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# VG AM SICAV

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*Société d'investissement à capital variable*

**Luxembourg**

**PROSPECTUS**

**May 2014**

**VISA 2014/94398-5386-0-PC**

L'apposition du visa ne peut en aucun cas servir  
d'argument de publicité

Luxembourg, le 2014-04-28

Commission de Surveillance du Secteur Financier



VG AM SICAV (the "Fund") is registered under part I of the Luxembourg law of 17 December 2010 on undertakings for collective investment (the "2010 law").

The sale of the shares shall be promoted to the public in the European Union or any part thereof.

The shares have not been registered under the United States Securities Act of 1933 and may not be offered directly or indirectly in the United States of America (including its territories and possessions) to nationals or residents thereof or to persons normally resident therein, or to any partnership or persons connected thereto unless pursuant to any applicable statute, rule or interpretation available under United States law.

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Any information or representation given or made by any person which is not contained herein or in any other document which may be available for inspection by the public should be regarded as unauthorised and should accordingly not be relied upon. Neither the delivery of this prospectus (the "Prospectus") nor the offer, issue or sale of shares in the Fund shall under any circumstances constitute a representation that the information given in this Prospectus is correct as at any time subsequent to the date hereof.

All references herein to times and hours are to Luxembourg local time.

All references herein to USD are to United States Dollars.

All references herein to CHF are to Swiss Francs.

All references herein to GBP are to Pound Sterling.

All references herein to EUR are to Euro.

Shareholders are informed that their personal data or information given in the subscription documents or otherwise in connection with an application to subscribe for shares, as well as details of their shareholding, will be stored in digital form and processed in compliance with the provisions of the Luxembourg law of 2 August 2002 on data protection, as described in the subscription documents.

Shares of the Fund may be listed on the Luxembourg Stock Exchange from their issue.

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**VG AM SICAV**

*Société d'investissement à capital variable*

Registered office: 42, rue de la Vallée L-2661 Luxembourg  
Grand-Duchy of Luxembourg  
R.C.S. Luxembourg B 135.064

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**Board of Directors**

**Chairman**

Mr Sylvain FERAUD  
Managing Director  
Casa4Funds SA  
42, rue de la Vallée  
L-2661 Luxembourg  
Grand Duchy of Luxembourg

**Directors**

Mrs Margherita BALERNA BOMMARTINI  
Head of Operations and Branch Manager  
Casa4Funds SA Luxembourg, Swiss Branch, Paradiso  
Via L. Zuccoli 19  
CH - 6900 Paradiso  
Switzerland

Mr Franco Tullio Bertoni  
Revifida S.A.  
3, Via Simen  
CH-6904 Lugano (Switzerland)

Mr Alessandro Castagnetti  
Chairman of VG Asset Management S.A.  
Via C. Maraini 1  
CH-6900 Lugano

**Registered office**

42, Rue de la Vallée  
L-2661 Luxembourg  
Grand Duchy of Luxembourg

**Management Company**

Casa4Funds SA  
42, Rue de la Vallée  
L-2661 Luxembourg  
Grand Duchy of Luxembourg

**Directors of the Management Company:**

Chairman: Giovanni Giacomo Schräml, Banca Arner S.A.

Directors: Sylvain Feraud, Managing Director

Giulio Romani, Banca Arner S.A.

Margherita Balerna Bommartini, Head of Operations & Branch Manager

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

Sylvain Feraud, Managing Director

Margherita Balerna Bommartini, Head of Operations & Branch Manager

Arnaud Bouteiller, Head of Risk Management

**Investment  
Manager**

Casa4Funds SA  
42, rue de la Vallée  
L-2661 Luxembourg  
Grand Duchy of Luxembourg

**Custodian**

Banque de Luxembourg  
14, boulevard Royal  
L-2449 Luxembourg  
Grand Duchy of Luxembourg

**Administration Agent,  
Registrar and Transfer  
Agent**

European Fund Administration S.A.  
2, rue d'Alsace  
L-1122 Luxembourg  
Grand Duchy of Luxembourg

**Investment Advisor**

VG Asset Management SA  
Via Clemente Maraini 1  
CH-6900 Lugano

**Market Research Agent**

VG Asset Management SA  
Via Clemente Maraini 1  
CH-6900 Lugano

**Auditors**

Deloitte Audit S.àr.L.  
560, rue de Neudorf  
L-2220 Luxembourg  
Grand Duchy of Luxembourg

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## PRINCIPAL FEATURES

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The following summary is qualified in its entirety by reference to the more detailed information included elsewhere in this Prospectus.

<b><i>2010 Law</i></b>	The Luxembourg law of 17 <sup>th</sup> December 2010 on undertakings for collective investment.
<b><i>Articles of Incorporation</i></b>	The articles of incorporation of the Fund as may be amended from time to time.
<b><i>Bank Business Day</i></b>	A full bank business day in Luxembourg.
<b><i>Board of Directors</i></b>	The board of directors (the “Board of Directors”) of the Fund.
<b><i>Categories</i></b>	Each Class of Shares may be further sub-divided into two Categories of Shares, being Distribution shares and Accumulation shares, as further described under Section Distribution policy.
<b><i>Classes</i></b>	Pursuant to the Articles of Incorporation, the Board of Directors may decide to issue, within each Sub-Fund, separate classes of shares (hereafter referred to as "Class" or "Classes") whose assets will be commonly invested but where a specific sales or redemption charge structure, fee structure, minimum investment amount, taxation, dividend policy or other feature may be applied.
<b><i>Conversion of Shares</i></b>	Unless otherwise provided for any Sub-Fund, and subject to compliance with any conditions of the Class or Sub-Fund into which conversion is to be effected, shareholders may at any time request conversion of their Shares into Shares of another existing Class of that or another Sub-Fund on the basis of the net asset values of the Shares of both Classes concerned, determined on the common applicable Valuation Day.
<b><i>CSSF</i></b>	<i>Commission de Surveillance du Secteur Financier</i> – The Luxembourg Supervisory Authority.

<b><i>Custodian</i></b>	The assets of the Fund are held under the custody or control of Banque de Luxembourg (the "Custodian").
<b><i>Directive</i></b>	The Directive 2009/65/EC of 13 <sup>th</sup> July 2009.
<b><i>Eligible Market</i></b>	A Regulated Market in an Eligible State
<b><i>Eligible State</i></b>	Any Member State of the EU or any other state in Eastern and Western Europe, Asia, North and South America ,Africa and Oceania.
<b><i>EU</i></b>	The European Union.
<b><i>FATF</i></b>	Financial Action Task Force (also referred to as <i>Groupe d'Action Financière</i> ).
<b><i>Fund</i></b>	VG AM SICAV (the "Fund") is an open-ended collective investment company organised under Luxembourg law as a <i>société anonyme qualifying as a société d'investissement à capital variable</i> . It comprises several Sub-Funds.
<b><i>Investment Advisor</i></b>	The Management Company has the possibility to appoint an advisor for one or all the Sub-Funds in order to give the Management Company advices and recommendations regarding the selection of securities and other permitted assets to be acquired by any Sub-Fund.
<b><i>Investment Manager</i></b>	Casa4Funds SA is the Fund's investment manager (the "Investment Manager").
<b><i>KIID</i></b>	Key Investor Information Document
<b><i>Management Company</i></b>	Casa4Funds SA has been appointed as the management company of the Fund (the "Management Company") to be responsible on a day-to-day basis, under supervision of the Board of Directors, for providing administration, marketing and investment management services in respect of all Sub-Funds.
<b><i>Member State</i></b>	A member state of the European Union
<b><i>Redemption of Shares</i></b>	Shareholders may at any time request redemption of their Shares, at a price equal to the net asset value per Share of the relevant Class of the Sub-Fund concerned, determined on the applicable Valuation Day, less any redemption fee as disclosed in Appendix I – Sub-Funds features to this Prospectus for a specific Sub-Fund.



***Regulated Market*** A market within the meaning of Directive 2004/39/EC and any other market which is regulated, operates regularly and is recognised and open to the public.

***Shares*** Shares of each Sub-Fund are offered in registered form only and all Shares must be fully paid for. Fractions of Shares will be issued up to 3 decimals.

***Sub-Funds*** The Fund offers investors, within the same investment vehicle, a choice between several sub-funds (the "Sub-Funds") which are distinguished mainly by their specific investment policy and/or by the currency in which they are denominated. The specifications of each Sub-Fund are described in the Appendices to this Prospectus. The Board of Directors of the Fund may, at any time, decide the creation of further Sub-Funds and in such case, the Appendices to this Prospectus will be updated. Each Sub-Fund may have one or more classes of shares.

***UCITS*** Undertakings for Collective Investment in Transferable Securities.

***Valuation Day*** A valuation day is the Bank Business Day on which the net asset value (NAV) is dated.

The NAV is calculated as of the first Bank Business Day following the Valuation Day. The prices used are those of the Valuation Day.

The Valuation Day for all Sub-Funds might be any day on which banks in Luxembourg are normally open for business, unless otherwise defined in Appendix I – Sub-Fund features to this Prospectus for a specific Sub-Fund.

The Board of Directors may, in its absolute discretion, amend the frequency of the Valuation Day for some or all of the Sub-Funds. In such case the shareholders of the relevant Sub-Fund will be duly informed and the Appendix I – Sub-Funds features to this Prospectus will be updated accordingly.

***Words or expressions used in the Prospectus that are not specifically defined in this Glossary shall have the same meaning as those defined in the 2010 Law.***

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## THE FUND

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### VG AM SICAV

is an open-ended collective investment company in the form of a *société d'investissement à capital variable* established under the laws of the Grand-Duchy of Luxembourg, with an "umbrella" structure, which may comprise different Sub-Funds. In accordance with the 2010 Law, a subscription of shares constitutes acceptance of all terms and provisions of the Articles of Incorporation. Within each Sub-Fund, and/or each Class of shares, the investor may select either the distribution of a dividend or the capitalisation of income by choosing between the Distribution shares and the Accumulation shares. Details on each Sub-Fund are disclosed in Appendix I – Sub-Funds features to this Prospectus.

At the date of this Prospectus, the only Sub-Fund opened for subscription is the VG AM SICAV – GLOBAL BOND.

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## MANAGEMENT AND ADMINISTRATION

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### **1. Board of Directors**

The Directors are responsible for the overall management and control of the Fund. They will review the operations of the Fund and the Management Company.

### **2. Management Company**

The Board of Directors has appointed Casa4Funds SA as the Management Company to be responsible on a day-to-day basis, under supervision of the Board of Directors, for providing administration, marketing and investment management services in respect of all Sub-Funds.

The Management Company is also in charge of the risk management in respect of all Sub-Funds.

The Management Company may, from time to time, delegate, under its responsibility, all or some of the services it provides in respect of all Sub-Funds to one or more service providers. In case of such delegation, the Management Company shall supervise the activities of the service providers on a permanent basis.

The Management Company was incorporated as a "société anonyme" under the laws of the Grand-Duchy of Luxembourg on 5 August 2005 and its articles of incorporation were published in the Mémorial on 21 December 2005. It also acts as management company to other Luxembourg undertakings for collective investment. Its subscribed share capital is EUR 1,274,720. The Management Company is approved as management company regulated by chapter 15 of the 2010 Law.

As part of its duties, the Management Company shall ensure, amongst others, compliance of the Fund, respectively the Sub-Funds, with the investment restrictions and investment policy set forth in this Prospectus and the Articles of Incorporation.

The Management Company shall also send reports to the Board of Directors on a monthly basis and inform each Director without delay of any non-compliance of the investments of the Fund, respectively the Sub-Funds, with the investment restrictions set forth in this Prospectus and the Articles of Incorporation.

### **3. Conflicts of interests**

The Management Company may, from time to time, act as management company or investment manager to other investment funds/clients and may act in other capacities in respect of such other investment funds or clients. It is therefore possible that the Management Company may, in the course of its business, have potential conflicts of interests with the Fund.

The Board of Directors and/or the Management Company will (in the event that any conflict of interests actually arises) endeavour to ensure that such conflict is resolved fairly and in the best interests of the Fund.

The Fund may also invest in other investment funds which are managed by the Management Company or any of its affiliated entities. The directors of the Management Company may also be directors of investment funds and the interest of such investment funds and of the Fund could result in conflicts. Generally, there may be conflicts between the best interests of the Fund and the interests of affiliates of the Management Company in connection with the fees, commissions and other revenues derived from the Fund or investment funds. In the event where such a conflict arises, the directors of the Management Company will endeavour to ensure that it is resolved in a fair manner and in the best interests of the Fund.

### **4. Investment Manager**

The Management Company may delegate, under its supervision and ultimate responsibility, the portfolio management of part or all of the Sub-Funds to one or several investments managers, subject to the prior approval of the Luxembourg Supervisory Authority.

The Investment Manager is required to adhere strictly to the guidelines laid down by the Management Company. In particular, the Investment Manager is required to ensure that the assets of the Fund and each sub-fund are invested in a manner consistent with the Fund's and the sub-funds' investment restrictions and that cash belonging to the Fund and each sub-fund is invested in accordance with the guidelines laid down by the Board of Directors.

### **5. Custodian**

Banque de Luxembourg has been appointed as custodian of all of the Fund's assets, comprising securities, money market instruments, cash and other permitted assets. It may entrust under its control and responsibility the physical custody of securities and other permitted assets acquired by the Fund, mainly securities traded abroad, listed on a foreign stock exchange market or accepted by clearing institutions for their transactions, to such institutions or to one or more of its banking correspondents.

Banque de Luxembourg, Société Anonyme, a limited company under Luxembourg law with its registered office at 14, boulevard Royal, L-2449 Luxembourg, is established in Luxembourg since 1920.

It is engaged in banking activities since its incorporation and as at 31 December 2007 its capital

amounted to EUR 100.000.000.

Moreover, the Custodian must:

- a) ensure that the sale, issue, redemption and cancellation of shares effected by or on behalf of the Fund are carried out in accordance with applicable law and the Articles of Incorporation;
- b) ensure that, in transactions involving the assets of the Fund, the consideration is remitted to it within the usual time limits;
- c) ensure that the income of the Fund is applied in accordance with its Articles of Incorporation.

## **6. Administration Agent, Registrar and Transfer Agent**

The Management Company has delegated a portion of its functions, with the prior approval of the Board of Directors, to European Fund Administration (“EFA”), having its registered office at 2, rue d’Alsace, L-1122 Luxembourg, Grand-Duchy of Luxembourg, which has been appointed to provide central administration agent, registrar and transfer agent services to the Fund and is responsible for the central administration of the Fund and in particular for the processing of the issue, redemption and conversion of Shares, the determination of the net asset value of the Shares in each Sub-Fund and for the maintenance of accounting records.

EFA is empowered to delegate, under its full responsibility, all or part of its functions to a third Luxembourg entity, with the prior consent of the Management Company.

## **7. Distributors and Placing/Selling Agents**

Distributors and Placing/Selling Agents may be appointed for the purpose of assisting the Management Company in the marketing of the Fund’s Shares.

With the prior consent of the Fund, the Management Company may enter into Distribution Agreements with Distributors pursuant to the terms of which such Distributors will market the Shares of the Fund in such countries where the Fund is registered for sale, and Placing or Selling Agreements with Placing or Selling Agents responsible for the placement of the Fund’s Shares, respectively the introduction to the Fund of persons who purchase the Fund’s Shares.

Such Distributors and Placing/Selling Agent(s) shall be responsible to the Management Company for ensuring, among other things, that the offering of the Shares is made in accordance with applicable laws and regulations. The Management Company may, at any time, require them to make representations and warranties in this respect.

Investors can subscribe Shares in a Sub-Fund directly from the Fund. Investors may also purchase Shares in a Sub-Fund by using the nominee services offered by the Distributors or Placing Agent. A Distributor or Placing Agent then subscribes and holds the Shares as a nominee in its own name but for the account of the investor. The Distributors or Placing Agent then

confirms the subscription of the Shares to the investor by means of a letter of confirmation. Distributors or Placing Agent that offer nominee services are either seated in countries that have ratified the resolutions adopted by the FATF or Groupe d'action financière internationale "GAFI") or execute transactions through a correspondent bank seated in a FATF country. Investors who use a nominee service may issue instructions to the nominee regarding the exercise of votes conferred by their Shares as well as request direct ownership by submitting an appropriate request in writing to the relevant Distributors or Placing Agent offering the Nominee Service.

*The Fund draws the investors' attention to the fact that any investor will only be able to fully exercise his investor rights directly against the Fund, notably the right to participate in general shareholders' meetings, if the investor is registered himself and in his own name in the shareholders' register of the Fund. In cases where an investor invests in the Fund through an intermediary investing into the Fund 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 Fund. Investors are advised to take advice on their rights.*

A list of the Distributors and Nominees shall be at disposal at the Fund's registered office. Customers are invited to consult their Distributor and Placing/Selling Agents for further details.

## **8. Investment Advisor**

The Management Company may from time to time appoint investment advisors (the "Investment Advisor(s)") to provide advisory services to one or several Sub-Fund(s).

The Investment Advisor may seek advice, at its own expenses, for the investment advice given in relation to the assets of the sub-fund it is appointed for, from any person or corporation which it may consider appropriate.

The Investment Advisor shall regularly assist the Management Company by giving advice and recommendations regarding the selection of securities and other permitted assets to be acquired by the Fund in line with the investment policy of the relevant Sub-Fund.

The Investment Advisor shall act in a purely advisory capacity. The Management Company shall not be bound by any advice or recommendations provided by such Investment Advisor and shall assume sole responsibility for all decisions taken acting on such advice and recommendations in the management of the Fund's assets.

VG Asset Management SA has been designated Investment Advisor by means of an Investment Advisory Agreement with the Management Company.

VG Asset Management SA, having its registered office in Via Clemente Maraini 1, CH – 6900 Lugano, is a Swiss corporation specialized in the application of asset management systems based on the technique of artificial intelligence. As such it offers its analysis and research services primarily to institutional and high net worth individuals.

## **9. Market Research Agent**

The Management Company has appointed VG Asset Management SA as Market Research Agent to provide advisory services to one or several Sub-Funds on matters regarding the markets where the Fund operates.

The Market Research Agent shall notably perform market researches, competitor's analyses, and products design and also organize products presentations, marketing events or advertising campaigns. The Market Research Agent shall also appraise customers' satisfaction and develop a customer's relationship service to the benefit of the Fund.

The fees paid to the Market Research Agent shall be part of the Management fee.

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## **INVESTMENT OBJECTIVES AND POLICY**

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The Fund's investment objective is long-term capital appreciation which it will seek to achieve by investing in transferable securities, money market instruments, investment funds, commodity linked products (such as Exchange Traded Commodities), financial derivatives instruments and structured products whether denominated in Euro or in any international currencies. There can be no assurance that the Fund's investment objectives will be achieved.

In the general pursuit of obtaining a high level of return and capital appreciation, efficient portfolio management techniques may be employed to the extent permitted by the investment and borrowing restrictions stipulated by the Board of Directors.

The Sub-Funds may from time to time also hold, on an ancillary basis, liquidity.

The historical performance of the Sub-Funds will be published in the KIID for each Sub-Fund. Past performance is not necessarily indicative of future results.

The specific investment policy of each Sub-Fund is described in the Section Sub-Funds details to this Prospectus.



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## INVESTMENT AND BORROWING RESTRICTIONS

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The Articles of Incorporation provide that the Board of Directors shall, based upon the principle of spreading of risks, determine the corporate and investment policy of the Fund and the investment and borrowing restrictions applicable, from time to time, to the investments of the Fund.

In order for the Fund to qualify as a UCITS under the 2010 Law and the Directive, the Board of Directors has decided that the following restrictions shall apply to the investments of the Fund and, as the case may be and unless otherwise specified for a Sub-Fund in the Section Sub-Funds details of this Prospectus, to the investments of each of the Sub-Funds:

- I. (1) The Fund, for each Sub-Fund, may invest in:
- a) transferable securities and money market instruments admitted to or dealt in on a regulated market within the meaning of Directive 2004/39/EC or dealt in on another market which operates regularly and is recognised and open to the public in a Member State of the European Union ("EU") or any other state in Eastern and Western Europe, Asia, North and South America, Africa and Oceania (an "Eligible Market");
  - b) 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 an Eligible Market and such admission is secured within one year of the issue;
  - c) units of UCITS and/or other undertakings for collective investment ("other UCIs") within the meaning of Article 1, paragraph (2), points a) and b) of Directive 2009/65/EC, whether or not established in a Member State or not, provided that:
    - such other UCIs are authorised under laws which provide that they are subject to supervision considered by the CSSF to be equivalent to that laid down in European Union law, and that cooperation between authorities is sufficiently ensured,
    - the level of protection for 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 are equivalent to the requirements of Directive 2009/65/EC,
    - the business of such other UCIs is reported in half-yearly and annual reports to enable an assessment of the assets and liabilities, income and operations over the reporting period,

- no more than 10% of the assets of the UCITS or of the other UCIs, whose acquisition is contemplated, can, according to their management regulations or instruments of incorporation, in aggregate be invested in units of other UCITS or other UCIs;
- d) deposits with a credit institution which are repayable on demand or have the right to be withdrawn, and maturing in no more than 12 months, provided that the credit institution has its registered office in a Member State or, if the registered office of the credit institution is situated in a non-Member State, provided that it is subject to prudential rules considered by the CSSF as equivalent to those laid down in European Union law;
- e) financial derivative instruments, including equivalent cash-settled instruments, dealt in on an Eligible Market and/or financial derivative instruments dealt in over-the-counter ("OTC derivatives"), provided that:
- the underlying consists of instruments covered by this section (I) (1), financial indices, interest rates, foreign exchange rates or currencies, in which the Sub-Fund may invest according to its investment objective;
  - the counterparties to OTC derivative transactions are institutions subject to prudential supervision, and belonging to the categories approved by the Luxembourg supervisory authority;
  - the OTC derivatives are subject to reliable and verifiable valuation on a daily basis and can be sold, liquidated or closed by an offsetting transaction at any time at their fair value at the Fund's initiative;
- f) money market instruments other than those dealt in on an Eligible Market, if the issuer or the issuer of such instruments is itself regulated for the purpose of protecting investors and savings, 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, the European Central Bank, the EU or the European Investment Bank, a non Member State 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 Eligible Markets, or
  - issued or guaranteed by an establishment subject to prudential supervision, in accordance with criteria defined by European Union law, or by an establishment which is subject to and complies with prudential rules considered by the Luxembourg regulator to be at least stringent as those laid down by Community law; or

- issued by other bodies belonging to the categories approved by the Luxembourg supervisory authority provided that investments in such instruments are subject to investor protection equivalent to that laid down in the first, the second or the third indent and provided that the issuer is a company whose capital and reserves amount to at least EUR 10 million and which presents and publishes its annual accounts in accordance with directive 78/660/EEC, is an entity which, within a group of companies which includes one or several listed companies, is dedicated to the financing of the group or is an entity which is dedicated to the financing of securitisation vehicles which benefit from a banking liquidity line.
- (2) In addition, the Fund may invest a maximum of 10% of the net assets of any Sub-Fund in transferable securities and money market instruments other than those referred to under I (1) above.

II. The Fund may hold ancillary liquid assets.

- III. a) (i) The Fund will invest no more than 10% of the net assets of any Sub-Fund in transferable securities or money market instruments issued by the same body.
- (ii) The Fund may not invest more than 20% of the net assets of any Sub-Fund in deposits made with the same body. The risk exposure of a Sub-Fund to a counterparty in an OTC derivative transaction may not exceed 10% of its net assets when the counterparty is a credit institution referred to in I. (1) d) above or 5% of its net assets in other cases.
- b) Moreover, where the Fund holds, on behalf of a Sub-Fund, investments in transferable securities and money market instruments of issuing bodies which individually exceed 5% of the net assets of such Sub-Fund, the total of all such investments must not account for more than 40% of the total net assets of such Sub-Fund.

This limitation does not apply to deposits and OTC derivative transactions made with financial institutions subject to prudential supervision.

Notwithstanding the individual limits laid down in paragraph a), the Fund may not combine for each Sub-Fund, where this would lead to investment of more than 20% of the Sub-Fund's assets in a single body, any of the following:

- investments in transferable securities or money market instruments issued by that body,
- deposits made with that body, and/or
- exposures arising from OTC derivative transactions undertaken with that body.

- c) The limit of 10% laid down in sub-paragraph a) (i) above is increased to a maximum of 35% in respect of transferable securities or money market instruments which are issued or guaranteed by a Member State, its public local authorities, or by another state in Eastern and Western Europe, Asia, North and South America, Africa and Oceania or by public international bodies of which one or more Member States are members.
- d) The limit of 10% laid down in sub-paragraph a) (i) is increased to 25% for certain bonds when they are issued by a credit institution which has its registered office in a Member State and is subject by law, to special public supervision designed to protect bondholders. In particular, sums deriving from the issue of these bonds must be invested in conformity with the law in assets which, during the whole period of validity of the bonds, are capable of covering claims attaching to the bonds and which, in case of bankruptcy of the issuer, would be used on a priority basis for the repayment of principal and payment of the accrued interest. If a Sub-Fund invests more than 5% of its net assets in the bonds referred to in this sub-paragraph and issued by a single issuer, the total value of such investments may not exceed 80% of the net assets of the Sub-Fund.
- e) The transferable securities and money market instruments referred to in paragraphs c) and d) shall not be included in the calculation of the limit of 40% in paragraph b).  
The limits set out in sub-paragraphs a), b), c) and d) may not be combined and, accordingly, investments in transferable securities or money market instruments issued by the same issuing body, in deposits or in derivative instruments effected with the same issuing body may not, in any event, exceed a total of 35% of any Sub-Fund's net assets.  
Companies which are part of the same group for the purposes of the establishment of consolidated accounts, as defined in accordance with directive 83/349/EEC or in accordance with recognised international accounting rules, are regarded as a single body for the purpose of calculating the limits contained in this paragraph III).  
The fund may cumulatively invest up to 20% of the net assets of a Sub-Fund in transferable securities and money market instruments within the same group.
- f) **Notwithstanding the above provisions, the Fund is authorised to invest up to 100% of the net assets of any Sub-Fund, in accordance with the principle of risk spreading, in transferable securities and money market instruments issued or guaranteed by a Member State, by its local authorities or agencies, or by another member State of the OECD or by public international bodies of which one or more Member States are members, provided that the sub-fund's shareholders benefit from sufficient protection and that such Sub-Fund must hold securities from at least six different issues and securities from one issue do not account for more than 30% of the net assets of such Sub-Fund.**

- IV.
- a) Without prejudice to the limits laid down in paragraph V., the limits provided in paragraph III. a) to e) are raised to a maximum of 20% for investments in shares and/or debt securities issued by the same body if the aim of the investment policy of a Sub-Fund is to replicate the composition of a certain stock or debt securities index which is recognised by the CSSF provided that it is sufficiently diversified, represents an adequate benchmark for the market to which it refers, is published in an appropriate manner and disclosed in the relevant Sub-Fund's investment policy.
  - b) The limit laid down in paragraph a) is raised to 35% where this proves to be justified by exceptional market conditions, in particular on regulated markets within the meaning of Directive 2009/65/EC and any other market which is regulated, operates regularly and is recognised and open to the public ("Regulated Markets") where certain transferable securities or money market instruments are highly dominant. The investment up to this limit is only permitted for a single issuer.
- V.
- a) The Fund may not acquire shares carrying voting rights which should enable it to exercise significant influence over the management of an issuing body.
  - b) The Fund may acquire no more than:
    - 10% of the non-voting shares of the same issuer;
    - 10% of the debt securities of the same issuer;
    - 25% of the units of the same UCITS or other UCI within the meaning of Article 2, paragraph (2) of the 2010 Law;
    - 10% of the money market instruments of the same issuer.

These limits under second, third and fourth indents may be disregarded at the time of acquisition, if at that time the gross amount of debt securities or of the money market instruments or the net amount of the instruments in issue cannot be calculated.

- c) The provisions of paragraph V. shall not be applicable to transferable securities and money market instruments issued or guaranteed by a Member State or its local authorities or by any other Eligible State, or issued by public international bodies of which one or more Member States are members.

The provisions of this paragraph V. are also waived as regards:

- shares held by the Fund in the capital of a company incorporated in a non-Member State of the EU which invests its assets mainly in the securities of issuing bodies having their registered office in that State, where under the legislation of that State, such a holding represents the only way in which the Fund can invest in the securities of issuing bodies of that State provided that the investment policy of the company from the third country complies with the limits laid down in paragraph III. a) to e), V. a) and b) and VI
- shares held by one or more investment companies in the capital of subsidiary companies, which carry on only the business of management, advice or marketing in the country where the subsidiary is established, in regard to the repurchase of units at the request of unitholders exclusively on its or their behalf.

- VI. a) The Fund may invest up to 100% of any of its sub-fund's net assets in units of UCITS and/or other UCIs referred to in paragraph I) (1) c), provided that no more than 20% of the sub-fund's net assets are invested in the units of a single UCITS or other UCI and subject to the limits set by the 2010 Law. Notwithstanding the above principle, and unless otherwise indicated in the description of the relevant Sub-Funds in the Section "*Sub-Funds Details*" hereto, the Fund shall not invest more than 10% of a any of its sub-fund's net assets in units of the UCITS and/or other UCIs referred to in paragraph I) (1) c). For the purpose of the application of this investment limit, each compartment of a UCITS and/or UCI with multiple compartments within the meaning of Article 181 of the 2010 Law is to be considered as a separate issuer provided that the principle of segregation of the obligations of the various compartments vis-à-vis third parties is ensured.
- b) The underlying investments held by the UCITS or other UCIs in which the Fund invests do not have to be considered for the purpose of the investment restrictions set forth under III. a) to e) above.
- c) When the Fund invests in the units of UCITS and/or other UCIs linked to the Fund by common management or control within the meaning of Article 46, paragraph (3) of the 2010 Law, no subscription or redemption fees may be charged to the Fund on account of its investment in the units of such other UCITS and/or UCIs.

In respect of a Sub-Fund's investments in UCITS and other UCIs linked to the Fund as described in the preceding paragraph, the management fee (excluding any Performance Fee, if any) charged to such Sub-Fund and each of the UCITS or other UCIs concerned shall not exceed 3% of the relevant net assets under management. The Fund will indicate in its annual report the total management fees charged both to the relevant Sub-Fund and to the UCITS and other UCIs in which such Sub-Fund has invested during the relevant period.

- d) The Fund may acquire no more than 25% of the units/shares of the same UCITS or other UCI. This limit may be disregarded at the time of acquisition if at that time the gross amount of the units in issue cannot be calculated. In case of a UCITS or other UCI with multiple compartments, this restriction is applicable by reference to all units/shares issued by the UCITS or other UCI concerned, all compartments combined.
- e) The Fund may not, in aggregate, invest more than 30% of any of its sub-fund's net assets in units of UCIs other than UCITS.

VII. The Fund shall ensure for each Sub-Fund that the global exposure relating to derivative instruments does not exceed the total net value of the relevant Sub-Fund.

The exposure is calculated taking into account the current value of the underlying assets, the counterparty risk, future market movements and the time available to liquidate the positions. This shall also apply to the following subparagraphs.

If the Fund invests in financial derivative instruments, the exposure to the underlying assets may not exceed in aggregate the investment limits laid down in paragraph III. a) to e) above. When the Fund invests in index-based financial derivative instruments, these investments are not required to be combined to the limits laid down in paragraph III. a) to e).

When a transferable security or money market instrument embeds a derivative, the latter must be taken into account when complying with the requirements of this paragraph VII.

- VIII. a) The Fund may not borrow for the account of any Sub-Fund amounts in excess of 10% of the net assets of that Sub-Fund, any such borrowings to be from banks and to be effected only on a temporary basis, provided that the Fund may acquire foreign currencies by means of back to back loans;
  - b) The Fund may not grant loans to or act as guarantor on behalf of third parties. This restriction shall not prevent the Fund from acquiring transferable securities, money market instruments or other financial instruments referred to in I. (1) c), e) and f) which are not fully paid.
  - c) The Fund may not carry out uncovered sales of transferable securities, money market instruments or other financial instruments.
  - d) The Fund may only acquire movable or immovable property which is essential for the direct pursuit of its business, provided that such investment does not represent more than 10% of its assets.
  - e) Where the Fund is authorised to borrow under points a) and d), that borrowing shall not exceed 15% of its assets in total.
  - f) The Fund may not acquire either precious metals or certificates representing them.
- IX. a) The Fund needs not comply with the limits laid down in this Section when exercising subscription rights attaching to transferable securities or money market instruments which form part of its assets. While ensuring observance of the principle of risk spreading, recently created Sub-Funds may derogate from paragraphs III., IV. and VI. a), b) and c) for a period of six months following the date of their creation.

- b) If the limits referred to in paragraph a) are exceeded for reasons beyond the control of the Fund or as a result of the exercise of subscription rights, it must adopt as a priority objective for its sales transactions the remedying of that situation, taking due account of the interest of its shareholders.
- c) To the extent that an issuer is a legal entity with multiple compartments where the assets of the compartment are exclusively reserved to the investors in such compartment and to those creditors whose claim has arisen in connection with the creation, operation or liquidation of that compartment, each compartment is to be considered as a separate issuer for the purpose of the application of the risk spreading rules set out in paragraphs III. a) to e), IV. and VI.



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## TECHNIQUES AND INSTRUMENTS

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The Fund is authorised for each sub-fund to use techniques and instruments on transferable securities, money market instruments, currencies and other eligible assets for the purpose of hedging or efficient portfolio management. If a sub-fund uses such techniques and instruments for investment purposes, detailed information on such techniques and instruments will be disclosed in the investment policy of the relevant sub-fund.

Each sub-fund is therefore in particular authorised to carry out transactions involving financial derivative instruments and other financial techniques and instruments (in particular swaps on indexes, currencies and transferable securities and money market instruments, futures and options on securities, currencies or indexes), as will be described in the description of the relevant sub-fund.

The success of the strategies employed by the sub-funds 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 use of derivatives will cause a risk due to leverage. Considering the maximum of 10% of its net assets that a sub-fund may borrow, as indicated under Section “*Investment Restrictions*” VIII. a) above, the overall exposure of any sub-fund must not exceed 210% of the sub-fund’s net assets.

The investor's attention is further drawn to the increased risk of volatility generated by sub-funds using financial derivative instruments and other financial techniques and instruments for other purposes than hedging. If the 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 – OTC – transactions with highly-rated banks or brokers specialised in this area acting as counterparties.

- (1) The Fund may, under the observance of the provisions of the circular CSSF 08/356 and the Circular 13/559, enter into securities lending and borrowing transactions provided it complies with the following rules:
  - (i) The Fund may only lend or borrow securities within a standardised system organised by a recognised securities clearing institution or by a highly rated financial institution specialised in this type of transaction. The counterparty must further be subject to prudential supervision rules considered by the CSSF as equivalent to those prescribed by

European Community Law.

- (ii) In relation to its lending transactions, the Fund shall receive a guarantee of a value which, at the conclusion and during the lifetime of the agreement, must be at least equal to 90% of the global valuation (interests, dividends and other eventual rights included) of the securities lent.

Such guarantee is given in the form of cash and/or securities issued or guaranteed by a Member State of the OECD, by its regional authorities or by supranational institutions and organisations with EU, regional or global scope, and is frozen in an account in the name of the fund until the lending contract expires. More specifically, the guarantee could take the form of:

- Liquidity and Cash deposits (defined within Directive 2007/16/EC of 19 March 2007 implementing Council Directive 85/611/EEC) or financial instruments equivalent to cash
- Bond 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 as well as bonds issued by non-governmental issuers offering an adequate liquidity with a minimum rating of BBB+ (Investment Grade).
- Shares and convertible bonds which are comprised in a main index
- Shares or units issued by money market UCIs calculating a daily net asset value and being assigned a rating of AAA or its equivalent

- (iii) Securities lending transactions may not be for a period exceeding 30 days, nor exceed 50% of the aggregate market value of the securities in the portfolio of the sub-fund concerned. This limit does not apply when the Fund has the right to terminate the contract at any time and obtain restitution of the securities lent.

- (iv) Securities borrowing transactions may not be for a period exceeding 30 days, nor exceed 50% of the aggregate market value of the securities in the portfolio of the sub-fund concerned.

- (v) The Fund may only engage in securities borrowing transactions in the following exceptional circumstances: (x) when the Fund is engaged in the sale of portfolio securities at a time when said securities are being registered with a government authority and therefore are not available; (y) when securities which have been lent are not returned on time; and (z) in order to avoid default of a promised delivery of securities if the Custodian fails to perform its obligation to deliver the securities in question.

- (vi) (The net exposures (i.e. the exposures of the Fund less the collateral received by the

Fund) to a counterparty arising from securities lending transactions or reverse repurchase/repurchase agreement transactions (as described below under (2)) shall be taken into account in the 20% limit provided for in Article 43(2) of the 2010 Law pursuant to point 2 of Box 27 of ESMA Guidelines 10-788.

- (2) The Fund may, under the observance of the provisions of the circular CSSF 08/356 and the Circular 13/559, on an ancillary basis and in order to tweak its performance, enter into repurchase agreements which consist in the purchase and sale of securities whereby the terms of the agreement give the seller the right or the obligation to repurchase the securities from the purchaser at a price and a time agreed by the two parties at the conclusion of the agreement.

The Fund may act as either purchaser or seller in repurchase transactions. However, its entering into such agreements is subject to the following rules:

- (i) The Fund may only purchase or sell securities if its counterparty in the repurchase transaction is a highly-rated financial institution specialised in this type of transaction. The counterparty must further be subject to prudential supervision rules considered by the CSSF as equivalent to those prescribed by European Community Law.
  - (ii) Throughout the duration of a repurchase agreement, the Fund may not sell the securities that are the subject of the agreement before the counterparty has exercised its right to repurchase the securities, or before the deadline for repurchase has expired.
  - (iii) It must maintain the incidence of repurchase agreements at a level that shall allow it at all times to meet its repurchase commitments.
  - (iv) The net exposures (i.e. the exposures of the Fund less the collateral received by the Fund) to a counterparty arising from securities lending transactions or reverse repurchase/repurchase agreement transactions (as described above under (1)) shall be taken into account in the 20% limit provided for in Article 43(2) of the 2010 Law pursuant to point 2 of Box 27 of ESMA Guidelines 10-788.
- (3) The Fund may also, in accordance with the provisions set out below, invest in swap contracts.
- (i) The Fund may enter into equity swap transactions which consist of contractually paying out (or receiving) to (from) the swap counterparty:
    - i) a positive or negative performance of one security, a basket of securities, a stock exchange index, a benchmark or a financial index;
    - ii) an interest rate, either floating or fixed;
    - iii) a foreign exchange rate; or

- iv) a combination of any of the above;

against the payment of an interest rate either floating or fixed. There is no exchange of principal in the equity swap and the Fund will not hold any security, but the Fund will receive all the economies of owning securities, such as dividend income. The underlying of the swap transactions entered into by the Fund will be indicated in the description of the investment policy of each Sub-Fund in the Section Sub-Funds Details of this Prospectus.

The Fund may not enter into equity swap transactions unless:

- i) its counterpart is a financial institution of good reputation specialised a.o. in this type of transaction;
- ii) it ensures that the level of its exposure to the equity swap is such that it is able, at all times, to have sufficient liquid assets available to meet its redemption obligations and the commitments arising out of such transactions;
- iii) the underlying assets performance referred to under the equity swap agreement is in compliance with the investment policy of the relevant Sub-Fund entering into such transaction.

The total commitment arising from equity swap transactions of a particular Sub-Fund shall be the market value of the underlying assets used for such transactions at inception.

The net exposure of equity swap transactions in conjunction with all exposures resulting from the use of options, interest rate swaps and financial futures may not in respect of each Sub-Fund exceed at any time the Net Asset Value of such Sub-Fund.

The equity swap transactions to be entered into will be marked to market daily using the market value of the underlying assets used for the transaction in accordance with the terms of the swap agreement. Typically investments in equity swap transactions will be made in order to adjust regional exposures, limit settlement and custodian risks as well as repatriation risk in certain markets and to avoid costs and expenses related to direct investments or sale of assets in certain jurisdictions as well as foreign exchange restrictions.

- (ii) The Fund may use credit default swaps. A credit default swap is a bilateral financial contract in which one counterpart (the protection buyer) pays a periodic fee in return for a contingent payment by the protection seller following a credit event of a reference issuer. The protection buyer must either sell particular obligations issued by the reference issuer for its par value (or some other designated reference or strike price) when a credit event occurs or receive a cash settlement based on the difference between the market price and such reference price. A credit event is commonly defined as bankruptcy, insolvency, receivership, material adverse restructuring of debt, or failure to meet payment obligations

when due. The ISDA have produced standardised documentation for these transactions under the umbrella of its ISDA Master Agreement.

The Fund may use credit default swaps in order to hedge the specific credit risk of some of the issuers in its portfolio by buying protection.

In addition, the Fund may, provided it is in its exclusive interest, buy protection under credit default swaps without holding the underlying assets provided that the aggregate premiums paid together with the present value of the aggregate premiums still payable in connection with credit default swap purchased together with the amount of the aggregate of premiums paid relating to the purchase of options on transferable securities or on financial instruments for a purpose other than hedging, may not, at any time, exceed 15% of the net assets of the relevant sub-fund.

Provided it is in its exclusive interest, the Fund may also sell protection under credit default swaps in order to acquire a specific credit exposure. In addition, the aggregate commitments in connection with such credit default swap sold together with the amount of the commitments relating to the purchase and sale of futures and option contracts on any kind of financial instruments and the commitments relating to the sale of call and put options on transferable securities may not, at any time, exceed the value of the net assets of the relevant Sub-Fund.

The Fund will only enter into credit default swap transactions with highly rated financial institutions specialised in this type of transaction and only in accordance with the standard terms laid down by the ISDA. Also, the Fund will only accept obligations upon a credit event that are within the investment policy of the relevant sub-fund.

The Fund will ensure it can dispose of the necessary assets at any time in order to pay redemption proceeds resulting from redemption requests and to meet its obligations resulting from credit default swaps and other techniques and instruments.

The aggregate commitments of all credit default swap transactions will not exceed 20% of the net assets of any sub-fund provided that all swaps will be fully funded.

Furthermore, the Fund shall comply with the requirements provided by the provisions laid down in the Circular CSSF 13/559 and set out below when entering into management of collateral for OTC financial derivative transactions and efficient portfolio management techniques ((and which modify the Box 26 of the existing guidelines on Risk Measurement and Calculation of Global Exposure and Counterparty Risk for UCITS (Ref. CESR/10-788))):

The risk exposures to a counterparty arising from OTC financial derivative transactions and efficient portfolio management techniques should be combined when calculating the counterparty risk limits of Article 52 of Directive 2009/65/EC.

All assets received by the Sub-Fund in the context of efficient portfolio management techniques should be considered as collateral and should comply with the criteria laid down in paragraph below.

Where a Sub-Fund enters into OTC financial derivative transactions and efficient portfolio management techniques, all collateral used to reduce counterparty risk exposure should comply with the following criteria at all times:

a) Liquidity – any collateral received other than cash should be highly liquid and traded on a regulated market or multilateral trading facility with transparent pricing in order that it can be sold quickly at a price that is close to pre-sale valuation. Collateral received should also comply with the provisions of Article 56 of the Directive 2009/65/EC.

b) 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

c) Issuer credit quality – collateral received should be of high quality.

d) 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.

e) 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 efficient portfolio management and over-the-counter financial derivative transactions a basket of collateral with a maximum exposure to a given issuer of 20% of its net asset value. When the 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.

f) Risks linked to the management of collateral, such as operational and legal risks, should be identified, managed and mitigated by the risk management process.

g) Where there is a title transfer, the collateral received should be held by the depositary of the Sub-Fund. 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.

h) Collateral received should be capable of being fully enforced by the UCITS at any time without reference to or approval from the counterparty.

i) Non-cash collateral received should not be sold, re-invested or pledged.

j) Cash collateral received should only be:

- placed on deposit with entities prescribed in Article 50(f) of the UCITS Directive;
- invested in high-quality government bonds;
- used for the purpose of reverse repo transactions provided the transactions are with credit institutions subject to prudential supervision and the UCITS is able to recall at any time the full amount of cash on accrued basis;
- invested in short-term money market funds as defined in the Guidelines on a Common Definition of European Money Market Funds.

Re-invested cash collateral should be diversified in accordance with the diversification requirements applicable to non-cash collateral.

For each of these financial instruments, the following discount rates will be applied:

- Cash in a currency other than the currency of exposure: **10%**
- Shares, convertible bonds and shares of a UCI : **20%**
- Debt instruments at least investment grade : **15%**

The Risk Management makes sure that the collateral used to mitigate counterparty risk is not sold, reinvested or pledged.

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## **INVESTMENT IN ONE OR MORE OTHER SUB-FUNDS OF THE FUND**

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Pursuant to Article 181 (8) of the 2010 Law, any sub-fund of the Fund may, subject to the conditions provided for in the Articles of Incorporation, subscribe, acquire and/or hold securities to be issued or issued by one or more sub-funds of the Fund without the Fund being subject to the requirements of the law of 10 August 1915 on commercial companies, as amended, with respect to the subscription, acquisition and/or the holding by a company of its own shares, under the conditions however that:

- the target Sub-Fund does not, in turn, invest in the Sub-Fund invested in this target Sub-Fund; and
- no more than 10% of the assets that the target Sub-Funds whose acquisition is contemplated may be invested pursuant to the Instruments of Incorporation in shares of other target Sub-Funds of the Fund; and
- voting rights, if any, attaching to the relevant securities are suspended for as long as they are held by the Sub-Fund concerned and without prejudice to the appropriate processing in the accounts and the periodic reports; and
- in any event, for as long as these securities are held by the Fund, their value will not be taken into consideration for the calculation of the net assets of the Fund for the purposes of verifying the minimum threshold of the net assets imposed by the 2010 Law; and
- there is no duplication of management, subscription or repurchase fees between those at the level of the Sub-Fund of the Fund having invested in the target Sub-Fund, and this target Sub-Fund.



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## **RISK FACTORS**

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### **Equity Risk**

While equities have historically been a leading choice of long-term investors, the fluctuations in their prices can sometimes be exacerbated in the short-term.

Because equity securities represent ownership in their issuers, prices of these securities can suffer for such reasons as poor management, shrinking product demand and other business risks.

Many factors can affect equity market performance: economical, political and business news can influence market-wide trends, over the short term as well as the long term.

### **Investment in Fixed Income Securities**

Investment in fixed income securities is subject to interest rate, sector, security and credit risks. Lower-rated securities generally tend to reflect short-term corporate and market developments to a greater extent than higher-rated securities which react primarily to fluctuations in the general level of interest rates. There are fewer investors in lower-rated securities, and it may be harder to buy and sell securities at an optimum time.

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

### **Investment in Financial Derivative Instruments**

#### **Investment in warrants**

It should be noted that the inherent volatility of warrants should not be overlooked and will directly affect the net assets of the sub-funds concerned. The reason is that, although the use of warrants may generate higher profits than when investing in conventional shares, it may also lead to heavy losses made worse by leverage.

#### **Credit Default Swaps**

Credit default swap transactions may entail particular risks.

These transactions are used in order to eliminate a credit risk in respect of the issuer of a security, they imply that the Fund bears a counterparty risk in respect of the protection seller.

This risk is, however, mitigated by the fact that the Fund will only enter into credit default swap transactions with highly rated financial institutions.

Credit default swaps may present a risk of liquidity if the position must be liquidated before its maturity for any reason. The Fund will mitigate this risk by limiting in an appropriate manner the use of this type of transaction.

Finally, the valuation of credit default swaps may give rise to difficulties which traditionally occur in connection with the valuation of OTC contracts.

### **Futures and Options**

The Fund may use options and futures on securities, indices and interest rates in order to achieve investment goals. Also, where appropriate, the Fund may hedge market and currency risks using futures, options or forward foreign exchange or currency contracts (for the risk related to the use of forward contracts please refer to the section below "Particular Risk of OTC Derivative Transactions"). The Fund must comply with the limits set out above under the Section Investment and Borrowing Restrictions.

Transactions in futures carry a high degree of risk. The amount of the initial margin is small relative to the value of the futures contract so that transactions are "leveraged" or "geared". A relatively small market movement will have a proportionately larger impact which may work for or against the investor. The placing of certain orders which are intended to limit losses to certain amounts may not be effective because market conditions may make it impossible to execute such orders.

Transactions in options also carry a high degree of risk. Selling ("writing" or "granting") an option generally entails considerably greater risk than purchasing options. Although the premium received by the seller is fixed, the seller may sustain a loss well in excess of that amount. The seller will also be exposed to the risk of the purchaser exercising the option and the seller will be obliged either to settle the option in cash or to acquire or deliver the underlying investment. If the option is "covered" by the seller holding a corresponding position in the underlying investment or a future on another option, the risk may be reduced.

### **Particular Risks of OTC Derivative Transactions**

Absence of regulation; counterparty default and lack of liquidity

In general, there is less governmental regulation and supervision of transactions in the OTC markets (in which forward and option contracts, credit default swaps, total return swaps and certain options on currencies and other derivative instruments are generally traded) than of transactions entered into on organised stock exchanges. In addition, many of the protections afforded to participants on some organised exchanges, such as the performance guarantee of an exchange clearinghouse, may not be available in connection with OTC transactions. Therefore, the Fund entering into OTC transactions will be subject to the risk that its direct counterparty will not perform its obligations under the transactions and that the Fund will sustain losses. The

Fund will only enter into transactions with counterparties which it believes to be creditworthy, and may reduce the exposure incurred in connection with such transactions through the receipt of letters of credit or collateral from certain counterparties.

In addition, as the OTC market may be illiquid, it might not be possible to execute a transaction or liquidate a position at an attractive price

### **Non-investment grade securities**

Furthermore, for sub-funds whose policy allows for the investment in securities rated lower than BBB- (Standard & Poors), investors are warned that these securities are below investment grade and carry more risk, including greater price volatility and a higher default risk on the repayment of principal and the payment of interest than for higher grade securities. Moreover, certain unlisted or undervalued fixed income securities are highly speculative and entail considerable risk, and may be disputed when principal and interest payments fall due. Securities with a rating below BBB- (Standard & Poors), or comparable unlisted securities, are considered speculative and may be disputed when principal and interest payments fall due.

### **Investing in Emerging Countries**

Investment in securities issued by issuers situated in or traded on markets situated in emerging countries involves risk factors and special considerations, including those which follow which may not be typically associated with investing in more developed markets. Political or economic change and instability may be more likely to occur and have a greater effect on the economies and markets of emerging countries. Adverse government policies, taxation, restrictions on foreign investment and on currency convertibility and repatriation, currency fluctuations and other developments in the laws and regulations of emerging countries in which investments may be made, including expropriation, nationalisation or other confiscation could result in loss to the Fund. By comparison with more developed securities markets, most emerging countries securities markets are comparatively small, less liquid and more volatile. In addition, settlement, clearing and registration procedures may be under developed enhancing the risks of error, fraud or default. Furthermore, the legal infrastructure and accounting, auditing and reporting standards in emerging markets may not provide the same degree of investor information or protection as would generally apply to major markets.

### **Interest Rate Risk**

Investment in debt securities or money market instruments is subject to interest rate risk.

A fixed income security's value will generally increase in value when interest rates fall and decrease in value when interest rates rise. Interest rate risk is the risk that such movements in interest rates will negatively affect a security's value or, in a sub-fund's case, its net asset value. Fixed income securities with longer-term maturities tend to be more sensitive to interest changes than shorter-term securities. As a result, longer-term securities tend to offer higher yields for this added risk.

While changes in interest rates may affect a sub-fund's interest income, such changes may positively or negatively affect the net asset value of the sub-fund's shares on a daily basis.

### **Currency Risk**

Since the securities held by a sub-fund may be denominated in currencies different from its base currency, the sub-fund may be affected favorably or unfavorably by changes in the exchange rates between such reference currency and other currencies. If the currency in which a security is denominated appreciates against the base currency, the price of the security could increase. Conversely, a decline in the exchange rate of the currency would adversely affect the price of the security.

Although a sub-fund may use hedging or other techniques in seeking to minimize its exposure to currency risk, it may not be possible or desirable to hedge against all currency risk exposure, nor is it guaranteed that a hedging technique will perform as anticipated.

### **Hedged Classes**

In the case where shares are hedged against the reference currency of a particular sub-fund, such hedging may, for technical reasons or due to market movements, not be complete and not cover the entire foreign exchange rate risk. There can be no guarantee that hedging strategies will be successful. Moreover, in case of hedging, the investors will not take advantage of any possible positive evolution of the foreign exchange rate.

### **Credit Risk**

Credit risk, related to all fixed income securities as well as money market instruments, is the risk that an issuer will fail to make principal and interest payments when due. Issuers with higher credit risk typically offer higher yields for this added risk. Conversely, issuers with lower credit risk typically offer lower yields. Generally, government securities are considered to be the safest in terms of credit risk, while corporate debt, especially those with poorer credit ratings, have the highest credit risk. Changes in the financial condition of an issuer, changes in economic and political conditions in general, or specific to an issuer, are all the factors that may have an adverse impact on an issuer's credit quality and security values.

### **Counterparty Risk**

Also known as "default risk", it is the risk to each party of a contract that the counterparty will not live up to its contractual obligations. Counterparty risk as a risk to both parties and should be considered when evaluating a contract.

The Fund is exposed to counterparty risk when entering into Over the Counter ("OTC") derivatives contracts or into cash deposits.

## **Liquidity Risk**

This is the risk of losing a certain amount of money when liquidating one or more positions in a portfolio. The loss is generated by the difference between the price at which the financial asset is marked and the price at which it can be sold.

Liquidity risk arises from situations in which a party interested in trading an asset cannot do it because nobody in the market wants to trade that asset. Liquidity risk becomes particularly important to parties who are about to hold or currently hold an asset, since it affects their ability to trade.

Manifestation of liquidity risk is very different from a drop of price to zero. In case of a drop of an asset's price to zero, the market is saying that the asset is worthless. However, if one party cannot find another party interested in trading the asset, this can potentially be only a problem of the market participants with finding each other. This is why liquidity risk is usually found to be higher in emerging markets or low-volume markets.

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## SHARES

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Within the meaning of Article 181 of the 2010 Law, the Fund may issue within each Sub-Fund one or more classes of Shares whose assets will be commonly invested pursuant to the specific investment policy of the Sub-Fund concerned but may differ, inter alia, in respect of specific sales and redemption charge structure, management charge structure, distribution policy, hedging policy or any other features as the Board of Directors shall from time to time determine in respect of each Sub-Fund.

Currently, the Board of Directors may decide to issue within each Sub-Fund, the three following classes of shares as further described in Appendix II – Sub-Funds features to this Prospectus.

- Class R: available to retail investors ;
- Class I: available to institutional investors ;
- Class A: available to all types of investors ;

In accordance with the above, the Shares may further be sub-divided into two categories, Distribution Shares and Accumulation Shares.

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## **RISK MANAGEMENT PROCESS**

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The Management Company, on behalf of the Fund, will employ a risk-management process which enables it to monitor and measure at any time the risk of the positions and their contribution to the overall risk profile of each Sub-Fund. The Management Company, on behalf of the Fund will employ, if applicable, a process for accurate and independent assessment of the value of any OTC derivative instruments.

As part of the RMP within the meaning of the applicable CSSF Circular 11/512 and the ESMA Guidelines 10-788, the Management Company will calculate the global exposure of each Sub-Fund on a daily basis despite of NAV frequency. This global exposure, depending on the risk profile of each sub-fund could be calculated using the Commitment Approach or the Value at Risk Approach (the “VaR Approach”), either relative or absolute.

The Commitment approach is defined as the sum of the absolute value of the individual commitments of financial derivatives instruments, after taking into account possible effects of netting and hedging.

The VaR approach quantifies the maximum potential loss that a UCITS could suffer within a certain time horizon and a given level of confidence under normal market conditions. The Management Company shall use a one month (20 days) Historical VaR with one year of history and a confidence level of 99%.

The risk profile will be evaluated by the Risk Management department of the Management Company, the result of this evaluation will be communicated to the Board of the Fund that will confirm the approach chosen or propose a new one. More specifically, the selection of the approach will result from the investment policy and strategy of each Sub-Fund (including its use of financial derivative instruments).

The approach chosen for each Sub-Fund could be found in Appendix II – Sub-Funds Specific Risk Details of the present prospectus. In case of a VaR approach, the expected level of leverage as well as the benchmark or the appropriate mix of assets (if managed with a relative VaR approach) will be indicated. The expected level of leverage will be calculated as the sum of notionals but could be completed by the commitment approach.

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## **DISTRIBUTION POLICY**

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The Board of Directors may also decide to issue within the same class of Shares or Sub-Fund, two categories of Shares, being Distribution Shares and Accumulation Shares.

There may be tax implications in investing in one or the other of the categories of Shares.

### **Distribution Shares**

The Distribution Shares will have that portion of the Sub-Fund's net investment income, which is attributable to such Shares, distributed by way of dividend.

The general meeting of holders of Distribution Shares in the Sub-Funds shall decide upon the proposals made by the Board of Directors on this matter. Should the Board of Directors decide to propose the payment of a dividend to the general meeting, such dividend shall be calculated in accordance with the legal and statutory limits for this purpose.

As far as Distribution Shares are concerned, the Board of Directors will propose the distribution of a dividend within the limits of their available assets. This dividend may include, besides the net investment income, the realised and unrealised capital gains after deduction of realised and unrealised capital losses. The Board of Directors may also decide the payment of an interim dividend of the previous or the current year in accordance with the legal provisions applicable.

Registered Shareholders are paid by bank transfer sent to the address indicated in the Shareholders' register according to their instructions. Holders of bearer Shares will be paid upon presentation of the relevant coupon to the paying agent(s) appointed for this purpose by the Board of Directors.

Each Shareholder is offered the possibility to reinvest his dividend free of charge up to the available Share unit.

Dividends not claimed within five years after their payment shall no longer be payable to the beneficiaries and shall revert to the Fund.

All dividend payment notices are published in the *d'Wort* and in any newspaper the Board of Directors deems appropriate.

### **Accumulation Shares**

The Accumulation Shares will have that portion of the Sub-Fund's net investment income, which is attributable to such Shares, retained within the Sub-Fund thereby accumulating value in the price of the Accumulation Shares. The income will be reinvested.

Categories of Shares issued by the relevant Sub-Funds and available for subscription are detailed in the Appendix to the Prospectus.



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## ISSUE, REDEMPTION, CONVERSION AND TRANSFER OF SHARES

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"Late Trading" is to be understood as the acceptance of a subscription, conversion or redemption orders after the cut-off time on the relevant Valuation Day and the execution of such orders at the price based on the net asset value per share applicable to such Valuation Day. To deter such practice, the Board of Directors takes the necessary measures to prevent that subscriptions, conversions or redemptions be accepted after the cut-off time in Luxembourg and that the net asset value per share is calculated after the cut-off time ("forward pricing").

The repeated purchase and sale of Shares designed to take advantage of pricing inefficiencies in the Fund - also known as "market timing"- may disrupt portfolio investment strategies and increase the Fund's expenses and adversely affect the interests of the Fund's long term shareholders. To deter such practice, the Board of Directors reserve the right, in case of reasonable doubt and whenever an investment is suspected to be related to market timing, which the Board of Directors shall be free to appreciate, to suspend, revoke or cancel any subscription or conversion order placed by investors who have been identified as doing frequent in and out trades within the Fund.

The Board of Directors, as safeguard of the fair treatment of all investors, takes necessary measures to ensure that (i) the exposure of the Fund to market timing activities is adequately assessed on an ongoing basis, and (ii) sufficient procedures and controls are implemented to minimise the risks of market timing in the Fund.

### **1. *Issue of Shares***

Initial offer details for new Sub-Funds are disclosed in the Section Sub-Funds details and in the Appendix I – Sub-Funds features to this Prospectus.

Unless otherwise provided for a Sub-Fund in the Section Sub-Funds Details to this Prospectus and in Appendix I – Sub-Funds features to this Prospectus, subscriptions for shares in each Sub-Fund can be made on any Bank Business Day. Applications for subscriptions will normally be satisfied, if accepted, on a Valuation Day, provided that the application is received by 4.00 p.m. (Luxembourg time) the Bank Business Day preceding such Valuation Day.

Applications notified after this deadline will be satisfied on the next following Valuation Day.

The subscription price is payable in the currency of the relevant share class within three Bank Business Days following the applicable Valuation day.

Applications for subscriptions must be sent in writing, fax or swift to the Administrative Agent or with any other appointed agent (if sent by fax or by electronic means to be followed promptly

by the original by post only for the first subscription and with the mention “already faxed”).

For each sub-fund shares are only issued in registered form as further specified under Appendix I – Sub-Funds features.

Shares in registered form are dematerialised. No shares certificate will be issued.

The Fund may issue fractional shares (*thousands*). In case fractional registered shares are issued, a confirmation of subscription shall be issued.

Shares must be fully paid-up and are issued with no par value. There is no restriction with regard to the number of shares which may be issued.

The inscription of the shareholder’s name in the shareholders' register evidences his right to ownership of such registered shares. The shareholders' register is kept at the register office of the Fund.

Applications for subscription may, at the subscriber's choice, pertain to a number of shares to be subscribed or to an amount to be invested in the Fund. Only in this latter case, fractional shares might be issued.

The rights attached to the shares are those provided for in the Luxembourg law of 10<sup>th</sup> August 1915 on commercial companies, as amended, unless superseded by the 2010 Law.

All shares of the Fund have an equal voting right, whatever their value (except that portion of a share that is a fractional share). The shares of the Fund have an equal right to the liquidation proceeds of the Fund.

The countries where the Fund is distributed may decide to apply minimum subscription amounts as described in the local documents in force.

The minimal initial subscription in any Sub-Fund is specified in Appendix I – Sub-Funds features to this Prospectus. The holding value in each Sub-Fund may only fall below such minimum as a result of a decrease of the net asset value per share of the Sub-Fund concerned.

Shares shall be allotted at the net asset value per share determined as of the Valuation Day following the Bank Business Day on which the application has been accepted.

In certain countries, investors may be charged with additional amounts in connection with the duties and services of local paying agents, correspondent banks or similar entities.

Shares may be subscribed against contributions in kind considered acceptable by the Board of Directors on the basis of the investment policy of the relevant Sub-Fund and will be valued in an auditor's report as required by Luxembourg law. The relevant fees will be paid by the subscriber.

The Fund reserves the right to:

- accept or refuse any application in whole or in part and for any reason;
- repurchase, at any time, shares held by persons not authorised to buy or own the Fund 's shares.

The Fund may also limit the distribution of shares of a given Sub-Fund to specific countries.

The Fund has delegated to the Management Company the administration and marketing services in respect of all the sub-funds. Pursuant to such delegation, the Management Company or its delegates will monitor the prevention of anti-money laundering measures. Measures aimed at the prevention of money laundering may require an applicant for shares to certify its identity to the Management Company or its delegates. Depending on the circumstances of each application, verification may not be required where the applicant makes the payment from an account held in the applicant's name at a recognised financial institution, or the application is made through a recognised intermediary. These exceptions will only apply if the financial institution or intermediary referred to above is established within a country recognised by Luxembourg as having equivalent anti-money laundering regulations. Thus, for the subscription to be valid and acceptable by the Fund, shareholders shall attach, at least, the following documents to the application forms:

- if the investor is a *physical person*, a copy of one of his/her identification documents (*passport or ID card*), or
- if the investor is a *legal entity*, a copy of its corporate documents (*such as the articles, published balances, excerpt of the Trade Register, ...*) and the copies of the identification documents of its economic eligible parties (*passport or ID card*).

These documents shall be certified true copies of the originals by a public authority (*ex. notary, police, embassy, etc*) of the country of residency.

This requirement is mandatory, except if:

- the application form is sent through another professional of the financial sector established in a FATF State and that this professional has already ascertained the identity of the applicant in a manner equivalent to that required by Luxembourg law, and
- a delegation contract of the identification obligations has been signed between such professional and the Administrative Agent or EFA.

Further documentation could be required on a case by case basis.

Shareholders are informed that their personal data or information given in the subscription documents or otherwise in connection with an application to subscribe for shares, as well as details of their shareholding, will be stored in digital form and processed in compliance with the provisions of the Luxembourg law of 2<sup>nd</sup> August 2002 on data protection. In particular, such

process of personal data or information implies that subscribing the Fund, Shareholders consent that their personal data or any information relating to them be disclosed (i) to any entity of the promoter's group and any affiliate, or (ii) to any authority in any country when required by law or regulation.

The Fund shall normally issue confirmations of shareholding to the holder of shares. The inscription of the shareholder's name in the register of Shareholders evidences his right of ownership of such registered shares.

Confirmation of completed subscriptions together with share certificates, if applicable, may be sent by fax, swift, dedicated interface file or by mail at the risk of the investor, to the address indicated in the subscription form within seven Bank Business Days following the issue of the shares.

Issue of shares of a given Sub-Fund shall be suspended whenever the determination of the net asset value per share of such Sub-Fund is suspended by the Fund as provided for under Section "*General Information*".

## **2. Conversion of Shares**

Subject to any suspension of the determination of the net asset values concerned and to compliance with any eligibility conditions, Shareholders have the right to convert all or part of the shares they hold in any Sub-Fund/Class of shares into shares of another existing Sub-Fund/Class of shares by making a request in writing, by fax to the Administrative Agent indicating the number and the reference name of the shares to be converted.

The conversion request must be received by 4.00 p.m. (Luxembourg time) the Bank Business Day preceding the applicable Valuation Day and must be accompanied by a duly filled out transfer form, or by any document vouching for the transfer.

Requests received after this deadline will be satisfied on the next following Valuation Day.

The number of shares issued upon conversion will be based upon the respective net asset values of the shares of the two Sub-Funds concerned on the common Valuation Day following the Bank Business Day on which the conversion request is accepted.

In certain countries, investors may be charged with additional amounts in connection with the duties and services of local paying agents, correspondent banks or similar entities.

If the net asset values concerned are expressed in different currencies, the conversion will be calculated by using the exchange rate applicable on the relevant Valuation Day on which the conversion is to be effected.

Under the responsibility of the Board of Directors and with the approval of the Shareholders concerned, conversions may be effected in kind by transfer of a representative selection of the original Sub-Fund's/Class of shares' holding in securities and cash pro rata to the number of shares converted, to the receiving Sub-Fund/Class of shares having a compatible investment policy as certified by the auditor of the Fund.

Any expenses incurred in the transfers shall be borne by the Shareholders concerned.

The number of shares allocated in the new sub-fund or class of Shares shall be established as follows:

$$A = \frac{(B \times C \times D) \pm X_p}{E}$$

Where:

- A number of shares allotted in the new sub-fund/class;
- B number of shares presented for conversion in the original sub-fund/class;
- C net asset value, on the applicable Valuation day, of the shares of the original sub-fund/class, presented for conversion;
- D exchange rate applicable on the day of the operation between the currencies of both classes of shares;
- E net asset value on the applicable Valuation day of the shares allotted in the new sub-fund/class;
- Xp balance, applied or not, at the choice of the Shareholder. It may be inapplicable and, in such case, reimbursed to the shareholder.

After the conversion, the Fund shall inform the shareholders of the number of new shares obtained at conversion as well as their price.

In addition, if, as a result of a conversion, the value of a Shareholder's remaining holding in the original Sub-Fund/Class of shares would become less than the minimum holding referred to for each Sub-Fund/Class of shares in Appendix I – Sub-Funds features to this Prospectus, the relevant Shareholder will be deemed to have requested the conversion of all of his shares.

### **3. Redemption of Shares**

Any Shareholder may present to the Administrative Agent his request for redemption by number of shares or by amount to be redeemed. The redemption can be done in part or whole on any Valuation Day.

Redemption requests received until 4.00 p.m. (Luxembourg time) the Bank Business Day preceding a Valuation Day (the “Cut-off time”) will be executed at the net asset value per share determined as of that Valuation Day. Redemption requests received after the Cut-off time will be executed on the following Valuation Day.

In certain countries, investors may be charged with additional amounts in connection with the duties and services of local paying agents, correspondent banks or similar entities.

Redemption payments will be made in the currency of the relevant shares class at the latest on the third Bank Business Day following the applicable Valuation Day.

Under the responsibility of the Board of Directors and with the approval of the Shareholders concerned redemptions may be effected in kind. Shareholders are free to refuse the redemption in kind and to insist upon cash redemption payment in the reference currency of the relevant shares class. Where Shareholders agree to accept redemption in kind they will, to the extent possible, receive a representative selection of the Sub-Fund's holding in securities and cash pro rata to the number of shares redeemed. The value of the redemption in kind will be certified by an auditor's certificate drawn up in accordance with the requirements of Luxembourg law. Any expenses incurred for redemptions in kind shall be borne by the Shareholders concerned.

If, as a result of a redemption, the value of a Shareholder's holding in a Sub-Fund would become less than the minimum holding referred to for each Class of shares in Appendix I – Sub-Funds features to this Prospectus, the relevant Shareholder will be deemed (if so decided from time to time by the Board of Directors) to have requested redemption of all of his shares. Also, the Board of Directors may, at any time, decide to compulsorily redeem all shares from Shareholders whose holding in a Sub-Fund is less than the minimum holding referred to above. In case of such compulsory redemption, the Shareholder concerned will receive a one month prior notice so as to be able to increase his holding above the minimum holding at the applicable net asset value.

Where redemption requests received for one Sub-Fund on any Valuation Day exceed 10% of the net assets thereof, the Board of Directors may delay the execution, or may only partially execute such redemption requests. Any shares which, by virtue of this limitation, are not redeemed as at any particular Valuation Day shall be carried forward for realisation on the next following applicable Valuation Day in priority to subsequent requests.

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

Redemption of shares of a given Sub-Fund shall be suspended whenever the determination of the net asset value per share of such Sub-Fund is suspended by the Fund as provided for under Section “*General Information*”.

A Shareholder may not withdraw his request for redemption of shares of any one Sub-Fund except in the event of a suspension of the determination of the net asset value of the shares of such Sub-Fund and, in such event, a withdrawal will be effective only if written notification is received by the Administrative Agent before the termination of the period of suspension. If the request is not withdrawn, the Fund shall proceed to redemption on the first applicable Valuation Day following the end of the suspension of the determination of the net asset value of the shares of the relevant Sub-Fund.

The redemption price for shares of the Fund may be higher or lower than the purchase price paid by the shareholder at the time of subscription due to the appreciation or depreciation of the net assets.

#### **4. Transfer of Shares**

A Shareholder may request the transfer of part or all of his Shares to another person. The transfer may only be processed provided the Fund is satisfied that the transferor and the transferee fulfill all the requirements applicable to redemption and subscription of Shares.

The transfer of Shares may normally be effected by delivery to the relevant Registrar and Transfer Agent of an instrument of transfer in appropriate form. On the receipt of the transfer request, and after reviewing the endorsement(s), signature(s) may be required to be certified by an approved bank, stock broker or public notary.

The right to transfer Shares is subject to the minimum investment and holding requirements as further disclosed for each Sub-Fund in the Appendix I – Sub-Funds features.

Shareholders are advised to contact the relevant Registrar and Transfer Agent prior to requesting a transfer to ensure that they have the correct documentation for the transaction.

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## MANAGEMENT AND FUND CHARGES

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The Management Company will receive a Management Fee for each Sub-Fund as described in Appendix I – Sub-Funds details to this Prospectus. The Management Fees are payable monthly and are calculated on the net assets of the relevant Sub-Fund for the relevant month unless otherwise stipulated in Appendix II – Sub-Funds details.

When acting as Investment Manager, the Management Company will invoice the Fund for middle office fees and pre matching fees EUR 12'500 per annum per Sub-Fund, as well as for marketing expenses and website development, legal and distribution support or other services requested by the Fund, as further disclosed in the Fund Management Agreement.

In addition, for some Sub-Funds, the Management Company is entitled to receive a Performance Fee as may be described in Appendix I – Sub-Funds details.

Investors must be aware of the fact that the Performance Fee is based on the realised and unrealised profits. It should therefore be understood that some elements which are taken into account in the calculation of the Performance Fee may not be definite at the time of such calculation as the unrealised profits may represent a large portion of the profit taken into account in the calculation of the Performance Fee.

The Management Company shall receive from the Fund a marketing fee of maximum 0.50% per annum of the average Net Asset Value of the shares sold through Distributors and Placing/Selling Agents, out of which it will remunerate such Distributors and Placing/Selling Agents.

The Management Company will also receive a fee from the Fund in accordance with normal practice in Luxembourg for its services as domiciliary and administrative agent as further detailed in the Fund Management Agreement.

The Custodian will receive a custodian fee of 0,05% per annum payable quarterly and based on the average net assets of the Fund with a minimum fee of Euro 10'000 per annum per Sub-Fund calculated on the basis of the average total net assets of the Sub-Fund during the quarter. Sub-custody fees and transaction fees are charged separately.

The Management Company will bear EFA's fee as Administration Agent, Registrar and transfer Agent out of its own fees paid by the Fund.

The Fund shall pay out of the assets attributable to each Class of each Sub-Fund, all expenses payable by the Sub-Fund, which shall include but not be limited to the cost of buying and selling portfolio securities, settlement fees, governmental fees, taxes, the remuneration of the Board of Directors (if any) including their insurance cover and reasonable travelling costs and out of



pocket expense in connection with board meetings, legal and auditing fees, publishing and printing expenses, marketing expenses and website development and up-dating, the cost of preparing the explanatory memoranda, financial reports and other documents for the Shareholders, postage, telephone and telex. The Fund also pays advertising expenses and the costs of the preparation of this Prospectus and any other registration fees. All expenses are taken into account in the determination of the net asset value of the Shares of each Sub-Fund.

All fees, costs and expenses to be borne by the Fund with respect to a Sub-Fund will be charged initially against the investment income of the Fund with respect to such Sub-Fund.

The organisation expenses of the Fund will be amortised over the first 5 (five) accounting years. These expenses will be divided in equal parts between the Sub-Funds in existence, six months after the end of the initial offering period. In case where further Sub-Funds are created in the future, these Sub-Funds will bear their own formation expenses which may also be amortised over 5 (five) accounting years.

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## **TAXATION**

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### ***1. Taxation of the Fund***

Under current law and practice, the Fund is not liable to any Luxembourg income tax, nor are, at the time of this Prospectus, dividends paid by the Fund liable to any Luxembourg withholding tax.

However, the Fund is liable in Luxembourg to a “taxe d’abonnement” of typically 0.05% per annum of its net assets, such tax being payable quarterly and calculated on the total net asset value of each Sub-Fund at the end of the relevant quarter. The “taxe d’abonnement” is 0.01% per annum of the net assets of the relevant Sub-Fund reserving its Shares to one or more institutional investor(s) (as these terms are interpreted under applicable Luxembourg regulations) on the basis of Article 174 of the 2010 Law.

The “taxe d’abonnement” is not applicable in respect of assets invested (if any) in Luxembourg UCIs, which are themselves subject to such tax. No stamp duty or other tax is payable in Luxembourg on the issue of Shares in the Fund except a tax, payable once only, of EUR 1,250.- which was paid upon incorporation.

No tax is payable in Luxembourg on realised or unrealised capital appreciation of the assets of the Fund. Although the Fund's realised capital gains, whether short- or long-term, are not expected to become taxable in another country, the shareholders must be aware and recognise that such a possibility, though quite remote, is not totally excluded. The regular income of the Fund from some of its securities as well as interest earned on cash deposits in certain countries may be liable to withholding taxes at variable rates, which may not be recoverable.

### ***2. Taxation of the Shareholders***

As of the date of the registration of the Fund, Shareholders are not subject to any such tax in Luxembourg on capital gains, income, donations or inheritance, nor to withholding taxes, subject to the EU Tax Considerations below or with the exception of shareholders having their domicile, residence or permanent establishment in Luxembourg, and certain Luxembourg ex-residents, owning more than 10% of the Fund's capital.

The provisions above are based on the law and practices currently in force and may be amended.

### ***3. European Union Tax Considerations***

The law passed by parliament on 21 June 2005 (the “Law”) has implemented into Luxembourg law, Council Directive 2003/48/EC on the taxation of savings income in the form of interest payments (referred to as “Savings Directive”). Under the Savings Directive, Member States of the EU will be required to provide the tax authorities of another EU Member State with

information on payments of interest or other similar income paid by a paying agent (as defined by the Savings Directive) within its jurisdiction to an individual resident in that other EU Member State. Austria and Luxembourg have opted instead for a tax withholding system for a transitional period in relation to such payments. Switzerland, Monaco, Liechtenstein, Andorra and San Marino and the Channel Islands, the Isle of Man and the dependent or associated territories in the Caribbean, have also introduced measures equivalent to information reporting or, during the above transitional period, withholding tax.

Dividends, if any, distributed by a Sub-Fund of the Fund will be subject to the Savings Directive and the Law if more than 15% of the relevant Sub-Fund's assets are invested in debt claims (as defined in the Law) and proceeds realised by shareholders on the disposal of shares will be subject to the Savings Directive and the Law if more than 25% of the relevant Sub-Fund's assets are invested in debt claims (the relevant Sub-Funds being hereafter the "Affected Sub-Fund").

Consequently, if in relation to an Affected Sub-Fund a Luxembourg paying agent makes a payment of dividends or redemption proceeds directly to a shareholder who is an individual resident or deemed resident for tax purposes in another EU Member State or certain of the above mentioned dependent or associated territories, such payment will, subject to the next paragraph below, be subject to withholding tax at the rate indicated above.

No withholding tax will be withheld by the Luxembourg paying agent if the relevant individual chooses in fulfilling his application either to (i) authorise the paying agent to report information to the tax authorities in accordance with the provisions of the Law or (ii) provide the paying agent with a certificate drawn up in the format required by the Law by the competent authorities of his State of residence for tax purposes.

Pursuant to the Law, the applicable withholding tax rate will be 35% from 1<sup>st</sup> July 2011.

Article 9 of the Law provides that no withholding tax will be withheld if the beneficial owner expressly authorizes the paying agent to report information in accordance with the provisions of the Law. For more information on the option provided for by article 9 of the Law, please contact directly Casa4Funds SA, 42, Rue de la Vallée, L-2661 Luxembourg Tel. 00352 27 726 100, [www.casa4funds.com](http://www.casa4funds.com).

The Fund reserves the right to reject any application for shares if the information provided by any prospective investor does not meet the standards required by legalisation enacted as a result of this Saving Directive.

*The foregoing is only a summary of the implications of the Savings Directive and the Law, is based on the current interpretation thereof and does not purport to be complete in all respects. It does not constitute investment or tax advice.* Potential subscribers should inform themselves and, if necessary, take advice on the laws and regulations (such as those on taxation and exchange control) applicable to the subscription, purchase, holding and sale of their shares in the country of respectively their citizenship, residence or domicile.

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## GENERAL INFORMATION

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### **1. Organisation**

The Fund is an investment company organised as a *société anonyme* under the laws of the Grand-Duchy of Luxembourg and qualifies as a *société d'investissement à capital variable* in accordance with Part I of the 2010 Law. The Fund was incorporated in Luxembourg on December 18, 2007 for an unlimited period with an initial share capital of EUR 31,000.-. Its Articles of Incorporation were published in the *Mémorial Recueil des Sociétés et Associations* on January 29, 2008. Its Articles of Incorporation have been restated on 3<sup>rd</sup> February 2014. The Fund is registered with the Luxembourg Companies and Trade Register, under number B 135.064.

The minimum capital of the Fund required by Luxembourg law is EUR 1,250,000.-:

### **2. The Shares**

The Shares in each Sub-Fund are freely transferable and are each entitled to participate equally in the profits and liquidation proceeds attributable to each Sub-Fund concerned. The rules governing such allocation are set forth point 5. "Allocation of assets and liabilities among the Sub-Funds" below. The Shares, which are of no par value and which must be fully paid upon issue, carry no preferential or pre-emptive rights and each entire Share is entitled to one vote at all meetings of shareholders. Shares redeemed by the Fund become null and void.

The Fund may (i) refuse all or part of a subscription application for Shares and (ii) restrict or prevent the ownership of its Shares by any person, firm or corporation, if such ownership is such that it may be against the interests of the Fund or of the majority of its shareholders. Where it appears to the Fund that a person who is precluded from holding Shares, either alone or in conjunction with any other person, is a beneficial owner of Shares, the Fund may proceed to compulsory redemption of all Shares so owned.

### **3. Meetings**

The annual general meeting of shareholders will be held at the registered office of the Fund in Luxembourg on the 4<sup>th</sup> Tuesday of the month of July of each year at 2.00 p.m. or, if any such day is not a Bank Business Day in Luxembourg, on the next following Bank Business Day. Notices of all general meetings will be published in the *Mémorial Recueil des Sociétés et Associations* and in a Luxembourg newspaper to the extent required by Luxembourg law, and in such other newspaper as the Board of Directors shall determine and will be sent to the holders of registered shares by post, in accordance with Luxembourg law, at least 8 days prior to the meeting at the addresses shown on the shareholders' register. Such notices will include the agenda and will specify the time and place of the meeting and the conditions of admission. They will also refer to the rules of quorum and majorities required by Luxembourg law and laid down in the Articles 67

and 67-1 of the Luxembourg law of 10<sup>th</sup> August 1915 on commercial companies (as amended) and in the Articles of Incorporation of the Fund with respect to the relevant items of the agenda of the meeting.

Each Share confers the right to one vote. The vote on the payment of a dividend on a particular Sub-Fund requires a separate majority vote from the general meeting of shareholders of the Sub-Fund concerned. Any change in the Articles of Incorporation affecting the rights of a Sub-Fund must be approved by a resolution of both the general meetings of the Fund and of the shareholders of the Sub-Fund concerned.

The shareholders of a specified Sub-Fund may, at any time, hold general meetings of shareholders with the aim to deliberate on a subject that concerns only this Sub-Fund.

#### **4. *Reports and accounts***

Audited annual reports shall be published within 4 months following the end of the accounting year and unaudited semi-annual reports shall be published within 2 months following the period to which they refer. The annual reports shall be sent to each registered shareholder at the address shown on the shareholders' register and the annual and semi-annual reports shall be made available at the registered offices of the Fund and the Custodian during ordinary office hours. The Fund's accounting year starts on 1 April and ends on 31 March of the following year. The first accounting year will begin on the date of incorporation of the Fund and will end on 31 March 2008. The first report will be an annual report as at 31 March 2008. A semi-annual report shall be issued on 30 September 2014, and published within the 2 (two) following months according to the law.

The reference currency of the Fund is the Euro. The aforesaid reports will comprise consolidated accounts of the Fund expressed in Euro as well as individual information on each Sub-Fund expressed in the reference currency of each Sub-Fund.

## **5. *Allocation of assets and liabilities among the Sub-Funds***

For the purpose of allocating the assets and liabilities between the Sub-Funds, the Board of Directors may establish a pool of assets for each Sub-Fund in the following manner:

- (a) the proceeds from the issue of each share of each Sub-Fund are to be applied in the books of the Fund to the pool of assets established for that Sub-Fund and the assets and liabilities and income and expenditure attributable thereto are applied to such pool subject to the provisions set forth hereafter;
- (b) where any asset is derived from another asset, such derivative asset is applied in the books of the Fund to the same pool as the asset from which it was derived and on each revaluation of an asset, the increase or diminution in value is applied to the relevant pool;
- (c) where the Fund incurs a liability which relates to any asset of a particular pool or to any action taken in connection with an asset of a particular pool, such liability is allocated to the relevant pool;
- (d) in the case where any asset or liability of the Fund cannot be considered as being attributable to a particular pool, such asset or liability is allocated to all the pools in equal parts or, if the amounts so justify, pro rata to the net asset values of the relevant Sub-Funds;

If there have been created within each Sub-Fund different classes of shares, the rules shall mutatis mutandis apply for the allocation of assets and liabilities amongst Classes.

## **6. *Determination of the net asset value of Shares***

The net asset value of the Shares of each Sub-Fund is determined in its reference currency or, as applicable, the relevant unit currency of a Class of Shares. It shall be determined on each Valuation Day by dividing the net assets attributable to each Class of Shares within each Sub-Fund by the outstanding number of Shares of such Class of Shares within the Sub-Fund. The net assets of each Class of Shares within each Sub-Fund correspond to the value of the portion of the assets attributable to such Class of Shares within a Sub-Fund less the total liabilities attributable to such Class of Shares within a Sub-Fund calculated at such time as the Board of Directors shall have set for such purpose.

The value of the assets of the Fund shall be determined as follows:

- (a) the value of any cash on hand or on deposit, bills and demand notes and accounts receivable, prepaid expenses, cash dividends and interest declared or accrued, and not yet received shall be deemed to be the full amount thereof, unless, however, the same is unlikely to be paid or received in full, in which case the value thereof shall be determined after making such discount as the Fund may consider appropriate in such case to reflect the true value thereof;

- (b) the value of securities which are quoted or dealt in on any stock exchange shall be based on the last available prices of the Valuation Day or, if appropriate, on the average price on the stock exchange which is normally the principal market of such securities, and each security traded on any other regulated market shall be valued in a manner as similar as possible to that provided for quoted securities;
- (c) for non-quoted securities or securities not traded or dealt in on any stock exchange or other regulated market, as well as quoted or non-quoted securities on such other market for which no valuation price is available, or securities for which the quoted prices are not representative of the fair market value, the value thereof shall be determined prudently and in good faith on the basis of foreseeable sales prices;
- (d) shares or units in open-ended UCIs shall be valued at their last available calculated net asset value;
- (e) money market instruments are valued:
  - at market value plus any accrued interest for instruments having, at the moment of their acquisition by the Fund, an initial or remaining maturity of more than 12 months, and
  - on an amortised cost basis plus accrued interest for instruments having, at the moment of their acquisition by the Fund, an initial or remaining maturity of less than 12 months;
- (f) the liquidating value of futures, forward or options contracts not traded on exchanges or on other regulated markets will mean their net liquidating value determined, pursuant to the policies established by the Board of Directors, on a basis consistently applied for each different variety of contracts. The liquidating value of futures, forward or options contracts traded on exchanges or on other regulated markets will be based upon the last available prices of these contracts on exchanges and regulated markets on which the particular futures, forward or options contracts are traded by the Fund; provided that if a futures, forward or 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 will be such value as the Board of Directors may deem fair and reasonable;
- (g) swaps will be valued at their market value under procedures approved by the Board of Directors;
- (h) all other securities and other assets will be valued at fair market value as determined in good faith pursuant to the procedures established by the Board of Directors.

The Fund is authorised to apply other adequate valuation principles for the assets of the Fund and/or the assets of a given Sub-Fund if the aforesaid valuation methods appear impossible or inappropriate due to extraordinary circumstances or events.

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 Fund'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.

The value of assets denominated in a currency other than the reference currency of a Sub-Fund shall be determined by taking into account the Valuation Day closing rate of exchange.

The net asset value per Share of each Class of Shares within a Sub-Fund and the issue and redemption prices thereof are available at the registered office of the Fund.

#### **7. *Temporary suspension of issues, redemptions and conversions***

The determination of the net asset value of Shares of one or several Class(es) within a Sub-Fund may be suspended during:

- (a) any period when any of the principal markets or stock exchanges on which a substantial portion of the investments attributable to such Class(es) of Shares is quoted or dealt in, is closed otherwise than for ordinary holidays, or during which dealings therein are restricted or suspended; or
- (b) the existence of any state of affairs which constitutes an emergency as a result of which disposals or valuation of assets attributable to such Class(es) of Shares would be impracticable; or
- (c) any breakdown in the means of communication or computation normally employed in determining the price or value of the assets attributable to such Class(es) of Shares or the current prices or values of such assets on any market or stock exchange; or
- (d) any period during which the prices or values of any investments owned by the Fund attributable to any Class(es) of Shares cannot promptly or accurately be determined or ascertained; or
- (e) any period when the Fund is unable to repatriate funds for the purpose of making payments on the redemption of Shares or during which any transfer of funds involved in the realisation or acquisition of investments or payments due on redemption of Shares cannot, in the opinion of the Board of Directors, be effected at normal rates of exchange; or
- (f) from the time of the publication of a notice convening an extraordinary general meeting of shareholders for the purpose of the winding-up of the Fund.
- (g) during any period when any Sub-Fund of the Fund is a feeder of a master UCITS which is itself entitled to suspend the Net Asset Value, the redemption or subscription of its shares, whether at its own initiative or at the request of its competent authorities; the determination of the Net Asset Value of shares and the issue, redemption and conversion of shares shall be suspended within the same period of time as the master UCITS; or



- (h) if, in exceptional circumstances, the Board of Directors determines that suspension of the determination of Net Asset Value is in the best interest of Shareholders (or shareholders in that sub-fund as appropriate)”

The Board of Directors has the power to suspend the issue, redemption and conversion of Shares in one or several Sub-Fund(s) for any period during which the determination of the net asset value per Share of the concerned Class(es) within the relevant Sub-Fund(s) is suspended by the Fund by virtue of the powers described above. Any redemption/conversion request made or in abeyance during such a suspension period may be withdrawn by written notice to be received by the Fund before the end of such suspension period. Should such withdrawal not be effected, the Shares in question shall be redeemed/converted on the first Valuation Day following the termination of the suspension period. In the event of such period being extended, notice may be published in newspapers in the countries where the Fund's Shares are publicly sold. Investors who have requested the issue, redemption or conversion of Shares shall be informed of such suspension when such request is made.

#### **8. *Merger or liquidation of Sub-Funds***

A Sub-Fund or Class may be dissolved by compulsory redemption of shares of the Sub-Fund or Class concerned, upon:

- a) a decision of the Board of Directors if the net assets of the Sub-Fund or Class concerned have decreased below Euro 5'000'000 or the equivalent in another currency, or if the net assets of the Sub-Fund or Class concerned have decreased below such an amount considered by the Board of Directors as the minimum level under which such Sub-Fund or Class may no longer operate in an economically efficient way, or if a change in the economic or political situation relating to the Sub-Fund or Class would justify the liquidation of such Sub-Fund or Class, or if it is deemed by the Board of Directors as being required by the interests of the shareholders concerned, or
- b) the decision of a meeting of holders of shares of the relevant Sub-Fund or Class. There shall be no quorum requirement and decisions may be taken by a simple majority of the shares of the Sub-Fund or Class concerned.

In such event the Shareholders concerned will be advised and the net asset value of the shares of the relevant Sub-Fund or Class shall be paid on the date of the compulsory redemption. The relevant meeting may also decide that assets attributable to the Sub-Fund or Class concerned will be distributed on a prorata basis to the holders of shares of the relevant Sub-Fund or Class which have expressed the wish to receive such assets in kind.

A meeting of holders of shares of a Sub-Fund or Class may decide to amalgamate such Sub-Fund or Class with another existing Sub-Fund or Class or to contribute the assets (and liabilities) of the Sub-Fund or Class to another undertaking for collective investment against issue of shares of such undertaking for collective investments to be distributed to the holders of shares of such Sub-Fund or Class. If such amalgamation or contribution is deemed to be required by the interests of the Shareholders concerned or if the net assets of the Sub-Fund/Class have decreased below Euro

5'000'000 or the equivalent in another currency, it may be decided by the Board of Directors. However, for any merger where the merging fund would cease to exist, the merger must be decided by a meeting of shareholders of the merging fund deciding in accordance with the quorum and majority requirements provided by law.

Should the Fund cease to exist following a merger, the effective date of the merger must be recorded by notarial deed.

Insofar as a merger requires the approval of shareholders pursuant to the provisions above, only the approval of the shareholders of the sub-fund concerned shall be required.

Any merger is subject to prior authorisation by the CSSF which shall be provided with specific information as described in the Law, and, in particular, with the common draft terms of the proposed merger duly approved by the merging fund and the receiving fund.

The common draft terms of the proposed merger shall set out particulars precisely listed in the 2010 Law including but not limited to:

- a) an identification of the type of merger and of the funds involved,
- b) the background to and the rationale for the proposed merger,
- c) the expected impact of the proposed merger on the shareholders of both the merging and the receiving fund,
- d) the criteria adopted for valuation of the assets and, where applicable, the liabilities on the date for calculating the exchange ratio,
- e) the calculation method of the exchange ratio,
- f) the planned effective date of the merger,
- g) the rules applicable to the transfer of assets and the exchange of shares, respectively, and
- h) as the case may be, the Instruments of Incorporation of the newly constituted receiving fund.

The depositaries of the merging and the receiving funds, insofar as they are established in Luxembourg, must verify the conformity of the particulars with the requirements of the Law and the Instruments of Incorporation of their respective fund.

The merging fund established in Luxembourg shall entrust either an approved statutory auditor or, as the case may be, and independent auditor.

A copy of the reports of the approved statutory auditor or, as the case may be, the independent auditor shall be made available on request and free of charge to the shareholders of both the merging and the receiving fund and to their competent authorities.

Shareholders of the merging and the receiving fund shall be provided with appropriate and accurate information on the proposed merger so as to be able to make an informed judgment of the impact of the merger on their investment.

This information shall be provided at least thirty days before the last date for requesting redemption or, as the case may be, conversion without any charge other than those retained by the Fund to meet disinvestment costs.

The shareholders right to request redemption or, as the case may be, conversion of their shares shall become effective from the moment that the shareholders of the merging fund and those of the receiving fund have been informed of the proposed merger in accordance with the above paragraph and shall cease to exist five working days before the date for calculating the exchange ratio.

Once this period elapses, the decision to merge becomes binding on all shareholders who have not yet availed themselves of the above-mentioned facility.

Where funds have designated a management company, legal, advisory or administrative costs associated with the preparation of the merger shall not be charged to the merging or receiving fund, or to any of their shareholders.

Further details on cross-border as well as domestic sub-funds mergers are disclosed in Chapter 8 of the 2010 Law.

If following a compulsory redemption of all shares of one or more Sub-Funds or Classes, payment of the redemption proceeds cannot be made to a former Shareholder, then the amount in question shall be deposited with the *Caisse de Consignation* within nine months following the decision of liquidation for the benefit of the person(s) entitled thereto until the expiry of the period of limitation. The close of liquidation of one or more Sub-Funds or Classes shall also take place within nine months from the Board of Directors' decision to liquidate the Sub-Funds or Classes.

In case it would not be possible to meet such deadlines, an authorisation shall be requested from the CSSF in order to extend it.

In the event that the Board of Directors determines that it is required by 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, by means of a division into two or more Sub-Funds, may be decided by the Board of Directors. Such decision will be published in the same manner as described above and, in addition, the publication will contain information in relation to the two or more new Sub-Funds. Such publication will be made within one month before the date on which the reorganisation becomes effective in order to enable the shareholders to request redemption of their shares, free of charge before the operation involving division into two or more Sub-Funds becomes effective.

## **9. Liquidation of the Fund**

The Fund is incorporated for an unlimited period and liquidation shall normally be decided upon by an extraordinary general meeting of shareholders. Such a meeting must be convened by the Board of Directors within 40 days of the date at which it was ascertained that the net assets fell below the foregoing amount if the net assets of the Fund become less than two thirds of the

minimum share capital required by law (at present EUR 1,250,000.-). The meeting, for which no quorum shall be required, shall decide on the dissolution by a simple majority of shares represented at the meeting. If the net assets of the Fund fall below one fourth of the minimum share capital, the dissolution may be resolved by shareholders holding one fourth of the shares at the meeting, which shall have been convened by the Board of Directors within 40 days of the date at which it was ascertained that the net assets fell below the foregoing amount.

Should the Fund be liquidated, such liquidation shall be carried out in accordance with the provisions of the 2010 Law which specifies the steps to be taken to enable shareholders to receive the liquidation proceeds and in this connection provides for deposit in escrow at the *Caisse de Consignation* in Luxembourg of any such amounts which it has not been possible to distribute to the shareholders at the close of liquidation. Amounts not claimed within the prescribed period are liable to be forfeited in accordance with the provisions of Luxembourg law. The net liquidation proceeds of each Sub-Fund shall be distributed to the shareholders of the relevant Sub-Fund in proportion to their respective holdings.

#### **10. *Services providers agreements***

The following services providers' agreements have been entered into:

- (a) a Fund Management Agreement between the Fund and Casa4Funds SA pursuant to which the latter acts as Management Company and Investment Manager. This agreement is entered into for an unlimited period and may be terminated by either party upon three months' written notice;
- (b) a General Agreement between the Fund and Banque de Luxembourg pursuant to which the latter was appointed Custodian. The agreement is entered into for an unlimited period and may be terminated by either party upon three months' written notice;
- (c) an Administration Agent and Registrar and Transfer Agent Agreement between the Management Company and EFA pursuant to which the latter acts as Administration Agent, Registrar and Transfer Agent of the Fund;
- (d) a Domiciliary Agreement between the Fund and Casa4Funds SA pursuant to which the latter acts as domiciliary agent. The agreement is entered into for an unlimited period and may be terminated by either party upon three months' written notice.

#### **11. *Documents***

Copies of the agreements mentioned above are available for inspection, and copies of the Articles of Incorporation of the Fund, the current Prospectus and the latest financial reports may be obtained free of charge during normal office hours at the registered office of the Fund in Luxembourg.

## ***12. Official language***

The original version of this Prospectus and of the Articles of Incorporation is in English. However, the Board of Directors of the Fund may 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 and the Articles of Incorporation are translated, the English text will prevail.

## SUB-FUNDS DETAILS

### VG AM SICAV – GLOBAL BOND

Information contained therein should be read in conjunction with the full text of the Prospectus.

#### **1. Reference currency**

EUR

#### **2. Performance Fee**

Class R: 30% of return of this Class that exceeds Euro MTS 0-6 Months Capped (Bloomberg Ticker EMTT6CC Index), calculated and paid at each month, ensuring that a performance fee is only paid, once the benchmark has been beaten over the month.

The performance fee is calculated on the basis of the net asset value after deduction of all expenses, liabilities, and management fees.

Class I: 20% of return of this Class that exceeds Euro MTS 0-6 Months Capped (Bloomberg Ticker EMTT6CC Index), calculated and paid at each month, ensuring that a performance fee is only paid, once the benchmark has been beaten over the month.

The performance fee is calculated on the basis of the net asset value after deduction of all expenses, liabilities, and management fees.

Class A: 20% of return of this Class that exceeds Euro MTS 0-6 Months Capped (Bloomberg Ticker EMTT6CC Index), calculated and paid at each month, ensuring that a performance fee is only paid, once the benchmark has been beaten over the month.

The performance fee is calculated on the basis of the net asset value after deduction of all expenses, liabilities, and management fees.

#### **3. Fee Schedule, available Share Classes and main features**

See Appendix I

#### **4. Investment Policy**

This Sub-Fund will seek to obtain a high level of return as may be consistent with the preservation of capital by investing directly or indirectly in:

- fixed income securities worldwide ;
- money market instruments, convertible bonds, zero coupon bonds ;
- high yield bonds either investment non-investment grade and unrated bonds (up to 100% of its net assets).

The securities can be denominated in a wide range of foreign currencies.

In order to meet the investment objective of the Sub-Fund set out above, the Sub-Fund may also invest up to 10% of its total assets in:

- Units of UCITS and/or other undertakings for collective investment.

The entry and management fees applying to the target UCITS or other UCI shall not exceed 3% (three percent) each of the net asset value;

AND/OR

- Exchange Traded Funds (ETFs), qualifying as UCITS or respectively UCIs, as per the meaning of article 41 (1) and 46 of the 2010 Law.

The Sub-Fund shall not be charged for subscription or redemption fees on account of its investments in such UCITS, UCIs and ETFs, for which the Management Company acts as management company nor is linked to such UCITS/UCIs or ETFs' management company within the meaning of article 46(3) of the 2010 Law.

Under exceptional circumstances and in the best interest of the shareholders, the Sub-Fund may be invested up to 100% of its net assets in cash, liquid assets or money market instruments on a temporary basis.

To comply with the investment policy, the Sub-Fund may use financial derivative instruments, dealt on a regulated market or not, subject to the provisions of the Section "Investments and Borrowing Restrictions", for the purposes of hedging currency risks, interest rate risk, and market risk and for efficient portfolio management, therefore including investment purposes, to meet the sub-fund's investment objective.

Financial derivative instruments used by the Sub-Fund may include, but are not limited to, futures, options, contracts for difference, forward contracts on financial instruments and options on such contracts, credit linked instruments, swap contracts and other fixed income, currency and credit derivatives dealt on a regulated market or OTC ("Over the counter").

## **5. Profile of typical investor**

Investor who is comfortable with low to medium investment risk

## **6. Risk profile**

Such risks are further detailed in the above section Risk Factors.

## APPENDIX I – SUB-FUNDS FEATURES

	Class	Targeted investors	Shares' form	Category	Available Currencies <sup>1</sup>	Valuation Day	Management Fee <sup>2</sup>	Performance Fee	Subscription Fee <sup>3</sup>	Redemption Fee <sup>3</sup>	Conversion Fee <sup>3</sup>	Initial issue price	Minimum initial investment	Minimum holding amount
<b>VG AM SICAV – GLOBAL BOND</b>	R	Retail	Registered	Distribution/ Accumulation	EUR CHF USD	Daily	0.15%	YES	Up to 5%	Up to 2%	N/A	100	10.000	10.000
	I	Institutional					0.80%	YES	Up to 5%	Up to 2%	N/A	100	1.000	1.000
	A	All types of investors					1.00%	YES	Up to 5%	Up to 2%	N/A	100	1.000	1.000

<sup>1</sup> **Important information:** When Shares denominated in various currencies are offered in a Sub-Fund whose reference currency is different, these Shares are hedged against the foreign exchange risk. Investors should refer to the Section Risk Factors for special risk considerations applicable to the hedged Classes.

<sup>2</sup> per annum, payable monthly on the value of the average net assets of the Sub-Fund during the relevant month with a minimum of 12'500 EUR per Sub-Fund.

<sup>3</sup> percentage of the net asset value of the shares subscribed/redeemed/converted



**APPENDIX II – SUB-FUNDS SPECIFIC RISK DETAILS**

	<b>Global Exposure approach used</b>	<b>Relative benchmark<sup>4</sup></b>	<b>Expected level of leverage (Sum of Notionals)</b>	<b>Higher leverage<sup>1</sup> Levels (Sum of Notionals)</b>	<b>Expected level of leverage (Commitment)</b>	<b>Higher leverage<sup>1</sup> levels (Commitment)</b>
<b>VG AM SICAV – GLOBAL BOND</b>	Commitment	N/A	N/A	N/A	N/A	N/A

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<sup>4</sup> If the VAR approach is used. The level of leverage may vary over time. Investors must be aware of the possibility of higher leverage levels under certain circumstances.

The Commitment approach is based on the sum of notionals of Financial Derivatives Instruments (“FDI”) applying Netting and Hedging techniques. The FDI could be used for leverage or hedging as well as to create synthetic positions on securities that could not be bought directly on the market.

