to the contrary will result in an amendment of this Prospectus beforehand notably to comply with the requirements of SFTR Regulation.

## **3. OTC derivatives transactions**

The Company may enter into OTC derivatives transactions.

The collateral received by the Company must comply at any time with the provisions of paragraph E. of the present Appendix II.

When calculating counterparty risk limits, exposures from OTC financial derivatives transactions must be combined with exposure arising from EPM techniques.

As collateral for OTC derivatives transactions, the Company accepts only cash and Government bonds issued or guaranteed by OECD Member States or by their regional or local authorities.

**Haircut policy**

The following haircuts are applied for OTC derivatives transactions:

<b>Type of collateral received</b>	<b>Haircuts</b>
Cash (EUR-USD-GBP)	0%
Government bonds	
<i>Maturity up to 1 year</i>	max 3%
<i>Maturity from 1 to 5 years</i>	3% to max 5%
<i>Maturity more than 5 years to 10 years</i>	5% to max 9%
<i>Maturity more than 10 years to 30 years</i>	9% to max 15%
<i>Others Government bonds</i>	15% to max 18%

At the date of the present Prospectus the Company has not enter and is not going to enter into total return swap transactions pursuant to the general provision in Appendix III hereinafter. Any decision to the contrary will result in an amendment of this Prospectus beforehand notably to comply with the requirements of SFTR Regulation.

## **APPENDIX III THE SUB-FUNDS**

The Company's primary objective is to offer its Shareholders the possibility of participating in the professional management of portfolios of Transferable Securities, Money Market Instruments or other eligible assets, as defined by Article 41 of the Law of 17<sup>th</sup> December 2010 and within the limits set forth by the relevant articles of such law and as defined in the investment policy of each Sub-Fund of the Company.

### **A. GENERAL PROVISIONS APPLICABLE TO EACH SUB-FUND'S INVESTMENT POLICY**

Each Sub-Fund's investment policy, as it appears in this Appendix, has been defined by the Board of Directors.

In each Sub-Fund, the aim is to maximise the value of the invested assets. The Company takes such risks as it considers reasonable, in order to achieve established targets. However, given market fluctuations and other risks to which investments in Transferable Securities, Money Market Instruments or other eligible assets are subject, there can be no guarantee that this objective shall be achieved.

In case a Sub-Fund' investment policy establishes a "main investments" in a particular category of eligible assets, as defined under Appendix I Section A, such Sub-Fund must invest more than 50% of its assets in the asset class concerned.

The remaining assets (hereafter the "Remaining Assets") may be invested, to the full extent and within the limits permitted by the Law, in all eligible assets, as defined under Appendix I Sections A and B of the present Prospectus.

For the purpose of sound and efficient portfolio management, as well as for hedging purpose, each Sub-Fund may use financial derivative instruments of the type referred to under Appendix I Section A, within the limits set forth under Appendix I Section C.

Each Sub-Fund may invest in units of UCITS and/or other UCIs as referred to in Appendix I Section A(5) within a limit of maximum 10% of its net assets, always in accordance with Appendix I Section C (a) (12), unless its investment policy clearly stipulates the contrary.

Within the limits laid down in Article 181 (8) of the Law, each Sub-Fund may subscribe, acquire and/or hold units to be issued or issued by the other Sub-Funds.

Investments in warrants for eligible assets may be made within the limits provided for in Appendix I. Potential investors must be aware that investment in warrants for eligible assets can lead to increased portfolio volatility.

Each Sub-Fund may use all the financial techniques and instruments permitted within Appendix II, unless the Sub-Fund clearly stipulates the contrary on particular financial techniques and instruments.

No Sub-Fund invests in total return swaps. In the case a Sub-Fund wishes to invest in total return swap, the Prospectus and the related investment policy will be amended accordingly.

### **B. INVESTMENT POLICIES OF THE SUB-FUNDS**

The different Sub-Funds' investments shall be made according to the restrictions imposed by the Law and by this Prospectus.

The Company needs not comply with the limits set out in Appendix I, when exercising subscription rights attached to Transferable Securities, Money Market Instruments or other eligible assets that form part of its assets.



If the limits referred to above are exceeded for reasons beyond the Company's control or as a result of the exercise of subscription rights, the Company must adopt as a priority objective for its future sales transactions the remedying of that situation, taking due account of the interests of its Shareholders.

## C. LIST OF SUB-FUNDS AND SHARE CLASSES

There are currently the following Sub-Funds available:

Sub-Funds	Classes	Launch Dates	Initial Issue Prices	Reference Currencies	Valuation Days	Management Company Fee *	Management Fee*	Minimum Initial Subscription Amount	Performance Fee **
<b>ARCIPELAGOS SICAV – SUSTAINABILITY MULTISTRATEGY</b>	Capitalisation Retail	11/2004	USD 100	EUR	Daily	1.50% of the total net assets per annum	-	N/A	-
<b>ARCIPELAGOS SICAV – GLOBAL PROFESSIONAL</b>	Capitalisation Retail EUR	02/2011	EUR 100	EUR	Daily	2% of the total net assets per annum	-	EUR 1,000	Highwatermark
<b>ARCIPELAGOS SICAV - MACAM CREDIT SELECT</b>	Capitalisation Institutional / High Net Worth EUR	04.01.2021	EUR 100	EUR	Daily	up to 0.30% of the total net assets per annum	1.50% of the total net assets per annum	EUR 100,000 with a minimum holding of the same amount	Highwatermark
	Capitalisation Institutional / High Net Worth USD Hedged	04.01.2021	USD 100	USD		up to 0.30% of the total net assets per annum	1.50% of the total net assets per annum	USD 100,000 with a minimum holding of the same amount	Highwatermark
<b>ARCIPELAGOS SICAV – RED GATE CHINA GROWTH FUND</b>	Capitalisation institutional Class A USD	07.08.2020	USD 1000	USD	Weekly (Each Friday)***	Up to 0.30% of the total net assets per annum	1.00% of the total net assets per annum	USD 200,000	10% with 5% Hurdle Rate and Highwater mark
	Capitalisation institutional Class B USD		USD 1000	USD	Weekly (Each Friday)***	Up to 0.30% of the total net assets per annum	0.70% of the total net assets per annum	USD 20,000,000	10% outperformance over the Benchmark with Highwater mark****

Sub-Funds	Classes	Launch Dates	Initial Issue Prices	Reference Currencies	Valuation Days	Management Company Fee *	Management Fee*	Minimum Initial Subscription Amount	Performance Fee **
ARCIPELAGOS SICAV - VITAMIN	Capitalisation EUR A	16/11/2020	EUR 100	EUR	Daily	Up to 0.30% of the total net assets per annum	1.00% of the total net assets per annum	1 share	-
	Capitalisation EUR Z*****	16/11/2020	EUR 100	EUR		Up to 0.30% of the total net assets per annum	-	1 share	-

\* **The management fee and Management Company Fee** are expressed in annual rate but are calculated on the basis of the average net assets for the past **month** and payable at the end of each **month**.

\*\* **The Performance fee** calculation and examples are detailed for each Sub-Fund in the relevant Sub-Funds data sheets under Appendix III.

\*\*\* If a Friday is a legal or bank holiday in Luxembourg, the Valuation Day will be the first following Bank Business Day.

\*\*\*\* High watermark: Performance fees are only accrued once Fund performance recovers any under-performance (if any) against the benchmark. Any under-performance will be carried forward as 'negative accrual' and needs to be recovered before the performance fees can be accrued.

\*\*\*\*\* Class Capitalisation EUR Z are only available to investors having signed a discretionary portfolio management mandate with 2PM Europe.

"Capitalisation Retail Shares" are Capitalisation shares thus the holders will not be entitled to receive dividend unless otherwise decided by the Board of Directors. They are offered to individuals and corporate entities.

"Capitalisation Institutional Shares" are Capitalisation shares thus the holders will not be entitled to receive dividend unless otherwise decide by the Board of Directors. They are restricted solely to institutional investors (within the meaning of the Law) subscribing on their own behalf or on behalf of individuals within the framework of a discretionary management mandate or any comparable scheme.

"Capitalisation Institutional / High Net Worth Shares" are Capitalisation shares thus the holders will not be entitled to receive dividend unless otherwise decide by the Board of Directors. They are restricted solely to (i) institutional investors (within the meaning of the Law) subscribing on their own behalf or on behalf of individuals within the framework of a discretionary management mandate or any comparable scheme and (ii) High Net Worth Individuals.

# 1. ARCIPELAGOS SICAV – SUSTAINABILITY MULTISTRATEGY

## INVESTMENT STRATEGIES AND POLICY

The Sub-Fund seeks to obtain economic results while, at the same time, taking into account environmental, social and governance criteria. The Sub-Fund's strategy will be focused on those countries, organisations and companies that contribute to and promote sustainable business practices, by making the most efficient use of environmental and social resources. .

The Sub-Fund will mainly invest both in:

- equity securities from international companies listed on a stock exchange or traded on worldwide international Regulated Markets or on the way to be listed and;
- government and corporate transferable fixed income securities and floating rate notes, Euro-bonds and convertible bonds and Money Market Instruments; all of the before mentioned instruments being rated at least "investment grade" by Moody's or Standard and Poors or Fitch or an equivalent rating from another rating service.

At any time, the Sub-Fund may be entirely invested in only one of the above mentioned categories of assets, at the Investment Manager's discretion and depending on the market conditions.

The Sub-Fund may invest in units of UCITS and/or other UCIs up to 30% of its net assets.

For the purpose of sound and efficient portfolio management, as well as for hedging purpose, the Sub-Fund may use financial derivative instruments of the type referred to under Appendix I Section C. The Sub-Fund may therefore buy or sell financial derivative instruments representative of stock market indices dealt on Regulated Markets, in order to allow the Sub-Fund to hold an exposure principally on European, United States and Asian stock markets, at a lower cost than holding the underlying portfolio which composes the above mentioned indices derivatives instruments.

The Remaining Assets may be invested, to the full extent and within the limits permitted by the Law, in all eligible assets as defined in Appendix I Section A and B.

The Sub-Fund may, on an ancillary basis, hold cash and cash equivalents.

Within the limits set forth and as described under Appendix II of the Prospectus, the Sub-Fund is authorized to use such financial techniques and instruments i.e. for the purpose of hedging and/or efficient management of the portfolio.

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**RISK PROFILE:** The risks pertaining to an investment in the Sub-Fund are those related to interest rates, credit and equity. The Sub-Fund may have additional risks related to currency. The attention of the Shareholders is also drawn on the relatively high risk of contracting derivatives on Transferable Securities. The volatility of the derivatives' prices lead to a high risk as the price movements of derivatives contracts are influenced – among other things – by: government, trade, fiscal, monetary and exchange control programs and policies; national, international, political and economic events; and changes in interest rates. Governments from time to time intervene in the derivatives markets with the specific intent of influencing prices directly. The Sub-Fund can therefore suffer losses, which reduces its Net Asset Value per share. More particularly, financial derivatives markets are volatile and the possibility to realise gains as well as the risk to suffer losses is higher than direct investments in the underlying securities.

**PROFILE OF THE TYPICAL INVESTOR:** Investors who are seeking for a diversified investment and who want to benefit from tactical management. Investors who prefer a high level of risk and who plan to maintain their investment over the medium term.

**DISCLAIMER:** Past performance is not indicative of future results. The Sub-Fund is subject to the risk of common stock investment. The price of the shares and the income from them may fall as well as rise. Accordingly, there is no guarantee that investors will recover the total amount initially invested. There can be no assurance that the Sub-Fund will achieve its objectives.

**RISK MANAGEMENT:** the Sub-Fund will use the commitment approach to monitor its global exposure.

**INVESTMENT ADVISOR:** Centro Studi Monte S.A. Via Marconi 4, 6900 Lugano, Switzerland.

The Advisor is entitled to receive up to 30 basis points of the Management Company Fee.

Centro Studi Monte S.A. ("CSM") is a company incorporated in the form of a società anonima under the Swiss Law. CSM is associated with the Organismo di Autodisciplina dei Fiduciari del Cantone Ticino ("OAD FCT") and is registered with the Registro di Commercio del cantone Ticino with number CHE-115.063.843.

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## FEES BORNE BY THE SHAREHOLDERS:

**SUBSCRIPTION FEE:** Max. 3%\* of the applicable Net Asset Value.

**REDEMPTION FEE:** None.

**CONVERSION FEE:** None.

**FEES CLAIMED BY LOCAL INTERMEDIARIES:** In connection with the purchase and/or sales of the shares in the local markets, local intermediaries may charge additional costs.

\*this percentage could be increased up to maximum 5% of the applicable Net Asset Value, only within the investment programmes and at discretion of the financial intermediaries involved in the marketing of the shares

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**FEES BORNE BY THE COMPANY:**

**MANAGEMENT COMPANY FEE:** 1,50% of the total net assets per annum.

**SHAREHOLDER SERVICING FEE:** max. 0,80% per annum, calculated on the basis of the average net assets for the past month payable at the end of each month

**PERFORMANCE FEE:** None

## 2. ARCIPELAGOS SICAV – GLOBAL PROFESSIONAL

### **INVESTMENT STRATEGIES AND POLICY:**

The Sub-Fund is a flexible fund which mainly invests in units of UCITS and/or other UCIs, compliant with Article 41(1) of the Law 2010 on undertaking for collective investment.

The investment will be selected on the basis of absolute return strategies and an active management approach, seeking to exploit investment opportunities without any geographical or economic restriction.

**Investors are thus subject to the risk of duplication of fees and commissions. The maximum level of the management fee that may be changed by the UCITS and/or other UCIs in which the Sub-Fund intends to invest shall not exceed 2,25% per annum of the net assets of the relevant UCITS or UCIs.**

For the purpose of sound and efficient portfolio management, as well as for hedging purpose, the Sub-Fund may use financial derivative instruments of the type referred to under Appendix I Section A, within the limits set forth under Appendix I Section C.

The Remaining Assets may be invested, to the full extent and within the limits permitted by the Law, in all eligible assets as defined under Appendix I Section A and B.

The Sub-Fund may, on an ancillary basis, hold cash and cash equivalents.

Within the limits set forth and as described under Appendix II of the Prospectus, the Sub-Fund is authorised to use such financial techniques and instruments i.e. for the purpose of hedging and/or efficient management of the portfolio.

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**RISK PROFILE:** The risks pertaining to an investment in the Sub-Fund are those related to the underlying assets, interest rates and credit. The Sub-Fund may have additional risks related to currency. The attention of the Shareholders is also drawn on the relatively high risk of contracting derivatives on Transferable Securities. The volatility of the derivatives' prices lead to a high risk as the price movements of derivatives contracts are influenced – among other things – by: government, trade, fiscal, monetary and exchange control programs and policies; national, international, political and economic events; and changes in interest rates. Governments from time to time intervene in the derivatives markets with the specific intent of influencing prices directly. The Sub-Fund can therefore suffer losses, which reduces its Net Asset Value per share.

**PROFILE OF THE TYPICAL INVESTOR:** The Sub-Fund is suitable for investors who can accept a medium level of risk and who plan to maintain their investment over the medium-long term.

**DISCLAIMER:** Past performance is not indicative of future results. The Sub-Fund is subject to the risk of Transferable Securities investment. The price of the shares and the income from them may fall as well as rise. Accordingly, there is no guarantee that investors will recover the total amount initially invested. There can be no assurance that the Sub-Fund will achieve its objectives.

**RISK MANAGEMENT:** the Sub-Fund will use the commitment approach to monitor its global exposure.

**INVESTMENT ADVISOR:** Ambrosetti Asset Management SIM S.p.A., Via Conciliazione 1, 22100 Como, Italy.

The Advisor is entitled to receive up to 30 basis points of the Management Company Fee.

Ambrosetti Asset Management SIM S.p.A. ("Ambrosetti") is a company incorporated in the form of a Società di Intermediazione Mobiliare (Financial Intermediary in transferable securities), constituted as Société Anonyme under Italian law and he is registered with the Registro delle Imprese di Como with number 03760520969.

Ambrosetti has been authorized by the Commissione Nazionale per le Società e la Borsa ("Consob") on August 5<sup>th</sup>, 2008 and it is registered in the register of SIM with number 250, pursuant to Italian legislative decree 58/98

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### **FEES BORNE BY THE SHAREHOLDERS:**

**SUBSCRIPTION FEE:** Max. 3%\* of the applicable Net Asset Value.

**REDEMPTION FEE:** None.

**CONVERSION FEE:** None.

**FEES CLAIMED BY LOCAL INTERMEDIARIES:** In connection with the purchase and/or sale of the shares in the local markets, local intermediaries may charge additional costs.

\*this percentage could be increased up to maximum 5% of the applicable Net Asset Value, only within the investment programmes and at discretion of the financial intermediaries involved in the marketing of the shares

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**FEES BORNE BY THE COMPANY:****MANAGEMENT COMPANY FEE:**

Capitalisation Retail: 2,00% of the total net assets per annum

**SHAREHOLDER SERVICING FEE:** Max. 0,80 % per annum, calculated on the basis of the average net assets for the past month payable at the end of each month.

**PERFORMANCE FEE:** 30% of the net increase as a result of operations of each quarter.

The performance commission is based on the following formula:

**Performance Fee Amount(d)** = (NAV BPF(d) / HWMA PS(d)) \* PF% \* Base Amount

Where:

**HWMA PS (d)** = HighWaterMark Adjusted Per Share of the day\*\*

$$\text{HWMA PS}(d) = \left( \frac{\text{HWMA PS}(d-1) * \text{Out}(d-1) + (\text{Sub}(d) * \text{NAV APF}(d-1)) - (\text{Red}(d) * \text{HWMA PS}(d-1))}{\text{Out D}} \right)$$

**Out (d)** = Outstanding shares of the day

**Sub (d)** = Number of shares subscribed of the day

**Red (d)** = Number of shares redeemed of the day

**NAV APF (d-1)** = NAV / Share After performance fee (published) of the previous day

**NAV BPF (d)** = NAV / Share of the day before performance fee increased by the cumulated dividend distributed / share within the period

**PF%** = Performance Fee rate in % "

\*\*the HighWaterMark is adjusted every day.

The starting point of the HWM Adjusted will be the inception NAV/Share. However, if a performance fee is recorded at the end of any payment period, the new calculation basis of the HWM Adjusted will be the NAV/Share after performance fees on which a performance fee has been paid.

The performance commission will be paid after the end of each quarter; however a provision for the accrued performance commission, if any, is made at each calculation of the Net Asset Value of the portfolio.

A negative balance in any given quarter is to be carried forward and no performance commission will be due until all negative balances carried forward have been eliminated (**highwatermark**).

In the event that a shareholder redeems shares prior to the end of the performance period, any accrued but unpaid performance fee in respect of such shares will be crystallized and paid at the end of the relevant period.

### 3. ARCIPELAGOS SICAV – MACAM CREDIT SELECT

The initial offering period of the Sub-Fund will commence on 1<sup>st</sup> July 2020 and will end on 31<sup>st</sup> December 2020. In case no subscription request has been received by such time, the Sub-Fund will be launched at a later stage at the discretion of the Board of Directors. On the contrary, the initial Offering Period may be shortened by the Board should the Sub-fund reaches EUR 10,000,000.-

The initial subscription price must be paid at the latest on the last day of the initial offering period, unless otherwise decided by the Board.

The first Net Asset Value will be calculated on January 4<sup>th</sup>, 2021.

#### **INVESTMENT STRATEGIES AND POLICY:**

##### **Investment objective**

The Sub-Fund seeks to provide, throughout a recommended investment period of 2 years, a performance higher than the EONIA index + 250 bps (the “Benchmark”).

##### **Investment Strategy**

The investment objective will be reached by an asset allocation between high yield bonds, investment grade bonds and in a certain limit money market instruments performed by the Investment Manager depending on the market conditions on the one hand, and the selection of bonds with an attractive risk/reward profile on the other hand.

The Sub-Fund is actively managed and references the Benchmark by seeking to outperform it. The Sub-Fund can outperform or underperform the Benchmark, depending on the market conditions. As part of the investment process, the Investment Manager has full discretion over the composition of the Sub-Fund’s portfolio. There are no restrictions on the extent to which the Sub-Fund’s performance may deviate from the one of the Benchmark. . The Sub-Fund also uses the Benchmark for the purpose of computing the performance fees as further detailed under the section “Fees borne by the Company”.

##### **Investment management process**

The Investment Manager seeks to identify global trends of financial markets and investment opportunities through the ongoing assessment of several factors, including macroeconomic and microeconomic fundamentals, Investment Manager’s analysis of the market, monetary and fiscal policies and valuation indicators.

##### **Investment Policy**

The Sub-Fund will at any time invest at least 51% of its Total Net Assets in bonds (including but not limited to investment grade corporate bonds, high yield corporate bonds, sovereign debt securities and agency debt securities) of various maturities, denominated in any currency and from all geographical areas.

A maximum of 20% of the Sub-Fund’s net assets can be invested in bonds without rating. If securities are unrated, they must be judged equivalent to at least level B by the investment manager. The selection of bonds is not exclusively and mechanically based on their publicly available credit ratings but also on an internal credit or market risk analysis. The decision to buy or sell securities is also based on other analysis criteria of the investment manager. However, the Sub-Fund will not invest in bonds in default or which are distressed at the time of their purchase. In case a high yield bond become distressed, it will be sold within 6 months.

The Sub-Fund may also invest up to 20% of its Net Asset Value units of UCITS funds, collective investment schemes monetary funds or ETFs being UCIs within the meaning of Article 41 (1) e) of the Law of 2010.

Notwithstanding the above, under exceptional circumstances such as high volatility, huge drop or instability of the bond market, the Sub-Fund can invest on a temporary basis up to 20% of its Net Asset Value in money market instruments, cash or cash equivalents, deposits or monetary funds.

Investments in bonds issued by emerging markets issuers will in aggregate not exceed 10% of the Sub-Fund's net assets.

The Sub-Fund may also invest up to 10% of its total net asset in convertible contingent bonds (“Cocos”).Cocos are hybrid debt securities designed to absorb their issuers' capital losses. Under normal circumstances, these instruments exhibit characteristics similar to fixed income or floating rate debt securities. However, upon the occurrence of a trigger event, these instruments may either be converted into equity or written down. The relevant trigger events are described in the contractual terms or by regulatory directives, but typically entail cases where the capital of the issuer falls below a certain level or where the issuer passes a “point of non-viability”. Through their conversion into equity or write-down, contingent capital instruments thus allow the recapitalisation of the issuer and/or a reduction of its leverage ratios under critical circumstances at the expense of their holders. Contingent convertible bonds are hybrid



securities, the equity component of which exposes the holder to certain risks as further described in the below risk profile section of this sub-fund.

The Sub-Fund does not use securities financing transactions (SFTs) and does not invest in derivatives.

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**REFERENCE CURRENCY: EUR**

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**RISK PROFILE:**

The risks outlined in section XII of the Prospectus are the main risks that could impact on the sub-fund: risks pertaining to an investment in the Sub-Fund are those related to the investment in debt securities, Foreign Investment Risks, Foreign exchange risks, interest rates, Emerging Market Risks and CoCos.

**Contingent convertible bonds (CoCos)**

Events that trigger the conversion from debt into equity are designed so that conversion occurs when the issuer of the contingent convertible bonds is in crisis, as determined either by regulatory assessment or objective losses (e.g. measure of the issuer's core tier 1 capital ratio).

Investment in contingent convertible bonds may entail the following risks (non-exhaustive list):

*Trigger level risk of CoCos:*

Trigger levels differ and determine exposure to conversion risk depending on the distance of the capital ratio to the trigger level. It might be difficult for the Investment Manager to anticipate the triggering events that would require the debt to convert into equity.

*Risk of liquidity linked to Cocos.* In certain circumstances finding a ready buyer for contingent convertible bonds may be difficult and the seller may have to accept a significant discount to the expected value of the bond in order to sell it.

*Coupon cancellation risk of CoCos:* For some contingent convertible bonds, coupon payments are entirely discretionary and may be cancelled by the issuer at any point, for any reason and for any length of time.

*Call extension risk of CoCos:* Some contingent convertible bonds are issued as perpetual instruments, callable at pre-determined levels only with the approval of the competent authority.

**PROFILE OF THE TYPICAL INVESTOR:**

The Sub-fund is suitable for high net worth individuals and institutional investors.

**DISCLAIMER:** Past performance is not indicative of future results. The Sub-Fund is subject to the risk of Transferable Securities investment. The price of the shares and the income from them may fall as well as rise. Accordingly, there is no guarantee that investors will recover the total amount initially invested. There can be no assurance that the Sub-Fund will achieve its objectives.

**RISK MANAGEMENT:** The Sub-Fund will use the commitment approach to monitor its global exposure.

**NAV FREQUENCY:** Daily

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**FEES BORNE BY THE SHAREHOLDERS:**

**SUBSCRIPTION FEE:** Up to 2%

**REDEMPTION FEE:** Up to 1%.

**CONVERSION FEE:** None.

**FEES CLAIMED BY LOCAL INTERMEDIARIES:** In connection with the purchase and/or sale of the shares in the local markets, local intermediaries may charge additional costs.

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**FEES BORNE BY THE COMPANY:**

**MANAGEMENT COMPANY FEE :** up to 0.30% of the Sub-Fund's net asset value per annum

**MANAGEMENT FEE:** 1.50 % of the Sub-Fund's net asset value per annum

**PERFORMANCE FEE:** 20%

The Investment Manager shall also receive from the Company in respect of the Sub-Fund a performance fee (the "Performance Fee") on the appreciation in the Net Asset Value of the Sub-Fund over the previous High Watermark ("HWM") multiplied by the number of Investor Shares in issue in the related class of Investor Shares at the end of the related Calculation Period. A "Calculation Period" shall be a one year period ending on the last Business Day of the financial year, with the first period commencing on the first Business Day after the launch date of the Sub-Fund.

The Performance Fee in respect of each Calculation Period will be calculated by reference to the Net Asset Value before deduction for any accrued Performance Fee (ie. the "Gross Asset Value" or "GAV").

For each Calculation Period, a Performance Fee shall be payable in an amount of 20% of the net return of the Sub-Fund over the EONIA+250 bps. Once a Performance Fee has been paid, additional Performance Fees will be payable only ("once the Sub-Funds' new net profits exceed the previous HWM"). The HWM is the higher of a) the initial offering price, or the Offering Price when Investor Shares were first issued, as applicable and (b) the highest NAV per Share on which a Performance Fee was paid.

The Performance Fee will be accrued daily, calculated each year and, if applicable paid after the end of the financial year, normally within 14 calendar days of the end of the financial year.

The Company has adopted a written plan setting out actions, which it will take with respect to the compartment in the event that the EONIA+250 bps index materially changes or ceases to be provided (the "Contingency Plan"), as required by article 28(2) of the Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds, as may be amended or supplemented from time to time (the "Benchmark Regulation" or "BMR"). Shareholders may access the Contingency Plan, free of charge upon request at the registered office of the Management Company.

The EONIA+250 bps index is provided by EMMI a benchmark administrator which is not listed yet on the register referred to in article 36 of the Benchmark Regulation as an administrator who acquired recognition in accordance with article 32 of the Benchmark Regulation.

EMMI has applied for authorization under article 34 of the Benchmark Regulation of the European Union but it is not been authorized and registered as a benchmark administrator yet.

## 4. ARCIPELAGOS SICAV – RED GATE CHINA GROWTH FUND

### INVESTMENT STRATEGIES AND POLICY:

#### **Investment objective**

The objective of the Sub-Fund is to achieve long-term (5 years plus) capital growth by investing in shares of high quality growth companies that will benefit from the continued development of the Chinese economy and provide long-term, sustainable alpha for investors.

#### **Investment Policy**

The Sub-Fund will invest at least 70% of its net assets in shares known as transferable securities such as:

- Chinese A-shares listed on the Shanghai and Shenzhen stock exchanges via the Hong Kong – Shanghai and Shenzhen Stock Connect Programs,
- Hong Kong H-shares listed on the Hong Kong Stock Exchange, and
- Shares of Chinese companies listed overseas that carry out the majority of their business and derive the majority of their income in China.

The Sub-Fund may also invest in shares of companies with the potential to derive income and benefit substantially from the economic growth and development of China.

The Sub-Fund is actively managed in reference to the MSCI China All shares Price USD Index (MXCNAL) (the “Benchmark”). The Sub-Fund’s investment approach is based on a fundamentals-driven, stock selection process. The Investment Manager aims to select high quality growth companies based on analyzing a range of growth metrics and indicators, as well as on-the-ground due diligence.

For the avoidance of doubt, the Benchmark is a comparison reference only, the objective of the Sub-Fund is not to replicate the Benchmark. As part of the investment process, the Investment Manager has full discretion over the composition of the Sub-Fund’s portfolio that can be invested in shares of companies that are not components of the Benchmark. There are no restrictions on the extent to which the Sub-Fund’s performance may deviate from the one of the Benchmark.

The Sub-Fund intends to integrate ESG consideration in its investment selection process. While the Sub-Fund has not established its own ESG policy and ESG selection process, it will rely on the decisions made by the Norwegian Government Pensions Fund Global whose decisions are based on recommendations from the Council on Ethics appointed by the Ministry of Finance and are made by the Norges Bank’s Executive Board since 1st January 2015 (Exclusions previous to this date are decisions made by the Ministry of Finance).

As a consequence, the Sub-Fund will systematically and automatically exclude from the list of its potential investments companies that are not deemed ESG compliant by and are then listed on the exclusion list of the Norwegian Government Pensions Fund Global. The Norwegian Government Pensions Fund Global:

- a) excludes companies which themselves or through entities they control a) produce weapons that violate fundamental humanitarian principles through their normal use b) produce tobacco;
- b) observes or excludes mining companies and power producers which themselves or through entities they control derive 30 per cent or more of their income from thermal coal or base 30 per cent or more of their operations on thermal coal (taking into consideration both the company’s current share of income or activity from thermal coal, and forward assessments, including any plans the company may have that will change the share of its business based on thermal coal and the share of its business based on renewable energy sources)\*;
- c) puts under observation or excludes companies if there is an unacceptable risk that the company contributes to or is responsible for:
  - serious or systematic human rights violations, such as murder, torture, deprivation of liberty, forced labour and the worst forms of child labour; or
  - serious violations of the rights of individuals in situations of war or conflict; or
  - severe environmental damage; or

- acts or omissions that on an aggregate company level lead to unacceptable greenhouse gas emissions; or
- gross corruption; or
- any other particularly serious violations of fundamental ethical norms.

Such list of exclusion is available under <https://www.regjeringen.no/globalassets/upload/fin/statens-pensjonsfond/formelt-grunnlag/guidelines-for-observation-and-exclusion-from-the-gpfg---17.2.2017.pdf>

\* Green bonds issued by the company in question are not part of the recommendation and/or exclusion where such bonds are recognised through inclusion in specific indices for green bonds or are verified by a recognised third party

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#### **REFERENCE CURRENCY: USD**

**RISK PROFILE:** The risks pertaining to an investment in the Sub-Fund are those related to investing in Equity Securities, Emerging Market Risks and Foreign Investment Risks as described under XII Special Consideration on risks. The Sub-Fund is also subject to specific risks such as investments in specific countries or geographical zones, China market, Stock Connect Environmental Social and Governance (ESG) as further described below

#### **Investments in specific countries or geographical zones risk**

Sub-Funds concentrating their investments in certain countries or geographical regions are therefore subject to the risks associated with concentrating investments in regions. This type of strategy may lead to adverse consequences when target markets drop or encounter liquidity issues.

#### **China Market risk**

Some Sub-Funds may invest in the Chinese domestic market. Investing in the securities markets in the People's Republic of China ("PRC") is subject to the risks of investing in emerging markets with a greater degree of risk than generally associated with similar investments in major securities markets, due, in particular, to political and regulatory factors, as described hereunder. China domestic Securities may be substantially less liquid and more volatile than those of mature markets. This may adversely affect the timing and pricing of the Sub-Fund's acquisition or disposal of securities.

The existence of a liquid trading market for China A Shares may depend on whether there is a supply of, and demand for such China A Shares. Securities exchanges in China typically have the right to suspend or limit trading in any security traded on the relevant exchange. In particular, trading band are imposed by the stock

exchanges in China on China A Shares, where trading in any China A share security on the relevant stock exchange may be suspended if the trading price of the security has increased or decreased to the extent beyond the trading band limit. A suspension will render it impossible for the investment manager to liquidate positions and can thereby expose the concerned Sub-Fund to losses. Further, when the suspension is subsequently lifted, it may not be possible for the investment manager to liquidate positions at a favorable price. The price at which securities may be purchased and sold by the Sub-Fund and the Net Asset Value of a Sub-Fund may be adversely affected if trading markets for China A Shares are limited or absent.

Many of the PRC economic reforms are subject to adjustment and modification that may not always have a positive effect on foreign investment in the PRC market.

The legal infrastructure in PRC may not provide with the same degree of investors' protection or information to investors, as would generally apply to major securities markets. Further, regulations continue to develop and may change quickly which may further delay redemptions or restrict liquidity.

PRC government may also exercise substantial influence over the private economic sector and investments may be affected by political and economic instability. In the past the PRC Government applied nationalization, expropriation, confiscatory levels of taxation and currency blockage. Such event could adversely affect the interests of the SICAV and there is no assurance that such events will not occur in the future.

Moreover, factors such as PRC government policy, fiscal policy, interest rates, inflation, investor sentiment, the availability and cost of credit, the liquidity of the PRC financial markets and the level and volatility of equity prices could significantly affect the value of the SICAV's underlying investments and thus its share price.

Practices in relation to settlement of securities transactions involve higher risks than those in developed markets, in part because the SICAV needs to use local brokers, depository and counterparties subject to different regulations compared to the other international developed markets. However, the depository is responsible for the proper selection and supervision of its correspondent banks in all relevant markets, in

accordance with Luxembourg law and regulations. The SICAV will seek, where possible, to use counterparties whose financial status is such that this risk is reduced.

Moreover, as securities purchase transactions in China markets may require cash to be available in the custody account before trading there may be a time lag before market exposure can be obtained after and the pricing point of a subscription; consequently the Sub-Fund may be under-exposed and subject to performance dilution risk. i.e. If markets rise between the day of the pricing point of the subscription into the fund and the day the fund is able to invest, shareholders may see their performance diluted. Conversely if markets fall between those two dates, shareholders may benefit.

Both the Shanghai and Shenzhen securities markets are in the process of development and change. This may lead to trading volatility, difficulty in the settlement and recording of transactions and difficulty in interpreting and applying the relevant regulations. The PRC government has been developing a comprehensive system of commercial laws and considerable progress has been made in the promulgation of laws and regulations dealing with economic matters such as corporate organization and governance, foreign investment, commerce, taxation and trade. Because these laws, regulations and legal requirements are relatively recent, their interpretation and enforcement involve uncertainties. Investments in the PRC will be sensitive to any significant change in political, social or economic policy in the PRC. Such sensitivity may, for the reasons specified above, adversely affect the capital growth and thus the performance of these investments.

### **ESG (Environmental Social and Governance) risk**

Applying ESG criteria to the investment process may exclude securities of certain issuers for non-investment reasons and therefore some market opportunities available to funds that do not use ESG or sustainability criteria may be unavailable for the Sub-Fund, and the Sub-Fund's performance may at times be better or worse than the performance of comparable funds that do not use ESG or sustainability criteria. The selection of assets may in part rely on a proprietary ESG scoring process or ban lists that rely partially on third party data. The lack of common or harmonised definitions and labels integrating ESG and sustainability criteria at EU level may result in different approaches by managers when setting ESG objectives and determining that these objectives have been met by the funds they manage. This also means that it may be difficult to compare strategies integrating ESG and sustainability criteria to the extent that the selection and weightings applied to select investments may to a certain extent be subjective or based on metrics that may share the same name but have different underlying meanings. Investors should note that the subjective value that they may or may not assign to certain types of ESG criteria may differ substantially from the Investment Manager's methodology. The lack of harmonised definitions may also potentially result in certain investments not benefitting from preferential tax treatments or credits because ESG criteria are assessed differently than initially thought.

### **The Stock Connects Risks**

Certain Funds, subject to their investment objectives, strategies and restrictions as set out in the relevant Appendix, may invest and have direct access to certain eligible China "A" shares via the Stock Connects (as defined below).

The Shanghai-Hong Kong Stock Connect is a securities trading and clearing links programme developed by Hong Kong Exchanges and Clearing Limited ("**HKEx**"), Shanghai Stock Exchange ("**SSE**") and China Securities Depository and Clearing Corporation Limited ("**ChinaClear**"). The Shenzhen-Hong Kong Stock Connect is a securities trading and clearing links programme developed by HKEx, Shenzhen Stock Exchange ("**SZSE**") and ChinaClear (the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect and any other similar programme(s) which may be introduced from time to time, being collectively referred to as the "**Stock Connects**"). The aim of the Stock Connects is to achieve mutual stock market access between the PRC and Hong Kong.

The Shanghai-Hong Kong Stock Connect comprises a Northbound Shanghai Trading Link and a Southbound Hong Kong Trading Link. Under the Northbound Shanghai Trading Link, Hong Kong and overseas investors (including the Funds), through their Hong Kong brokers and a securities trading service company established by the Stock Exchange of Hong Kong Limited ("**SEHK**"), may be able to trade eligible "A" Shares listed on SSE by routing orders to SSE.

The Shenzhen-Hong Kong Stock Connect comprises a Northbound Shenzhen Trading Link and a Southbound Hong Kong Trading Link. Under the Northbound Shenzhen Trading Link, Hong Kong and overseas investors (including the Funds), through their Hong Kong brokers and a securities trading service

company established by SEHK, may be able to trade eligible "A" Shares listed on the SZSE by routing orders to SZSE.

### **Eligible Securities**

#### (i) Shanghai-Hong Kong Stock Connect

Under the Shanghai-Hong Kong Stock Connect, Hong Kong and overseas investors (including the Funds) are able to trade selective stocks listed on the SSE market (i.e. "**SSE Securities**"). These include all the constituent stocks from time to time of the SSE 180 Index and SSE 380 Index, and all the SSE-listed "A" Shares that are not included as constituent stocks of the relevant indices but which have corresponding H Shares listed on SEHK, except the following:

- SSE-listed shares which are not traded in RMB; and
- SSE-listed shares which are included in the "risk alert".

#### (ii) Shenzhen-Hong Kong Stock Connect

Under the Shenzhen-Hong Kong Stock Connect, Hong Kong and overseas investors (including the Funds) are able to trade selective stocks listed on the SZSE market (i.e. "**SZSE Securities**"). These include all the constituent stocks of the SZSE Component Index and SZSE Small/Mid Cap Innovation Index which has a market capitalisation of not less than RMB 6 billion, and all the SZSE-listed "A" Shares which have corresponding H Shares listed on SEHK, except the following:

- SZSE-listed shares which are not traded in RMB; and
- SZSE-listed shares which are included in the "risk alert" or under delisting arrangement.

It is expected that both lists of SSE Securities and SZSE Securities will be subject to review and approval by the relevant regulatory bodies from time to time.

Further information about the Stock Connects is available online at the website: <http://www.hkex.com.hk/mutualmarket>

Where a Fund invests through the Stock Connects, such Fund will be subject to the following risks associated with the Stock Connects:-

*Quota limitations risk* – The Stock Connects are subject to quota limitations. Trading under the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect will be subject to a daily quota respectively ("Daily Quota"). The Daily Quota will apply on a "net buy" basis. In particular, once the remaining balance of the Northbound Daily Quota drops to zero or the Northbound Daily Quota is exceeded during the opening call auction session, new buy orders will be rejected (though investors will be allowed to sell their cross-boundary securities regardless of the quota balance). Therefore, quota limitations may restrict the Fund's ability to invest in China "A" Shares through the Stock Connects on a timely basis, and the Fund may not be able to effectively pursue its investment strategies.

*Suspension risk* – Each of the SEHK, SSE and SZSE reserves the right to suspend Northbound and/or Southbound trading if necessary for ensuring an orderly and fair market and that risks are managed prudently. Consent from the relevant regulator would be sought before a suspension is triggered. Where a suspension in the Northbound trading through the Stock Connects is effected, the Fund's ability to access the PRC market will be adversely affected.

*Differences in trading days* – The Stock Connects only operate on days when both the PRC and Hong Kong Stock Exchanges are open for trading and when banks in both markets are open on the corresponding settlement days. Therefore it is possible that there are occasions when it is a normal trading day for the PRC Stock Exchanges but Hong Kong Stock Exchanges or banks are closed and overseas investors (such

as the Fund) cannot carry out any "A" Shares trading. Due to the differences in trading days, the Fund may be subject to a risk of price fluctuations in "A" Shares on a day that the PRC Stock Exchanges are open for trading but the Hong Kong Stock Exchanges is closed.

*Operational risk* – The Stock Connects provide a channel for investors from Hong Kong and overseas to access the PRC Stock Exchanges directly.

The Stock Connects are premised on the functioning of the operational systems of the relevant market participants. Market participants are able to participate in these programmes subject to meeting certain information technology capability, risk management and other requirements as may be specified by the relevant exchange and/or clearing house.

Market participants generally have configured and adapted their operational and technical systems for the purpose of trading "A" Shares through the Stock Connects. However, it should be appreciated that the securities regimes and legal systems of the two markets differ significantly and in order for the programmes to operate, market participants may need to address issues arising from the differences on an on-going basis.

Further, the "connectivity" in the Stock Connects requires routing of orders across the border. SEHK has set up an order routing system ("**China Stock Connect System**") to capture, consolidate and route the cross-boundary orders input by exchange participants. There is no assurance that the systems of the SEHK and market participants will function properly or will continue to be adapted to changes and developments in both markets. In the event that the relevant systems failed to function properly, trading in both markets through the programme could be disrupted. The Fund's ability to access the "A" Shares market (and hence to pursue its investment strategy) will be adversely affected.

*Restrictions on selling imposed by front-end monitoring* – PRC regulations require that before an investor sells any share, there should be sufficient shares in the account; otherwise SSE or SZSE will reject the sell order concerned. SEHK will carry out pre-trade checking on "A" Shares sell orders of its participants (i.e. the stock brokers) to ensure there is no over-selling.

Generally, if the Fund desires to sell certain "A" Shares it holds, it must transfer those "A" Shares to the respective accounts of its brokers before the market opens on the day of selling ("**Trading Day**") unless its brokers can otherwise confirm that the Fund has sufficient China "A" shares in the accounts. If it fails to meet this deadline, it will not be able to sell those shares on the Trading Day. Because of this requirement, the Fund may not be able to dispose of holdings of "A" Shares in a timely manner.

However, the Fund may request a custodian to open a special segregated account ("**SPSA**") in CCASS (the Central Clearing and Settlement System operated by HKSCC for the clearing securities listed or traded on SEHK) to maintain its holdings in "A" Shares under the enhanced pre-trade checking model. Each SPSA will be assigned a unique "Investor ID" by CCASS for the purpose of facilitating China Stock Connect System to verify the holdings of an investor such as the Fund. Provided that there is sufficient holding in the SPSA when a broker inputs the Fund's sell order, the Fund will be able to dispose of its holdings of "A" Shares (as opposed to the practice of transferring "A" Shares to the broker's account under the current pre-trade checking model for non-SPSA accounts). Opening of the SPSA accounts for the Fund will enable it to dispose of its holdings of "A" Shares in a timely manner.

*Recalling of eligible stocks* – When a stock is recalled from the scope of eligible stocks for trading via the Stock Connects, the stock can only be sold but restricted from being bought. This may affect the investment portfolio or strategies of the Fund, for example, when the Investment Manager wishes to purchase a stock which is recalled from the scope of eligible stocks.

*Custody, clearing and settlement risk* – The Hong Kong Securities Clearing Company Limited ("**HKSCC**"), a wholly-owned subsidiary of HKEx, will be responsible for the clearing, settlement and the provision of depository, nominee and other related services of the trades executed by Hong Kong market participants and investors. The "A" Shares traded through Stock Connects are issued in scripless form, so Investors will

not hold any physical "A" Shares. Hong Kong and overseas investors (including the Funds) who have acquired SSE Securities or SZSE Securities through Northbound trading should maintain the SSE Securities or SZSE Securities with their brokers' or custodians' stock accounts with CCASS.

HKSCC and ChinaClear have established the clearing links and each is a participant of each other to facilitate clearing and settlement of cross-boundary trades. For cross-boundary trades initiated in a market, the clearing house of that market will on one hand clear and settle with its own clearing participants, and on the other hand undertake to fulfil the clearing and settlement obligations of its clearing participants with the counterparty clearing house.

Should the remote event of ChinaClear default occur and ChinaClear be declared as a defaulter, HKSCC's liabilities in Northbound trades under its market contracts with clearing participants will be limited to assisting clearing participants in pursuing their claims against ChinaClear. HKSCC will in good faith, seek recovery of the outstanding stocks and monies from ChinaClear through available legal channels or through ChinaClear's liquidation. In that event, the Fund may suffer delay in the recovery process or may not be able to fully recover its losses from ChinaClear.

*Participation in corporate actions and shareholders' meetings* – Notwithstanding the fact that HKSCC does not claim proprietary interests in the SSE Securities and SZSE Securities held in its omnibus stock account in ChinaClear, ChinaClear as the share registrar for SSE/SZSE listed companies will still treat HKSCC as one of the shareholders when it handles corporate actions in respect of such SSE Securities or SZSE Securities (as the case may be).

HKSCC will monitor the corporate actions affecting SSE Securities and SZSE Securities and keep the relevant brokers or custodians participating in CCASS ("**CCASS participants**") informed of all such corporate actions that require CCASS participants to take steps in order to participate in them. The HKSCC will keep CCASS participants informed of corporate actions of SSE Securities and SZSE Securities. Where the articles of association of a listed company do not prohibit the appointment of proxy/multiple proxies by its shareholder, HKSCC will make arrangements to appoint one or more investors as its proxies or representatives to attend shareholders' meetings when instructed. Further, investors (with holdings reaching the thresholds required under the PRC regulations and the articles of associations of listed companies) may, through their CCASS participants, pass on proposed resolutions to listed companies via HKSCC under the CCASS rules. HKSCC will pass on such resolutions to the companies as shareholder on record if so permitted under the relevant regulations and requirements. Hong Kong and overseas investors (including the Funds) are holding SSE Securities and SZSE Securities traded via the Stock Connects through their brokers or custodians, and they will need to comply with the arrangement and deadline specified by their respective brokers or custodians (i.e. CCASS participants). The time for them to take actions for some types of corporate actions of SSE Securities and SZSE Securities may be very short. Therefore, it is possible that the Fund may not be able to participate in some corporate actions in a timely manner.

*Nominee arrangements in holding "A" Shares* – HKSCC is the nominee holder of the SSE Securities and SZSE Securities acquired by Hong Kong and overseas investors (including the Funds) through the Stock Connects. The current Stock Connects rules expressly provide for the concept of a "nominee holder" and there are other laws and regulations in the PRC which recognise the concepts of "beneficial owner" and "nominee holder". Although there is reasonable ground to believe that an investor may be able to take legal action in its own name to enforce its rights in the courts in the PRC if it can provide evidence to show that it is the beneficial owner of SSE Securities/SZSE Securities and that it has a direct interest in the matter, Investors should note that some of the relevant PRC rules related to nominee holder are only departmental regulations and are generally untested in the PRC. There is no assurance that the Fund will not encounter difficulties or delays in terms of enforcing its rights in relation to "A" Shares acquired through the Stock Connects. However, regardless of whether a beneficial owner of SSE Securities under Shanghai-Hong Kong Stock Connect or SZSE Securities under Shenzhen-Hong Kong Stock Connect is legally entitled to bring legal action directly in the PRC courts against a listed company to enforce its rights, HKSCC is prepared to provide assistance to the beneficial owners of SSE Securities and SZSE Securities where necessary.



*Currency risk* – Where the Fund is denominated in US dollars or other foreign currency, the performance of the Fund may be affected by movements in the exchange rate between RMB (i.e. the currency in which SSE Securities and SZSE Securities are traded and settled) and USD or other foreign currency. The Fund may, but is not obliged to, seek to hedge foreign currency risks. However, even if undertaken, such hedging may be ineffective. On the other hand, failure to hedge foreign currency risks may result in the Fund suffering from exchange rate fluctuations. For further details on exchange risk, please see risk factor "Currency Risk" above).

*No Protection by Investor Compensation Fund* – Investments through the Stock Connects are conducted through brokers, and are subject to the risks of default by such brokers' in their obligations.

*Regulatory risk* – The Stock Connects are novel in nature, and the Stock Connects will be subject to regulations promulgated by regulatory authorities and implementation rules made by the stock exchanges in the PRC and Hong Kong. Further, new regulations may be promulgated from time to time by the regulators in connection with operations and cross-border legal enforcement in connection with cross-border trades under the Stock Connects.

It should be noted that the regulations are untested and there is no certainty as to how they will be applied. Moreover, the current regulations are subject to change. There can be no assurance that the Stock Connects will not be abolished. The Fund, which may invest in the PRC Stock Exchanges through the Stock Connects, may be adversely affected as a result of such changes.

**PROFILE OF THE TYPICAL INVESTOR:**

The Sub-fund is suitable for professional and institutional investors. Typical investors will be pension funds, sovereign wealth funds, family offices, multifamily offices, endowments and foundations etc.

The Sub-Fund may not be appropriate if you plan to withdraw your money within 5 years.

**DISCLAIMER:** Past performance is not indicative of future results. The Sub-Fund is subject to the risk of Transferable Securities investment. The price of the shares and the income from them may fall as well as rise. Accordingly, there is no guarantee that investors will recover the total amount initially invested. There can be no assurance that the Sub-Fund will achieve its objectives.

**RISK MANAGEMENT:** The Sub-Fund will use the commitment approach to monitor its global exposure.

**NAV FREQUENCY:** Weekly

**SETTLEMENT CYCLE:** By derogation to section III. 2. A., the proceeds for subscription shall be received by wire transfer to the account of the concerned Sub-Fund of the Company, opened with the Depositary within 2 (two) Bank Business Days following the applicable Valuation Day.

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**FEES BORNE BY THE SHAREHOLDERS:**

**SUBSCRIPTION FEE:** Up to 3%

**REDEMPTION FEE:** Up to 2%.

**CONVERSION FEE:** N/A

**FEES CLAIMED BY LOCAL INTERMEDIARIES:** In connection with the purchase and/or sale of the shares in the local markets, local intermediaries may charge additional costs.

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**FEES BORNE BY THE COMPANY:**

**MANAGEMENT COMPANY FEE :** up to 0.30% of the Sub-Fund's net asset value per annum

**MANAGEMENT FEE:**

- 1.0% of the Class A Share's net asset value per annum in favor of the Investment Manager,
- 0.70% of the Class B Share's net asset value per annum in favor of the Investment Manager,

**PERFORMANCE FEE:**

In addition to the management fee as outlined above, the Sub-Fund shall bear a performance fee in favor of the Investment Manager which is defined as follows:

In relation to Share Class A :

For each calendar year during which the Share Class' performance exceeds the minimum rate of return that must be achieved ("Hurdle Rate") prorata temporis ("Outperformance"), a performance fee of 10% of the Outperformance is payable.

In respect of Share Class A, the performance is equal to the difference between the net asset value per share (net of fees except performance fees) calculated based on prices on the last business day of the current calendar year ("Final Valuation") and that calculated based on prices on the last business day of the previous calendar year ("Initial Valuation"), including any dividends paid during the calendar year, expressed as a percentage (the "Performance"). The Initial Valuation therefore changes each year if the Sub-Fund has reached its High Water Mark, even if the Sub-Fund has not achieved the performance of the Hurdle Rate during the previous calendar year. The Hurdle Rate is 5%. For the first performance fee calculation, the Hurdle Rate is determined on a prorata temporis basis.

The performance fee is only payable when the Final Valuation per share (including any dividends paid since the last calendar year for which a performance fee was due) is higher than the highest previous Final Valuation per share ("High Water Mark"); in this case, the performance fee is applied to the difference between the Final Valuation per share and the High Water Mark.

If the Final Valuation per share (including any dividends paid since the last calendar year for which a performance fee was due) is lower than the highest previous Final Valuation per share ("High Water Mark") there is no performance fee for the period.

The performance fee is estimated and accrued at the time of each NAV calculation and is payable at the end of each calendar year.

#### Adjustments

##### *Crystallisation*

When calculating the performance fee, the Sub-Fund's capital movements are taken into account using the "crystallisation" principle. In the event of a redemption or conversion during the calendar year under way carried out before the end of the period of calculation of the performance fee, the performance fee relating to the redeemed or converted shares shall be crystallised on the redemption/conversion date and shall be definitively payable to the Investment Manager. It shall be payable at the end of each calendar year.

##### *Equalization*

If an investor subscribes for Shares at a time when the Net Asset Value per Share before accruals for performance fees (the "**Gross Asset Value per Share**") is other than the High Water Mark per Share, certain adjustments will be made to reduce inequities that could otherwise result to the subscriber or to the Investment Manager. For these purposes Shares acquired in the secondary market will be treated as if they were redeemed (by the transferor) and subscribed for (by the transferee) on the date of the transfer at the most recent Subscription Price and, accordingly, the general provisions relating to redemptions and subscriptions will apply to the transferor and transferee respectively.

- (A) If Shares are subscribed for at a time when the Gross Asset Value per Share is less than the High Water Mark per Share, the investor will be required to pay a Performance Fee with respect to any subsequent appreciation in the value of those Shares. With respect to any appreciation in the value of those Shares from the Gross Asset Value per Share at the date of subscription up to the High Water Mark per Share, the Performance Fee will be charged at the end of each Performance Period by redeeming at par value such number of the investor's Shares of the relevant Class of Shares as have an aggregate Net Asset Value equal to 10 per cent of any such appreciation (a "**Contingent Liquidation**"). The aggregate Net Asset Value of the Shares so redeemed will be paid to the Investment Manager as a Performance Fee. Contingent Liquidations are employed to ensure that the Sub-Fund maintains a uniform Net Asset Value per Share. As regards the investor's remaining Shares, any appreciation in the Net Asset Value per Share of those Shares above the High Water Mark per Share will be charged a Performance Fee in the normal manner described above.
- (B) If Shares are subscribed for at a time when the Gross Asset Value per Share is greater than the High Water Mark per Share, the investor will be required to pay an amount in excess of the

current Net Asset Value per Share equal to 10 per cent of the difference between the current Gross Asset Value per Share and the High Water Mark per Share (an “**Equalisation Credit**”). At the date of subscription the Equalisation Credit will equal the Performance Fee per Share accrued with respect to the other Shares of the relevant Class of Shares in the Sub-Fund (the “**Maximum Equalisation Credit**”). The Equalisation Credit is payable to account for the fact that the Gross Asset Value per Share has been reduced to reflect an accrued Performance Fee to be borne by the existing Shareholder of the relevant Class of Shares and serves as a credit against Performance Fees that might otherwise be payable by the Sub-Fund but that should not in, equity, be charged against the Shareholder making the subscription because, as to such Shares, no favourable performance has yet occurred. The Equalisation Credit ensures that all holders of Shares of the relevant Class of Shares have the same amount of capital at risk per Share.

The additional amount invested as the Equalisation Credit will be at risk in the Sub-Fund and will therefore appreciate or depreciate based on the performance of the Sub-Fund subsequent to the issue of the relevant Shares but will never exceed the Maximum Equalisation Credit. In the event of a decline as at any Valuation Day in the Gross Asset Value per Share of the Shares, the Equalisation Credit will also be reduced by an amount equal to 10 per cent of the difference between the Gross Asset Value per Share at the date of issue and as at that Valuation Day. Any subsequent appreciation in the Gross Asset Value per Share will result in the recapture of any reduction in the Equalisation Credit but only to the extent of the previously reduced Equalisation Credit up to the Maximum Equalisation Credit.

At the end of each Performance Period, if the Gross Asset Value per Share exceeds the prior High Water Mark per Share, that portion of the Equalisation Credit equal to 10 per cent of the excess, multiplied by the number of Shares of the relevant Class of Shares subscribed for by the Shareholder will be applied to subscribe for additional Shares of the relevant Class of Shares for the Shareholder. Additional Shares will continue to be so subscribed for at the end of each Performance Period until the Equalisation Credit, as it may have appreciated or depreciated in the Sub-Fund after the original subscription for Shares was made, has been fully applied. If the Shareholder redeems his Shares before the Equalisation Credit has been fully applied, the Shareholder will receive additional redemption proceeds equal to the Equalisation Credit then remaining multiplied by a fraction, the numerator of which is the number of Shares being redeemed and the denominator of which is the number of Shares of the relevant Class of Shares held by the Shareholder immediately prior to the redemption.

For accuracy purposes, the Performance Fee and Equalization provisions are calculated up to six decimal places.

In relation to Share Class B:

•	Performance Period	Means the period from the first issuance of B Shares until the year end of the calendar year following the issuance (i.e. 31 <sup>st</sup> December 2021). Thereafter, each subsequent Performance Period commences on the day immediately following the end of the previous Performance Period and ends at year end of the same calendar year, or on the date that the final Shareholder fully redeems his holding if earlier.
•	Benchmark	Means MSCI China All Shares Net Total Return Index (MXCNANM) The performance of a total return benchmark reflects reinvestment of income.
•	Share Class Performance	represents on each Valuation Day the percentage difference between the Net Asset Value as calculated at that Valuation Day, and the Net Asset Value as calculated at the immediately preceding Valuation Day;

•	Benchmark Performance	represents on each Valuation Day the percentage difference between the value of the Benchmark on a Valuation Day, and the value of the Benchmark on the immediately preceding Valuation Day;
•	Outperformance	represents the positive difference between the Share Class Performance and the Benchmark Performance as at each Valuation Day;
•	Series	means a separate series of a Class B Shares.

For each calendar year during which the Share Class Performance exceeds the Benchmark Performance, a performance fee equal to 10% of the Outperformance is payable. However, performance fees are only accrued once the Share Class Performance recovers any under-performance (if any) against the Benchmark Performance, meaning that any under-performance will be carried forward as 'negative accrual' and needs to be recovered before the performance fees can be accrued.

The performance fee is estimated and accrued at the time of each Net Asset Value calculation and is payable at the end of each calendar year.

For sake of clarity, the Net Asset Value used for the calculation is net of fees except performance fees).

## 1. Performance Fee Calculation and Accrual

### (i) Positive accrual included in Net Asset Value calculation

The Performance Fee Movement is calculated at each Valuation Day as follows: the Rate is multiplied by the Outperformance, which in turn is multiplied by the Net Asset Value of the Class B Shares at the immediately preceding Valuation Day.

- ⇒ Where the Performance Fee movement is greater than zero, it will be added to the accrual brought forward from the immediately preceding Valuation Day. **It should be noted that a Performance Fee movement will be greater than zero if the Investment Manager outperforms the Benchmark, even where the Benchmark has fallen in value.**
- ⇒ Where the Performance Fee movement is less than zero, it will be deducted from the accrual brought forward from the immediately preceding Valuation Day, provided that the accrual does not become negative (please see (ii) below).
- ⇒ Where the Performance Fee movement is zero, no adjustment is made to the accrual brought forward from the immediately preceding Valuation Day.

The Performance Fee accrued at the end of the Performance Period represents the amount payable to the Investment Manager in respect of that Performance Period, and will be paid by the SICAV to the Investment Manager on or as soon as is practicable after the last business day of the Performance Period.

There is no maximum applicable to the value of the Performance Fee that may be paid to the Investment Manager.

### (ii) Use of memorandum account for negative accrual

Where the Share Class Performance is lower than the Benchmark Performance during the Performance Period, the Performance Fee accrual may ultimately reduce to zero or even turn negative.

- ⇒ When the accrual is negative it is recorded in a memorandum account, and is not included in the calculation of the Net Asset Value of the relevant Class B Shares.

- ⇒ Positive Performance Fee accrual adjustments subsequently arising during the Performance Period due to Outperformance will be offset against the negative accrual in the memorandum account until such time it returns to zero.
- ⇒ Should a negative accrual arising in a Performance Period remain recorded on the memorandum account at the end of that Performance Period, it will be carried forward into the following Performance Period(s).

## Adjustments

### Crystallisation

When calculating the performance fee, the Sub-Fund's capital movements are taken into account using the "crystallisation" principle. In the event of a redemption or conversion during the calendar year under way carried out before the end of the period of calculation of the performance fee, the performance fee relating to the redeemed or converted shares shall be crystallised on the redemption/conversion date and shall be definitively payable to the Investment Manager. It shall be payable at the end of each calendar year.

### Equalization-Series of Shares

In order to ensure that Class B Shareholders bear the Performance Fee according to the actual performance of their investment, a separate Series of each Class B will be issued on each Subscription Day and the performance fee payable will be calculated by reference to the Performance Fee of each Series of each Class B.

The Performance Fee for each Series will be calculated as at each Valuation Day and paid at the end of each Calendar Year or, (where Class B shares are redeemed part way through a Calendar Year). The Performance Fee payable in respect of the shares redeemed will be calculated as at the Valuation Day relating to the Redemption Day.

The Performance Fee shall be equal to 10% of the Outperformance of the relevant Class and Series for that Class multiplied by the number of Shares in issue in the relevant Class and Series as at the last Valuation Day of each Calendar Year.

As soon as practicable after the last Valuation Day in each Calendar Year, all Shares in all Series which have borne a Performance Fee in respect of the relevant Calendar Year will normally be consolidated into a single Series, being the oldest Series to have borne a Performance Fee in respect of the relevant Calendar Year. The consolidation may result in the number of B shares held by a Class B Shareholder changing but the value of the Class B shares Shareholder's investment will not change due to the consolidation.

### Examples:

Performance Fee Rate 10,00%

NAV Date	Outstanding shares	TNA before PF	Benchmark	NAV / Share before PF	NAV/per share after PF	YTD Performance of Fund	Benchmark Performance YTD	TYD Outperformance	PF Movement	Positive PF Accrual	TNA after PF	Account for Negative Accrual
Year 0 31st December	10,00	10.000,00	100,00	1000								0
Year 1 31st March	10,00	11.000,00	105,00	1100	1.095,00	10,00%	5,00%	5,00%	500,00	50,00	10.950,00	0
30th June	10,00	11.200,00	108,00	1120	1.116,00	12,00%	8,00%	4,00%	400,00	40,00	11.160,00	0
31st December	10,00	11.600,00	112,00	1160	1.156,000	16,00%	12,00%	4,00%	400,00	40,00	11.560,00	0
Year 2 31st March	10,00	11.800,00	115,00	1180	1.180,000	2,08%	2,68%	-0,60%	-69,64	-	11.800,00	-6,96
30th June	10,00	11.800,00	114,00	1180	1.179,664	2,08%	1,79%	0,29%	33,57	3,36	11.796,64	0,00
31st December	10,00	11.900,00	118,00	1190	1.190,000	2,94%	5,36%	-2,42%	-279,29	-	11.900,00	-27,93
Year 3 31st March	10,00	12.000,00	117,00	1200	1.200,000	0,84%	-0,85%	1,69%	200,85	-	12.000,00	-7,84
31st December	10,00	12.000,00	115,00	1200	1.198,767	0,84%	-2,54%	3,38%	402,54	12,33	11.987,67	0,00
Year 4 31st March	10,00	11.500,00	110,00	1150	1.149,665	-4,07%	-4,35%	0,28%	33,53	3,35	11.496,65	0,00
31st December	10,00	11.400,00	107,00	1140	1.137,537	-4,90%	-6,96%	2,05%	246,25	24,63	11.375,37	0,00

Please note that all figures are in USD

TNA	=	Total Net Asset Value (all other fees deducted)
PF	=	Performance Fee
NAV	=	Net Asset Value

### For Year-end (Year 1)

The Share Class Performance, 16%, is higher than the Benchmark Performance, 12%. As such the Share Class Performance has outperformed the Benchmark Performance for Year 1. The Outperformance is:  $16\% - 12\% = 4\%$

The value of this Outperformance (named in the above table as 'Performance Fee Movement') is determined by multiplying the Outperformance expressed as a percentage with the initial investment (referred to as 'TNA before PF' in the above table). The value of this Outperformance is then  $10,000 \times 4\% = 400$

The Investment Manager is entitled to 10% of this Outperformance, meaning 40 (i.e.  $400 \times 10\%$ ). This is the amount of Performance Fee to be accrued.

The Total Net Assets at the end of Year 1 are reflected in the figure calculated after Performance Fee accrual (above referred to as 'TNA after Performance Fee'):  $11,600 - 40 = 11,560$ .

This means that the Performance Fee to be paid for Year 1 is 40, meaning 4 per share.

The Net Asset Value per share is then the value of the Share at Year End minus the Performance Fee to be paid:  $1,160 - 4 = 1,156$

For Year-end (Year 2)

Share Class Performance, 2.94%, is lower than the Benchmark Performance, 5.36%. As such, there is an underperformance of  $2.94\% - 5.36\% = -2.42\%$

The value of such underperformance must be recovered before any further Performance Fee is accrued. The underperformance value is:  $11,560$  (Total net Assets after Performance Fee at the end of year 1) multiplied by  $-2.42\% = -279.29$ .

The Investment Manager must recover underperformance before being entitled to a Performance Fee. The amount to be recovered is  $-27.93$  (i.e.  $279.29 \times 10\%$ ).

The Total Net Assets at the end of Year 2 are reflected in the figure calculated after Performance Fee accrual (above referred to as TNA after Performance Fee):  $11,900 - 0 = 11,900$ .

No Performance fee is accrued but the memorandum account for negative accrual should reflect the underperformance. Hence  $-27.93$  is registered on the memorandum account for negative accrual and will be carried forward to Year 3.

In this case, the Net Asset Value per share remains  $1,190$  (i.e;  $11,900 / 10$ ).

For Year-end (Year 3)

Share Class Performance, 0.84%, is higher than the Benchmark Performance, -2.54%. As such the Share Class Performance has outperformed the Benchmark Performance for Year 3. The Outperformance is:  $0.84\% - (-2.54\%) = 3.38\%$

The value this Outperformance is:  $11,900$  (Total net Assets after Performance Fee at the end of year 2) multiplied by  $3.38\% = 402.54$ .

Year 3 started with the previous underperformance accrual of Year 2 that was carried forward (i.e;  $-27.93$ ) on the memorandum account for negative accrual

When calculating the amount of Performance Fee to be accrued at the end of Year 3, the underperformance of Year 2 must be taken into consideration. As such, the Performance Fee accrual for Year 3 shall be:  $402.54 \times 10\% + (-27.93) = 12.33$

The Total Net Assets at the end of Year 3 are reflected in the figure calculated after Performance Fee accrual (above referred to as TNA after Performance Fee):  $12,000 - 1.23 = 11,987.67$ .

This means that the Performance Fee to be paid for Year 3 is 12.33, meaning 1.23 per share. There is no negative accrual on the memorandum account, which has been recovered and is now at 0.

The Net Asset Value per share is then the value of the Share at Year End minus the Performance Fee to be paid:  $1,200 - 1.23 = 1,198.76$

For Year-end (Year 4)

The Share Class Performance is negative:  $-4.9\%$ . Nevertheless, it remains higher than the Benchmark Performance:  $-6.96\%$ . As such the Share Class Performance has outperformed the Benchmark Performance for Year 4. The Outperformance is  $(-4.9\%) - (-6.96\%) = 2.05\%$

The value this Outperformance is:  $11,987.67$  (Total net Assets after Performance Fee at the end of year 3) multiplied by  $2.05\% = 246.25$

The Investment Manager is entitled to 10% of this Performance, meaning 24.63 (i.e.  $246.25 \times 10\%$ ). This is the amount of Performance Fee to be accrued.

The Total Net Assets at the end of Year 4 are reflected in the figure calculated after Performance Fee accrual (above referred to as TNA after Performance Fee):  $11,400 - 24.63 = 11,375.37$ . This means that the Performance Fee to be paid for Year 4 is 24.63, meaning 2.46 per share and that there is no negative accrual on the memorandum account.

The Net Asset Value per share is then the value of the Share at Year End minus the Performance Fee to be paid:  $1,140 - 2.46 = 1,137.54$ .

### Benchmark Regulation Disclosure

The SICAV has adopted a written plan setting out actions, which it will take with respect to the Sub-Fund in the event that the MSCI China All shares Price USD or MSCI China All Shares Net Total Return Index (MXCNANM) index materially change or cease to be provided (the "Contingency Plan"), as required by article 28(2) of the Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds, as

may be amended or supplemented from time to time (the “Benchmark Regulation” or “BMR”). Shareholders may access the Contingency Plan, free of charge upon request at the registered office of the Management Company.

The MSCI China All Shares Net Total Return Index (MXCNANM) and the MSCI China All shares Price USD are provided by MSCI Limited a benchmark administrator which is listed on the register referred to in article 36 of the Benchmark Regulation as an administrator who acquired recognition in accordance with article 34 of the Benchmark Regulation.

## 5. ARCIPELAGOS SICAV – VITAMIN FUND

### **INVESTMENT STRATEGIES AND POLICY:**

#### **Investment objective**

The investment objective of the Sub-Fund is to seek capital appreciation over the long term through a flexible, active and opportunistic allocation of assets. In order to achieve its investment objective of capital appreciation, the long-term average weighting associated with riskier assets, equities in particular but also high yield bonds, will outweigh the one associated with safer assets (typically investment grade bonds and cash).

The Sub-Fund's long term average neutral weight of risky assets should be approximately 75%, so 25% for safe assets but depending on market conditions and opportunities, it does not preclude the discretionary flexibility of the Sub-Fund to alternatively adopt an offensive or defensive investment strategy by overweighting riskier or safer assets respectively, without any limitation. Such specific market conditions and opportunities will be determined by the investment manager upon both a technical and a top-down analysis of the markets. As a result:

- If the risk of a bear market starts to emerge, then the investment manager will scale back risky assets progressively (i.e. below 75%);
- If the bear market risk keeps growing, risk will be reduced further by the investment manager, possibly until a point where safe assets outweigh risky ones.
- At the opposite, if stock markets fall and the risk of a bear market is not deemed to be higher, then the investment manager may take the opportunity to temporarily increase risky assets exposure above 75%.

#### **Investment Policy**

In order to achieve its investment objective, the Sub-Fund will invest mainly in UCITS or other UCIs (including eligible ETFs) that:

- (i) have a long strategy only,
- (ii) invest, without any limitation, in different asset classes, i.e. in equities, bonds, currencies, money market instruments or other transferable securities such as FX forwards for the purpose of currency hedging, in compliance with Article 41 (1) of the Law of 17 December 2010 and
- (iii) are meeting the criteria of eligibility fixed in article 41 (1) (e) of the Law of 17 December 2010.

The remaining assets may be invested in cash or cash equivalents and in money market instruments.

**Investors are thus subject to the risk of duplication of fees and commissions. The maximum level of the management fee that may be changed by the UCITS and/or other UCIs in which the Sub-Fund intends to invest shall not exceed [ ] % per annum of the net assets of the relevant UCITS or UCIs.**

From time to time, considering market conditions (during periods of economic and financial uncertainty) and on a temporary basis, up to 100% of the Sub-Fund's net assets may be held as cash or cash equivalents and money market instruments, subject to compliance with the principle of risk diversification.

The Sub-Fund is actively managed without any reference to a benchmark. In that respect, the Sub-Fund is not looking to outperform any benchmark over any given period.

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#### **REFERENCE CURRENCY: EUR**

**RISK PROFILE:** The risks pertaining to an investment in the Sub-Fund are those related to investing in Equity Securities, Credit Quality and Duration Risk, Currency Risk, Foreign Exchange Risk, Emerging Market Risks and Foreign Investment Risks as described under XII Special Consideration on risks.

#### **PROFILE OF THE TYPICAL INVESTOR:**

The Sub-fund is suitable for retail, professional and institutional investors.

The Sub-Fund may not be appropriate if you plan to withdraw your money within 5 years.



**DISCLAIMER:** Past performance is not indicative of future results. The Sub-Fund is subject to the risk of Transferable Securities investment. The price of the shares and the income from them may fall as well as rise. Accordingly, there is no guarantee that investors will recover the total amount initially invested. There can be no assurance that the Sub-Fund will achieve its objectives.

**RISK MANAGEMENT:** The Sub-Fund will use the commitment approach to monitor its global exposure.

**NAV FREQUENCY:** Daily

**SUBSCRIPTION/REDEMPTION:**

**Subscription cut-off:** by derogation to the global statement foreseen in section III.2.A, provided the application together with any required documentation is received prior to 10.00 a.m., Luxembourg time two Bank Business Day in Luxembourg preceding the applicable Valuation Day, the shares will be issued based on the Net Asset Value per share applicable on such next Valuation Day. If received thereafter, the application will be deferred to the next following Valuation Day.

**Redemption cut-off:** by derogation to the global statement foreseen in section III.3, provided the application together with any required documentation is received prior to 10.00 a.m., Luxembourg time three Bank Business Day in Luxembourg preceding the applicable Valuation Day, the shares will be redeemed based on the Net Asset Value per share applicable on such next Valuation Day. If received thereafter, the application will be deferred to the next following Valuation Day.

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**FEES BORNE BY THE SHAREHOLDERS:**

**SUBSCRIPTION FEE:** Up to 5%

**REDEMPTION FEE:** N/A

**CONVERSION FEE:** N/A

**FEES CLAIMED BY LOCAL INTERMEDIARIES:** In connection with the purchase and/or sale of the shares in the local markets, local intermediaries may charge additional costs.

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**FEES BORNE BY THE COMPANY:**

**MANAGEMENT COMPANY FEE:** up to 0.30% of the Sub-Fund's net asset value per annum

**MANAGEMENT FEE:** 1.00% of the Sub-Fund's net asset value per annum allocated to Share Class A

No Management Fee applies to Share Class Z

**PERFORMANCE FEE:** N/A