

**SALES PROSPECTUS  
INCLUDING  
MANAGEMENT REGULATIONS**

**LOYS EUROPA**

An investment fund in separate asset form  
(*Fonds commun de placement à compartiments multiples*)  
according to part I of the amended Luxembourg Law of 17<sup>th</sup> December 2010  
on Undertakings for Collective Investment

This Sales Prospectus is only valid in conjunction with the most recent annual report of the Fund, once this most recent annual report has been prepared, and additionally, if more than eight months have passed since the reporting date of this annual report, in conjunction with a more up-to-date semi-annual report.

The Sales Prospectus with the Management Regulations, as amended, and the annual and semi-annual reports can be obtained free of charge from the Management Company, the Central Administration Agent and all paying agents.

No one has the authority to invoke any information that is neither contained in the Sales Prospectus nor in any other documents relating to the Sales Prospectus that are accessible to the public.



Status date: 7<sup>th</sup> November 2018

## **Notes for investors in relation to the United States of America**

The sale of units in the United States of America (USA) or to US citizens shall be excluded. The following natural persons shall, for instance, be considered US citizens:

- a) persons born in the USA or one of its territories or sovereign territories;
- b) naturalised citizens (or Green Card holders);
- c) persons born as a natural child of a US national in another country;
- d) persons whose habitual abode is the USA, yet who are not US nationals;
- e) persons who are married to a US national; or
- f) persons who are liable for taxation in the USA.

In addition, the following persons shall be considered US citizens:

- a) Companies and incorporated firms established in accordance with the laws of one of the 50 Federal States of the US or the District of Columbia;
- b) a company or partnership established in accordance with an "Act of Congress";
- c) a pension fund established as a US trust fund; or
- d) a company liable for taxation in the USA.

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## **MANAGEMENT**

### **MANAGEMENT COMPANY**

**LOYS INVESTMENT S.A.**  
R.C.S. LUXEMBURG No. B 207.585  
1c, rue Gabriel Lippmann  
L-5365 Munsbach

Equity as of 30<sup>st</sup> June 2017: EUR 500,000

Other funds managed by the Management Company:

An overview of the investment funds managed by LOYS Investment S.A. can be obtained from the registered offices of the Management Company.

Interested parties can also obtain information about the Management Company on the homepage [www.loys.lu](http://www.loys.lu).

### **Management Board of the Management Company:**

**Dr. Heiko de Vries**  
**Christian Klein**  
**Christoph Kraiker**

### **Supervisory Board of the Management Company:**

#### **Chairman:**

**Dr. Christoph Bruns**  
Executive Board of LOYS AG

#### **Members:**

**Frank Trzewik**  
Executive Board of LOYS AG

**Achim Welschoff**  
Executive Board of Hauck & Aufhäuser Fund Services S.A.

**Marc Kriegsmann**  
Branch Manager of Hauck & Aufhäuser Privatbankiers AG, Luxemburg branch

### **CUSTODIAN AND PAYING AGENT**

**Hauck & Aufhäuser Privatbankiers AG, Luxemburg branch**  
1c, rue Gabriel Lippmann  
L-5365 Munsbach

### **REGISTRAR, TRANSFER AGENT AND CENTRAL ADMINISTRATION AGENT**

**Hauck & Aufhäuser Fund Services S.A.**  
1c, rue Gabriel Lippmann  
L-5365 Munsbach

### **FUND MANAGER AND DISTRIBUTION AGENT**

**LOYS AG**  
Stau 142  
D-26122 Oldenburg

**AUDITOR**

**KPMG Luxembourg, Société coopérative**

39, Avenue John F. Kennedy  
L-1855 Luxembourg

## THE FUND

The investment fund described in this Sales Prospectus is a separate asset of securities and other assets, set up in the form of an umbrella fund (fonds commun de placement à compartiments multiples) according to Luxembourg Law. It was incorporated according to part I of the Luxembourg Law of 17th December 2010 on Undertakings for Collective Investment (the “Law of 2010”) and fulfils the Directive of the Council of the European Communities 2009/65/EC of 13th July 2009, last amended by Directive 2014/91/EU of the European Parliament and the Council from 23<sup>rd</sup> July 2014 (“Directive 2009/65/EC”).

The Management Regulations provided hereinafter which entered into force on 7<sup>th</sup> November 2018 form an integral part of the **LOYS EUROPA** (“Fund”) and the filing of these Management Regulations with the Commercial and Companies Register of Luxembourg (“Commercial and Companies Register”) was published in Recueil électronique des Sociétés et Associations, (“RESA”).

## MANAGEMENT OF THE FUND

The Fund will be managed by LOYS Investment S.A. (the “Management Company”). LOYS AG is the sole shareholder of this company.

The Management Company was incorporated for an unlimited period in the form of a joint-stock company under Luxembourg Law on 30<sup>th</sup> June 2016. It is based in Luxembourg. The articles of the Management Company were published in RESA on 18<sup>th</sup> July 2016. Amendments made after inception will be published in RESA in the future.

The purpose of the Management Company is to launch and manage Undertakings for Collective Investment (“UCIs”) according to Luxembourg law and to perform all activities pertaining to the launch and management of these UCIs.

The Management Company’s responsibilities include any general administrative tasks that arise in the course of Fund management and that are required by Luxembourg law. These tasks comprise, in particular, calculating the net asset value of the units and Fund accounting.

The Management Company has appointed **LOYS AG**, a public limited company according to German Law with registered offices at Stau 142, D-26122 Oldenburg, as **fund manager** of the Fund. The fund manager is licensed to manage assets and is subject to relevant supervision. In particular, the fund manager is responsible for the autonomous daily implementation of the investment policy for the Subfund’s assets and the management of day-to-day asset management operations under the supervision, responsibility and control of the Management Company, as well as other associated services. These tasks are performed while taking due account of the principles of the investment policy and the investment restrictions of the respective Subfund, as described in this Sales Prospectus and in the Management Regulations, as well as the statutory investment restrictions. The fund manager is authorised to select intermediaries and brokers for the processing of transactions of the Fund’s assets. Investment decisions and order placement are incumbent upon the fund manager. The fund manager is entitled to consult third parties at his own expense and responsibility; this applies in particular to different investment advisors. The fund manager is permitted to delegate his tasks in whole or in part to third parties with the approval of the Management Company and shall cover all remuneration of such third parties. In the event of a comprehensive delegation of tasks, the Sales Prospectus shall be amended in advance. The fund manager covers all expenditures incurred in relation to the services provided by him. The Fund will cover brokerage commissions, transaction fees and other business costs in connection with the acquisition and disposal of assets.

The Management Company can consult additional investment consultants or fund managers in relation to the management of the Fund’s assets under its own responsibility and control.

Such investment consultants shall perform an exclusively advisory function and make no autonomous investment decisions. The investment consultants are entitled to issue estimations, advice and recommendations for the Fund concerning the choice of investments and the choice of securities that are to be acquired or sold in the Fund, as part of the Management Company’s daily investment policy, under the general responsibility and control of the Management Company. The Management Company will provide the daily management of the Fund’s assets; accordingly, all investment decisions are made by the Management Company.

Only the custodian and the paying agent are authorised to accept client funds.

## THE CUSTODIAN

The Management Company has appointed Hauck & Aufhäuser Privatbankiers AG, Luxemburg branch, with registered offices at 1c, rue Gabriel Lippmann, L-5365 Munsbach, Grand Duchy of Luxembourg, registered in the Commercial and Companies Register of Luxembourg under register number B 175937, as custodian of the Fund by written contract. The

custodian is a branch of Hauck & Aufhäuser Privatbankiers AG, Kaiserstr. 24, D-60311 Frankfurt am Main, a German financial institution with full banking licence as defined in the German Banking Act (KWG) and the Luxembourg Law of 5<sup>th</sup> April 1993 on the Financial Sector (in its currently valid version). It is registered at the local registry court in Frankfurt am Main under number HRB 108617. Both Hauck & Aufhäuser Privatbankiers AG and its Luxembourg branch are subject to supervision by the Federal Financial Supervisory Authority (BaFin). In addition, Hauck & Aufhäuser Privatbankiers AG, Luxemburg branch is subject to the Commission de Surveillance du Secteur Financier (CSSF) in relation to liquidity, money laundering and market transparency.

All duties and responsibilities of the custodian are fulfilled by the branch. Above all, their function is based on the Law of 2010, the circular CSSF 16/644, the custodian contract, and the Dales Prospectus. As a paying agent, it is assigned the obligation to pay out any distributions, as well as the redemption price of any redeemed units and other payments.

The custodian may assign the performance of its task to keep financial instruments and other assets in safe custody to another company ("sub-custodian"). A corresponding overview of any appointed sub-custodians will be provided on the website of the custodian ([https://www.hauck-aufhaeuser.com/fileadmin/Impressum/List\\_of\\_Sub-Custodians\\_Hauck\\_\\_Aufhaeuser.pdf](https://www.hauck-aufhaeuser.com/fileadmin/Impressum/List_of_Sub-Custodians_Hauck__Aufhaeuser.pdf)).

The custodian has not announced any conflicts of interest in connection with the sub-custody to the Management Company.

In the performance of its tasks as set out in article 3 of the Management Regulations, the custodian acts independently, honestly, in good faith and professionally in the interest of the Fund and its investors. Above all, this obligation is reflected in the duty to perform and organise the tasks of a custodian such that potential conflicts of interest are largely minimised. The custodian will not perform any tasks in relation to the Fund or the Management Company acting on behalf of the Fund which might create conflicts of interest between the Fund, the investors in the Fund, the Management Company or itself, unless a functional and hierarchical separation of the performance of its tasks as custodian from its tasks potentially conflicting with the first is given, and the potential conflicts of interest are properly investigated, managed, observed, and disclosed to the investors in the Fund.

The tasks of the Management Company and the custodian must not be performed by the same company.

Conflicts of interest may arise due to the existence of group ties between the Management Company and the custodian. Insofar as Hauck & Aufhäuser Privatbankiers AG, Luxembourg branch performs the custodian function, it is obliged to protect the interests of the Fund and the unit holders.

Potential conflicts of interest may arise if the custodian assigns individual custody tasks or the sub-custody to another outsourcer. If this outsourcer is a company affiliated with the Management Company or custodian (e.g. parent company), potential conflicts of interest may arise in the interaction between this outsourcer and the Management Company or custodian (e.g. an affiliated company of the Management Company or custodian might receive preferential treatment over other equally qualified providers in the assignment of custody tasks or in the selection of the sub-custodian). If such or another conflict of interest in connection with the sub-custody is identified in the future, the custodian will disclose the circumstances in detail, as well as the measures taken to prevent or minimise the conflict of interest in the document available for download under the aforementioned link.

Conflicts of interest may equally arise if the custodian performs administrative tasks pursuant to Annex II, 2<sup>nd</sup> indent of the Law from 17<sup>th</sup> December 2010, e.g. responsibilities of the registrar and transfer agent, fund accounting. In order to manage these potential conflicts of interest, the relevant areas of responsibility are performed by a division separate from the custodian function.

The Management Company and the conflicts of interest have at their disposal adequate and effective measures (e.g. procedural guidelines and organisational measures) to ensure that potential conflicts of interest are largely minimised. If conflicts of interest cannot be prevented, the Management Company and the custodian will identify, manage, observe and disclose these conflicts to exclude damage to the investor interests. Compliance with these measures will be monitored by an independent compliance function.

The custodian has notified the aforementioned information on conflicts of interest in connection with the sub-custody to the Management Company. The Management Company has reviewed the information for plausibility. However, it is dependent upon the provision of the information by the custodian, and not able to verify the accuracy and completeness in detail. The list of sub-custodians defined above can change at any time. Updated information relating to the custodian, its sub-custodians, as well as all conflicts of interest of the custodian arising from the assignment of the custodian function are available from the Management Company or the custodian on request. The assets of all sub-funds are held in custody by the custodian within its custodian network.

**The bank deposits held at any banks other than the custodian may not be protected by any institution for securing deposits.**

## **THE CENTRAL ADMINISTRATION AGENT / REGISTRAR AND TRANSFER AGENT**

The Management Company has appointed **Hauck & Aufhäuser Fund Services S.A.** - 1c, rue Gabriel Lippmann, L-5365 Munsbach as the Central Administration Agent and as registrar and transfer agent of the Fund. The Central Administration Agent has transferred, at its own cost and under its own responsibility and control, the calculation of the net asset value, the Fund accounting and reporting to Hauck & Aufhäuser Privatbankiers AG, Luxemburg branch, with registered offices at 1c, rue Gabriel Lippmann, L-5365 Munsbach.

Hauck & Aufhäuser Fund Services S.A. has transferred, at its own cost and under its own responsibility and control, the calculation of the net asset value, the Fund accounting and reporting to Hauck & Aufhäuser Privatbankiers AG, Luxemburg branch, with registered offices at 1c, rue Gabriel Lippmann, L-5365 Munsbach. The IT administration of the Hauck & Aufhäuser Group is distributed across the locations of Luxembourg and Germany.

## **RISK RATING DEFINED BY THE MANAGEMENT COMPANY**

The Management Company assigns a relevant risk profile to the Fund or Subfund it manages. Such classification will be in line with the relevant investment policy in connection with the investment objective. In addition, the "GENERAL NOTES ON RISK" stated in the Sales Prospectus apply to each Subfund.

The risk profiles are expressly not to be understood as an indication of potential income. If necessary, the rating may be adjusted by the Management Company. This will result in an amendment of the sales documents.

### **Risk profile – "Defensive"**

The Fund is particularly suited to investors only accepting a low level of risk while wanting to generate income within a short maturity range. Due to the investment policy, together with the investment objective, the investor is prepared to accept a loss of capital in relation to the extent of potential value fluctuations. The investor should have a rather short-term investment horizon.

The Management Company attempts to minimise the risks through the number and the distribution of the separate asset investments.

However, no guarantee can be given that the objectives of the investment policy will be reached.

### **Risk profile – "Moderate"**

The Fund is particularly suited to investors accepting a moderate level of risk while wanting to generate a moderate income within a short to medium maturity range. Due to the investment policy, together with the investment objective, the investor is prepared to accept a loss of capital in relation to the extent of potential value fluctuations. The investor should have a short- to medium-term investment horizon.

The Management Company attempts to minimise the risks through the number and the distribution of the separate asset investments.

However, no guarantee can be given that the objectives of the investment policy will be reached.

### **Risk profile – "Profit-oriented"**

The Fund is particularly suited to investors accepting a higher level of risk while wanting to participate in higher income in the medium- to long-term. Due to the investment policy, together with the investment objective, the investor is prepared to accept an increased loss of capital in the short-term in relation to the extent of the value fluctuations of the Subfund's investments. The investor should have a medium- to long-term investment horizon.

The Management Company attempts to minimise the risks through the number and the distribution of the separate asset investments.

However, no guarantee can be given that the objectives of the investment policy will be reached.

### **Risk profile – "Opportunistic"**

The Fund is particularly suited to investors accepting a high level of risk while wanting to participate in a potentially high income in the long-term. Due to the investment policy, together with the investment objective, the investor is prepared to accept a high loss of capital in the short-term in relation to the extent of the value fluctuations of the Subfund's investments. The investor should have a long-term investment horizon.

The Management Company attempts to minimise the risks through the number and the distribution of the separate asset investments.

However, no guarantee can be given that the objectives of the investment policy will be reached.



## **Risk profile – “Speculative”**

The Fund is particularly suited to investors accepting a very high level of risk while wanting to participate in a potentially very high income in the long-term. Due to the investment policy, together with the investment objective, the investor is prepared to accept a very high loss of capital in the short-term in relation to the extent of the value fluctuations of the Subfund's investments. The investor should have a long-term investment horizon.

The Management Company attempts to minimise the risks through the number and the distribution of the separate asset investments.

However, no guarantee can be given that the objectives of the investment policy will be reached.

## **THE LEGAL STATUS OF UNIT HOLDERS**

The Management Company invests the Fund's assets in securities and other permissible assets in its own name and for the collective account of the unit holders in accordance with the principle of risk diversification. The Fund's assets are formed from the capital that has been provided and the assets acquired with this capital; the Fund's assets are kept separate from the Management Company's own assets.

Unit holders share in the Fund's assets to the extent of their units as joint owners.

For the purpose of the relations between unit holders, each Subfund is to be deemed as an independent separate asset. The rights and obligations of the unit holders of a Subfund are separate to those of the unit holders of the other Subfunds. The assets of the individual Subfunds shall only be liable to third parties regarding the liabilities and payment obligations of the Subfund concerned.

The Management Company makes the unit holders aware that each unit holder can only fully assert his rights directly against the UCITS if the unit holder is himself registered in the UCITS's unit holder register in his own name. In cases where the unit holder has invested in a UCITS via an intermediary agent that undertakes the investment in its own name but on behalf of the unit holder, it may not be possible for the unit holder to directly assert all rights against the UCITS. Unit holders are advised to inform themselves about their rights.

## **INVESTMENT OBJECTIVE AND INVESTMENT POLICY OF THE SUBFUND LOYS AKTIEN EUROPA**

The objective of the investment policy of LOYS Aktien Europa is to achieve a sustained increase in the value of the investment funds placed by the unit holders.

However, no guarantee can be given that the aforementioned objectives of the investment policy will be reached.

In order to achieve this investment objective, the Subfund invests a minimum of 60% of the Net Subfund Assets in shares, which qualify as capital<sup>1</sup> participation in accordance with Article 4 no. 1 of the Management Regulations and are traded in publicly listed or other regulated markets.

Supplementary purchases of share-based warrants, share certificates and any type of bond - including zero-coupon bonds, floating-rate securities, convertible bonds and bonds with warrants, as well as subscription rights may be made for the Subfund while taking due account of Article 4 of the Management Regulations, observing the principle of risk diversification.

Investments in bonds with a rating below a B- (S&P or Fitch) or B3 (Moody's) are not permissible. If various ratings are available for a bond, the poorest rating shall be considered in each case. If a downgrade of the relevant bonds held in the portfolio causes the rating to fall below a B-, and the total proportion of bonds in the portfolio has not exceeded the threshold of 3% of these bonds, these bonds will be tolerated for a period of up to six months (after the downgrade). If the investment has not been upgraded again within this period, the Fund manager shall sell them within a further six months' period.

If the proportion of the effected bonds exceed the 3% threshold in the Subfund portfolio, the Fund manager shall sell the effected bonds within a six months' period.

The purchase of asset backed securities and CoCo bonds as structured products is not permitted (this prohibition does expressly not cover warrants, convertible bonds and bonds with warrants or certificates, and these are permissible as purchasable assets for the Subfund).

The Subfund only invests in transferable securities issued by issuers based in Europe.

No units in investment funds are acquired for the Subfund. The Subfund is thus eligible as a target fund.

No securities are conferred from the Subfund assets for the Subfund.

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<sup>1</sup> "Kapitalbeteiligung" as defined in Section 2 (8) of the German Investment Tax Act (2018).

No securities lending or repo transactions are used as part of the investment policy. The Subfund does not buy any total return swaps or instruments with similar characteristics either. The Sales Prospectus will be amended accordingly should the investment policy change in respect of the instruments mentioned above, as per Directive 2015/2635/EU of the European Parliament and of the Council of 25 November 2015.

For the hedging purposes and for the efficient management of the portfolio, the Subfund may deploy derivatives, certificates with embedded derivative components (discount, bonus, leverage, knock-out certificates, etc.), as well as techniques and instruments in accordance with Article 4 no. 6 of the Management Regulations. If these techniques and instruments relate to the use of derivatives as defined in Article 4 no. 1. g) of the Management Regulations, the relevant investment restrictions defined in Article 4 of the Management Regulations must be taken into account. Moreover, the stipulations of Article 4 no. 7. pertaining to risk management procedures in the handling of derivatives must be observed.

Within the scope of OTC transactions, the Management Company may accept collateral in the form of bank deposits provided to reduce counterparty risk. To this end, specific currencies are defined for each counterparty, which are exchanged. Non-cash collateral is not accepted.

The Subfund is not permitted to invest in any other assets defined as permissible assets in Article 4 of the Management Regulations set out hereinafter.

Collateral may be realised at any time without reference to the counterparty or approval by the counterparty. The cash collateral received is valued without risk discount.

Taking account of the minimum transfer amounts, the level of collaterals will be 100%.

The cash collateral received from the counterparty within the scope of OTC transactions will only be invested in full or in part in the following assets:

- high quality government bonds;
- money market funds with a short maturity structure in accordance with the definition given in the CESR guidelines on a Common Definition of European Money Market Funds (CESR/10-049);
- deposits with legal entities repayable on demand in accordance with Article 50 (1) letter f) of the UCITS Directive (Directive 2009/65/EC).

The limits for issuers and counterparties stated in Article 4 no. 3 of the Management Regulations apply analogously for the investment of cash collateral. The Subfund may be subject to risks including counterparty default, interest rate or market risks due to the investment of cash collateral.

The counterparty in OTC transactions has no influence on the portfolio management, i.e. the Management Company is the sole decision-maker for the selection.

Explanation of the way certificates work:

Certificates are usually publicly listed bonds. A certificate's price development is dependent upon the development of the underlying asset and the contractual arrangements. The price movement of the certificate can be stronger or weaker than the price movement of the underlying asset, equal to the price movement of the underlying asset or totally independent of it. Depending on the contractual arrangements, an absolute loss of the assets may be incurred.

Details of the investment restrictions are stated in Article 4 of the Management Regulations provided hereinafter.

The Subfund has been established for an unlimited period.

## **RISK PROFILE OF THE SUBFUND LOYS AKTIEN EUROPA**

### **Risk profile – “Opportunistic”**

The Subfund is particularly suited to investors accepting a high level of risk while wanting to participate in a potentially high income in the long-term. Due to the investment policy together with the investment objective, the investor is prepared to accept a high loss of capital in the short-term in relation to the extent of the value fluctuations of the Subfund's investments. The investor should have a long-term investment horizon.

The Management Company attempts to minimise the risks through the number and the distribution of the separate asset investments.

However, no guarantee can be given that the objectives of the investment policy will be reached.

## TOTAL RISK MONITORING OF THE SUBFUND LOYS AKTIEN EUROPA

### Global Exposure:

In order to monitor the market risk, the global exposure is calculated using the value at risk model.

### Benchmark assets:

An individual share index with the following profile will be used as benchmark assets:

- The share index is highly diversified with respect to countries, sectors and market capitalisation of the securities included and it is composed of European large-, mid- and small-cap companies from 18 European submarkets.
- The aforementioned companies are distributed amongst the various sectors, including: Consumer goods, finance, health care, industry, IT, commodities, telecommunication, utilities, etc.
- The index is calculated in EUR, whereby the 600 companies included are weighted in accordance with their market capitalisation.

### Leverage:

The expectation is that the employment of derivatives and other financial products with derivative components will produce a leverage of 100% of the fund volume; however, depending on their handling by the fund manager, leverage may increase up to 200%. Depending on the market situation, this leverage figure is subject to fluctuations and this may lead to the expected figure being exceeded in the short-term. The Management Company will monitor the leverage figure on a daily basis.

Notes on the calculation of leverage:

Leverage is calculated on the basis of the sum of the nominal values as set out in boxes 24 and 25 of the CESR Guidelines 10-788.

## GENERAL NOTES ON RISK

When investing in LOYS EUROPA, it should be noted that, based on our experience, this Subfund is subject to strong price fluctuations with potential opportunities and risks for the investor. On account of the various risk parameters and factors of influence, this may lead to relevant price gains or declines for the investor within the Fund. Potential risk parameters and factors of influence for the Subfund are:

### Market risk

In particular, the price and market development of financial products are dependent upon the development of the capital markets which themselves are influenced by the general state of the world economy and the economic and political framework conditions in the individual countries. If price declines are noted at the international stock exchanges, a fund is rarely able to remain unaffected. The market risk may be increased with an increasing specialisation of the investment focus of a fund, given that this entails foregoing a broad risk diversification.

### Risks of interest-bearing products

The extent of price fluctuations is dependent upon the maturities of the interest-bearing securities included in a fund. In general, interest-bearing securities with shorter maturities are subject to lower price risks than interest-bearing securities with longer maturities. However, interest-bearing securities with shorter maturities generally generate lower returns while interest-bearing securities with longer maturities generally offer higher interest rates.

### Negative interest rate risk

An interest rate which reflects international interest rates less a certain margin is generally agreed for the investment of the Subfund's liquid funds with the depositary or other financial institutions. Interest rates falling below the agreed margin will result in negative interest for the relevant account. Short-, medium- and long-term deposits with banks may see a negative rate of return depending on the development of the interest policy of the respective central banks.

### Company specific risk

The performance of securities held directly or indirectly by a Subfund also depends on company specific factors, for instance the issuer's economic situation. If company-specific factors deteriorate, the listed price of the respective security may fall significantly and permanently, irrespective of a stock market trend which may otherwise be generally positive.

### Counterparty default risk, counterparty risk

The counterparty default risk (credit risk) is the risk of the other party to a reciprocal contract failing to fulfil its obligation with respect to a receivable despite the provision of the relevant consideration. This applies to all reciprocal contracts concluded for the account of the Fund. In addition to the capital markets' general trends, the particular developments of the relevant issuer will affect the price of a security. The careful selection of securities cannot, for instance, exclude the risk that losses are incurred due to the financial collapse of an issuer. Losses incurred due to the financial collapse of an issuer will affect the Fund to the extent that it has acquired transferable securities from this issuer. Due to the Fund's investment strategy (investment in non-investment grade bonds), the Fund may be subject to increased exposure to such risks.

#### Custody risk

The custody of assets entails a risk of loss which results from the insolvency, negligence, or improper conduct by the custodian or a sub-custodian.

#### Concentration risk

Additional risk may result from a concentration of the investment in particular assets or markets.

#### Performance risk

As no guarantee is granted by a third party, a positive performance cannot be assured. Moreover, the performance of the assets acquired for the Fund may differ from the performance that could be expected at the time of acquisition.

#### Settlement risk

In particular, if unlisted transferable securities are acquired, or derivative instruments are used, there is a risk that the transaction is not settled as expected due to one counterparty failing to pay or deliver in due time or as agreed.

#### Risks in connection with bonds on assets not included in the Fund's assets

The risks of bonds (certificates, structured products, etc.) acquired for the Fund that are associated with assets not included in the Fund's assets as their underlying assets are closely related to the special risks of such underlying assets and the investment strategies which such underlying asset may adopt, e.g. commodities as underlying assets. However, the aforementioned risks can be reduced by means of investment diversification within the Fund.

#### Special risk of investment in certificates

The investment in certificates entails the risk that no regulated market price is available for such certificates due to a certain illiquidity; this also applies to listed certificates and certificates traded in a regulated market. This applies to an increased extent if a significant share of these certificates is held by the Fund and in the case of OTC transactions. In order to counteract the associated valuation risk, the Management Company may use the valuation provided by an independent broker at its own discretion. Moreover, it cannot be ruled out that higher discounts than the actual price of the certificates have to be accepted in their disposal for the reasons stated above. In addition, a counterparty default risk exists for certificates (see paragraph counterparty default risk, counterparty risk).

#### Risks resulting from the use of derivatives

Due to the leverage of derivatives, the value of the Fund's assets can be positively and negatively affected to a greater extent when using derivatives than when directly acquiring transferable securities or other assets; thus, their use entails special risks. Unlike traditional transferable securities, leverage facilitates a stronger positive or negative impact on the value of the net fund assets. Financial-futures contracts used for any other purpose than hedging also entail significant opportunities and risks, as in each case only a fraction of the relevant contract value (margin) has to be paid up immediately. Therefore, price fluctuations can result in significant profits or losses with the Fund's assets. This can increase the risk and volatility of the Fund.

#### Risks in connection with OTC transactions

Fundamentally, the Fund may conclude transactions in the OTC market (in particular derivatives) (insofar as this is mentioned in the relevant Subfund-specific investment policy). These are individual over-the-counter agreements. The conclusion of OTC transactions exposes the relevant Subfund to the risk of the contracting party failing to fulfil its payment obligation in full, in part or in due time (counterparty risk). This can affect the development of the relevant Fund and may result in the partial or total loss of an unrealised profit.

#### Risks in connection with currencies

The Fund may invest in transferable securities denominated in local currencies and it may hold cash funds in such currencies. Therefore, fluctuations in the value of such currencies against the Euro will affect the value of the Fund in Euros accordingly. Finally, currency exposure to currencies other than the Euro may result in a loss on conversion of foreign currencies and in addition such investments entail a transfer risk. Economic or political instability in countries where a Subfund may invest exposes that Subfund to the risk of not receiving any funds to which it is entitled despite the issuer of the relevant security or other asset being solvent, or that payments are not made on time or in full, or are made in a different currency.

#### Risks in connection with the investment in newly industrialised nations

The potential investment in investment funds and/or transferable securities from newly industrialised nations entails various risks. These risks are primarily related to the fast economic development process that some of these countries experience and in this context, no assurance can be made that this development process will continue in the coming years. In addition, these markets tend to have a low level of market capitalisation and they tend to be volatile and illiquid. Other factors (e.g. political change, exchange rate fluctuations, stock exchange controls, taxes, restrictions on the investment of foreign capital and capital recovery, etc.) can further compromise the marketability of the assets and the resulting income.

Moreover, these companies may be subject to a significantly lower degree of governmental supervision and a less differentiated legislature. Their accounting and auditing are not always of the standard enforced in this country.

#### Country / region / branch risk

The value of the Fund's assets can also be compromised by unforeseeable events, e.g. international political developments, changes in state policies, restrictions on foreign investment and currency recovery, as well as other

developments and applicable laws and regulations. Risk diversification will be reduced if a Subfund restricts its investments to specific countries, regions or sectors. As a result, that Subfund will be highly dependent on the development of individual or interconnected countries or regions, or the companies that are based and/or active there, as well as the general development of these countries or regions, and the growth of corporate profits within a specific or interdependent sectors.

#### Changes to the investment strategy or the investment terms

The Management Company may change the Management Regulations in agreement with CSSF. In addition, the Management Company may amend the investment strategy within the investment spectrum permissible in law and according to the contractual provisions, and thus without changing the Management Regulations or the approval of the same by CSSF.

#### Suspension of unit redemption

The Management Company may temporarily suspend the redemption of units if exceptional circumstances exist which give the impression that a suspension is necessary while giving due account to the interests of the unit holders. Exceptional circumstances in this context are e.g. economic or political crises, redemption requests of exceptional volume while taking due account of Article 9 no. 2 of the Management Regulations, as well as the closure of exchanges or markets, trade restrictions or other factors which compromise the determination of the net asset value per unit. In addition, CSSF may order that the Management Company suspend the redemption of the units if this is required in the interest of the unit holders or the public. The unit holder cannot redeem its units during this period. The net asset value can still fall in the event of a suspension of unit redemption; e.g. if the Management Company is forced to sell assets below market value while the redemption of units is suspended. The net asset value per unit after recommencement of unit redemption may be lower than that before the suspension of redemption.

A suspension may be followed directly by a dissolution of the Fund without a recommencement of unit redemption, e.g. if the Management Company terminates the management of the Fund to dissolve the Fund. Thus, the unit holder bears the risk that it may not be able to realise the planned holding period, and significant parts of the invested capital may not be available for an indefinite term.

#### Dissolution of the Fund or Subfund

The Management Company shall be entitled to dissolve the Fund or Subfund at any time at its own discretion. Thus, the unit holder bears the risk that it may not be able to realise the planned holding period. If the fund units are derecognised from the unit holders securities account after the termination of the liquidation proceedings, the unit holder may be liable for income tax.

#### Inflation risk

Inflation involves a devaluation risk for all assets. This also applies to the assets held in the Fund / Subfund. The inflation rate may exceed the Fund's value increase.

#### Risks resulting from the investment spectrum

While taking due account of the investment principles and limits specified in laws of Luxembourg and the Management Regulations which provide for a very large range for the Fund, the actual investment policy may, for instance, be geared towards a focused asset acquisition in a small number of sectors, markets or regions/countries. This concentration on only a few special investment sectors may involve risks (e.g. narrow market, considerable fluctuation margin within certain economic cycles). The annual report shall provide information on the content of the investment policy for the past reporting period in retrospect.

#### Risks arising from redemption or subscription increases

The unit holders' buy and sell orders cause liquidity inflows to and outflows from the fund assets. After balancing, inflows and outflows may result in a net inflow or net outflow of the Fund's liquid assets. This net inflow or net outflow may encourage the Management Company / fund manager / investment consultant to buy or sell assets which may incur transaction costs. In particular, this applies a liquid asset quota specified by the Management Company for the Fund / Subfund is exceeded due to the inflows or outflows. Resulting transactions are charged to the Fund, and may compromise the Fund's performance. Increased fund liquidity due to inflows may have an adverse effect of the Fund's performance if the Management Company is not able to invest the funds at adequate terms.

#### Risks arising from criminal acts, irregularities or natural disasters

The fund may fall victim to fraud or other criminal acts. It may suffer losses through misunderstandings or errors made by employees of the Management Company or an external third party, and suffer damage through external events, such as natural disasters.

#### Legal and political risks

For the Fund / Subfund, investments may be made in jurisdictions not subject to the laws of Luxembourg, or where the place of jurisdiction in the event of a legal dispute is outside of Luxembourg. The resulting rights and obligations of the Management Company for the account of the Fund may deviate from those in Luxembourg to the disadvantage of the Fund / Subfund or the unit holder. The Management Company may not identify political or legal developments, including changes in the legal framework conditions in these jurisdictions in due time or at all, and they may result in restrictions in relation to assets available for purchase or already acquired assets. These consequences may also arise if the legal framework conditions for the Management Company and/or the fund management in Luxembourg change.

### Key person risk

If the Fund's / Subfund's investment results in a period are exceptionally positive, this success may also be dependent on the abilities of the acting individuals, and therefore the correct management decisions. However, the staff composition of the fund management may change. New decision-makers could then potentially act less successfully.

## **CONFLICTS OF INTEREST**

The Management Company and/or its employees, representatives or affiliated companies may act as investment consultants, fund managers, central administration, registrar and transfer agent or in other ways as a service provider for the Fund or Subfund. The function of the custodian may also be performed by an affiliate of the Management Company. The Management Company is aware that conflicts of interest may arise due to the different functions performed in relation to the management of the Fund or Subfund. In accordance with the Law of 2010 and the applicable administrative regulations by CSSF, the Management Company has at its disposal sufficient and appropriate structures and control mechanisms; in particular, it acts in the best interest of the funds or Subfunds and ensures that conflicts of interest are avoided. The Management Company has established principles for handling conflicts of interest which are available to interested investors on the website at [www.loys.lu](http://www.loys.lu) in their currently valid version. When tasks are outsourced to third parties, and third parties are engaged, conflicts of interests may arise both in the cooperation with the third party, and within the third party company.

## **PERFORMANCE**

An overview of the Subfund performance is provided in the key investor information (*Key Investor Information Document*).

## **UNITS**

Units of LOYS EUROPA are units of the relevant Subfund.

## **THE ISSUE OF UNITS**

Fund units of these Subfunds are issued at the issue price which is composed of the unit value and any sales commission specified in the overview. If stamp duties or other charges are incurred in a country in which the units are issued, the issue price increases accordingly.

The Management Company is authorised to issue new units on an ongoing basis. However, the Management Company reserves the right to cease issuing units temporarily or completely within the scope of the stipulations of the Management Regulations given below; in such a case, payments that have already been made are reimbursed without delay.

The units can be acquired from the Management Company, the custodian and the paying agents specified in this Sales Prospectus.

**The acceptance deadlines for the subscription requests shall be determined by the deadlines stated in the provisions of the Management Regulations.**

## **THE CALCULATION OF UNIT VALUE**

To calculate the unit value, the value of the assets is determined less the liabilities (the "Net Subfund Assets") at each valuation day under the terms of the Management Regulations; this value is then divided by the number of units in circulation.

Further details regarding the calculation of the unit value are specified in the Management Regulations, particularly Article 7 thereof.

## **REDEMPTION AND EXCHANGE OF UNITS**

The unit holders are entitled to demand that their units be redeemed or exchanged at the redemption price specified in the Fund's Management Regulations via the Management Company, the custodian or one of the paying agents specified in this Sales Prospectus (however, not through the distribution agent mentioned). Exchange orders for units placed with the registrar or transfer agent can only be submitted as value orders.

**The acceptance deadlines for the redemption requests shall be determined by the deadlines stated in the provisions of the Management Regulations.**

## UTILISATION OF INCOME AND OTHER PAYMENTS

The utilisation of income will be specified for each unit class of the Subfund. The provisions of Article 11 of the Management Regulations apply if income from the relevant unit class can be distributed.

Any Fund unit distributions are paid via the paying agents, the custodian or the Management Company. The same applies to any other payments to the unit holders.

## PUBLICATION AND POINT OF CONTACT

The current applicable issue and redemption prices of the units and all other information intended for the unit holder can be requested from the head office of the Management Company, the custodian or the paying and distribution agents at any time.

The Sales Prospectus with Management Regulations, as amended, and the annual and semi-annual reports can also be obtained there, and the agreement arranged with the custodian and the fund manager and the articles of the Management Company can be viewed.

Key investor information (Key Investor Information Document) can be downloaded from the following internet address of the Management Company: [www.loys.lu](http://www.loys.lu). In addition, a hard copy will be provided by the Management Company on request.

As a matter of principle, the current applicable issue and redemption price is published on the Management Company's website ([www.loys.lu](http://www.loys.lu)) and may also be published in a supra-regional daily newspaper or another online medium.

Other important information for the unit holders will always be published on the website of the Management Company ([www.loys.lu](http://www.loys.lu)). Insofar as required in law, there will be an additional publication in Luxembourg in a daily Luxembourg newspaper.

Investor complaints can be directed to the Management Company, the custodian or any paying or distribution agents. They will be processed in an orderly manner, within 14 days.

## CHARGES

The Management Company receives a remuneration for the management of the Fund and its Subfunds from the relevant Net Subfund Assets to the amount derived from the calculation and payment defined in the section "**LOYS EUROPA - an overview**" below.

The custodian receives a remuneration from the relevant Net Subfund Assets to the amount derived from the calculation and payment defined in the section "**LOYS EUROPA - an overview**" below.

The above-mentioned remunerations are defined and paid in accordance with the stipulations of the relevant Subfund.

In addition, the Management Company or the custodian can be compensated for further costs, in addition to the costs relating to the acquisition and disposal of Fund assets, as listed in the Fund's Management Regulations.

These further costs are also listed in the annual reports.

Moreover, each Subfund's assets may be charged costs in accordance with Article 14 of the Management Regulations.

## REMUNERATION POLICY

In accordance with the Law of 2010 - in particular, in observation of the principles specified in Article 111 of the Law of 2010 - the Management Company has defined a remuneration policy which is compatible with and beneficial to robust and effective risk management. This remuneration system provides no incentive for the assumption of risks incompatible with the risk profiles and Management Regulations or articles of association of the investment funds managed by the Management Company, or which prevent the Management Company from conscientiously acting in the best interest of the UCITS. It conforms to the business strategy, objectives, values and interests of the Management Company, the funds it manages, and the investors in these funds.

The fixed and variable components of the total remuneration are in adequate proportion, whereby the fixed component of the total remuneration is sufficiently high to offer total flexibility in relation to the variable remuneration components, including the option to waive the payment of a variable component. The remuneration system will be reviewed at least annually, and adjusted, if required.

Details of the current remuneration policy, including a description of how the remuneration and the other allowances are calculated and the identity of the persons responsible for the allocation of remuneration and other allowances, including

the composition of the remuneration committee if such a committee exists, are available on the website of the Management Company (<http://www.loys.lu/de/footer/policies/>). In addition, a hard copy will be provided by the Management Company on request and free of charge.

## **TAXATION OF THE FUND'S ASSETS AND INCOME**

The Fund's income and the income of its Subfunds is not taxed in the Grand Duchy of Luxembourg. The income may, however, be subject to source taxation or other taxes in countries in which the assets of the relevant Subfund are invested. Neither the Management Company nor the custodian will collect receipts for such taxes for any individual or for all unit holders.

The Fund's assets are subject to a *taxe d'abonnement* in the Grand Duchy of Luxembourg, currently at a maximum of 0.05% p.a. The *taxe d'abonnement* is payable on a quarterly basis, for the net fund assets indicated at the end of each quarter.

On 10 November 2015, the Council of the European Union adopted Council Directive (EU) 2015/2060 repealing the EU Savings Directive (2003/48/EC). As a consequence, there will be full tax transparency within the EU by 2018 at the latest, and the EU withholdable tax will become obsolete from then onwards. Luxembourg uses automatic exchange of information on financial accounts for this purpose. Until the repeal of the EU Savings Directive, all Member States of the European Union were obliged to provide information on interest and equivalent payments made within the Member State to a person resident in another Member State to the competent authorities of that Member State. Some States, however, were permitted to levy a withholdable tax for a transitional period instead.

Before subscribing to any units, prospective investors should regularly obtain information on any taxes they may be liable to when acquiring, holding or disposing of units, or when receiving distributions in accordance with the laws of the country of their nationality, domicile or residence. Investors should consult a tax adviser with regard to the effect of their investments in the sub-fund in accordance with the tax legislation that applies to them, particularly the tax legislation for the country in which they are domiciled or resident.

## **OECD COMMON REPORTING STANDARD (CRS)**

The Common Reporting Standard (CRS) is an information standard developed by the OECD to counter tax evasion by means of offshore accounts on a global level. The CRS sets out common standards for due diligence and reporting procedures and financial account information to be exchanged with the aim of maximising effectiveness and reducing costs for financial institutions. Under the CRS, each participating country will automatically exchange financial information with exchange partners annually on accounts that have been identified as reportable on the basis of the common due diligence and reporting procedures. This may include information on the sub-fund. The first exchange of information is expected to take place in 2017. The Grand Duchy of Luxembourg implemented the CRS with the Law of 18 December 2015 on the automatic exchange of financial information in the field of taxation (the Law of 2015). The Management Company is therefore required to carry out due diligence and reporting procedures according to the CRS, as prescribed in the Law of 2015. Unit-holders may be asked to provide the management company, or a third party acting on its behalf, with additional information in order for the management company, or the third party acting on its behalf, to meet its obligations under the CRS. Failure to provide the information requested may result in the unit-holder being liable for taxes, fines or other payments. The Management Company may effect compulsory redemption of the units held by that investor.

## **FATCA – Foreign Account Tax Compliance Act**

Sections 1471 to 1474 of the US Internal Revenue Code 1986 (FATCA), as amended, impose reporting requirements and a possible 30% withholdable tax liability ("FATCA withholdable tax") on payments

- to all non-US based financial institutions (a foreign financial institution – FFI), unless they are a "participating FFI", i.e. a FFI that has
  - o entered into an agreement with the US Internal Revenue Service (IRS) in order to provide it with certain information regarding its account holders or investors; or
  - o is not otherwise exempt from FATCA requirements; or
  - o is a deemed compliant FFI; or
- to recalcitrant account holders who are not otherwise exempt from FATCA requirements and who do not provide sufficient information to determine
  - o whether the recalcitrant account holder is a "United States person", or
  - o whether they should otherwise be treated as holders of a relevant "US account".

FATCA withholding requirements apply to payments from sources within the United States and will come into force for "foreign passthru payments" (not yet defined) on 01 January 2019 at the earliest.

The United States have reached Intergovernmental Agreements (IGAs) with a number of countries in order to simplify implementation of the FATCA requirements. Under FATCA and the "Model 1" and "Model 2" IGAs, an FFI in a country which has entered into an IGA may be treated as either a "reporting FI" or, in the case of certain exempt entities, a "non-



reporting FI”, and accordingly be exempt from withholding tax on payments it makes and receives. Both IGA Models require a reporting FI to provide either the authorities in the country it is domiciled in or the IRS with certain information on its account holders and investors.

The United States and the Grand Duchy of Luxembourg have signed an Intergovernmental Agreement that is largely based on IGA Model 1 (“Luxembourg IGA”) on 28 March 2014. The Management Company expects that, according to the regulations of the Luxembourg IGA, the Fund will be treated as a reporting FI and therefore will not be required to withhold tax under FATCA on any payments it makes on its units. However, a withholding requirement cannot entirely be ruled out, but any payments exceeding tax withheld under FATCA should be.

The FATCA regulations are extremely complex and how they are going to be applied is still somewhat unclear. The information provided above is based on existing and proposed regulations, official guidelines, the IGA models and the Luxembourg IGA. All of these documents may be subject to change or be implemented in a substantially different form. Prospective investors are advised to consult their own tax adviser to gain clarity to what extent these regulations are relevant to any payments they might receive from an investment in units of the Fund. Other tax regulations of the United States or one of its administrative bodies that have not been discussed in this section may also be applicable under certain circumstances.

**AN OVERVIEW  
OF LOYS EUROPA  
“LOYS Aktien Europa”**

<b>Incorporation of the Fund:</b>	24 <sup>th</sup> November, 2014
<b>Initial issue phase:</b>	
<b>Unit class P</b>	24 <sup>th</sup> November 2014 – 28 <sup>th</sup> November 2014
<b>Unit class I</b>	24 <sup>th</sup> November 2014 – 28 <sup>th</sup> November 2014
<b>Unit class ITN</b>	1 <sup>st</sup> December 2016
<b>Unit class PTI</b>	7 <sup>th</sup> November 2018 – 14 <sup>th</sup> November 2018
<b>Initial issue price (excl. sales commission):</b>	
<b>Unit class P</b>	EUR 25
<b>Unit class I</b>	EUR 500
<b>Unit class ITN</b>	EUR 500
<b>Unit class PTI</b>	EUR 25
<b>Initial issue date:</b>	
<b>Unit class P</b>	1 <sup>st</sup> December 2014
<b>Unit class I</b>	1 <sup>st</sup> December 2014
<b>Unit class ITN</b>	2 <sup>nd</sup> December 2016
<b>Unit class PTI</b>	15 <sup>th</sup> November 2018
<b>Sales commission (in % of the unit value payable to the relevant agent):</b>	
<b>Unit class P</b>	up to 5%
<b>Unit class I</b>	none
<b>Unit class ITN</b>	none
<b>Unit class PTI</b>	up to 5%
<b>Exchange or redemption commission</b>	
<b>Unit class P</b>	none
<b>Unit class I</b>	none
<b>Unit class ITN</b>	none
<b>Unit class PTI</b>	none
<b>Minimum investment<sup>2</sup>:</b>	
<b>Unit class P</b>	none
<b>Unit class I</b>	EUR 500,000
<b>Unit class ITN</b>	EUR 500,000
<b>Unit class PTI</b>	none
<b>Savings and withdrawal plans:</b>	None offered by the Management Company; investors can obtain supplementary information from the relevant depositary institution
<b>Management remuneration<sup>3</sup> (as % of Net Subfund Assets):</b>	
<b>Unit class P</b>	up to 0.15% p.a.
<b>Unit class I</b>	up to 0.15% p.a.
<b>Unit class ITN</b>	up to 0.15% p.a.
<b>Unit class PTI</b>	up to 0.15% p.a.
The management remuneration is to be calculated daily for the previous valuation day's Net Subfund Assets of each unit class and paid out monthly in arrears. This management remuneration is subject to VAT as applicable.	
<b>Custodian remuneration<sup>4</sup> (as % of Net Fund Assets):</b>	
<b>Unit class P</b>	up to 0.04% p.a.
<b>Unit class I</b>	up to 0.04% p.a.
<b>Unit class ITN</b>	up to 0.04% p.a.
<b>Unit class PTI</b>	up to 0.04% p.a.
The custodian remuneration is to be calculated daily for the previous valuation day's Net Subfund Assets of each unit class and paid out monthly in arrears. This custodian remuneration is subject to VAT as applicable.	
<b>Fund management remuneration (as % of Net Fund Assets):</b>	
<b>Unit class P</b>	up to 0.80% p.a.
<b>Unit class I</b>	up to 0.55% p.a.
<b>Unit class ITN</b>	up to 0.95% p.a.
<b>Unit class PTI</b>	up to 0.65% p.a.
The fund management remuneration is to be calculated daily for the previous valuation day's Net Subfund Assets of each unit class and paid out monthly in arrears. This fund management remuneration is subject to VAT as applicable.	

<sup>2</sup>In exceptional cases, the management company can approve subscriptions that deviate from the minimum deposit without stating reasons.

<sup>3</sup>The management company may waive the claim to its remuneration per unit class in full or in part at any time, at its own discretion and without stating reasons.

<sup>4</sup>The custodian may waive the claim to its remuneration per unit class in full or in part at any time, at its own discretion and without stating reasons.

<b>Distribution agent remuneration (as % of Net Subfund Assets):</b>	
<b>Unit class P</b>	up to 0.60% p.a.
<b>Unit class I</b>	none
<b>Unit class ITN</b>	none
<b>Unit class PTI</b>	up to 1.35% p.a.
The distribution agent remuneration is to be calculated daily for the previous valuation day's Net Subfund Assets of each unit class and paid out monthly in arrears. This distribution agent remuneration is subject to VAT as applicable.	
<b>Performance Fee (payable to the fund manager):</b>	
<b>Unit class P</b>	up to 10% <sup>5</sup>
<b>Unit class I</b>	up to 20% <sup>6</sup>
<b>Unit class ITN</b>	none
<b>Unit class PTI</b>	up to 10 % <sup>4</sup>
<b>Effective total cost burden (as % of Net Fund Assets):</b>	Specified in the Fund's annual report
<b>Performance:</b>	Specified in the key investor information (Key Investor Information Document)
<b>Subfund currency:</b>	EUR
<b>Unit class currency:</b>	
<b>Unit class P</b>	EUR
<b>Unit class I</b>	EUR
<b>Unit class ITN</b>	EUR
<b>Unit class PTI</b>	EUR
<b>Bank working day:</b>	All days that are simultaneously a bank working day in Luxembourg and in Frankfurt am Main
<b>Valuation date:</b>	Every bank working day
<b>End of the financial year:</b>	31 <sup>st</sup> December; end of the first financial year 31 <sup>st</sup> December 2015
<b>Semi-annual report:</b>	30 <sup>th</sup> June
<b>Annual report:</b>	31 <sup>st</sup> December
<b>The first report will be an unaudited semi-annual report on:</b>	30 <sup>th</sup> June 2015
<b>Deadline for the acceptance and redemption of subscriptions and redemptions:</b>	4 p.m. of the previous day ("forward pricing")
<b>Payment of the issue and redemption price:</b>	Within two banking days
<b>Division into Units:</b>	Book Entry Registered
<b>Utilisation of income:</b>	
<b>Unit class P</b>	Distribution
<b>Unit class I</b>	Accumulation
<b>Unit class ITN</b>	Accumulation
<b>Unit class PTI</b>	Accumulation

<sup>5</sup>The fund manager will receive performance related remuneration (performance fee) for the unit classes P and PTI.

The amount of the performance fee is 10% of the absolute value increase of the net asset value per unit per unit class.

Insofar as a performance fee is due, it will be paid on 31<sup>st</sup> March, 30<sup>th</sup> June, 30<sup>th</sup> September and 31<sup>st</sup> December of each year (effective date) and the first payment will be made on 31<sup>st</sup> December 2016.

Entitlement to a performance fee is determined on a daily basis (the observation date) and this is taken into account in the published Unit value.

The High Water Mark is the higher of the unit value on 1st December 2016 and the unit value on the previous effective date on which the last performance fee was paid. If the unit value on the consideration day is lower than the current High Water Mark, no performance fee will be calculated.

A positively accrued entitlement to a performance fee will only be paid on the effective date, if the unit value exceeds the High Water Mark. If so, the High Water Mark for the unit value will be adjusted on the effective date for the next consideration period.

If the accruals are negative on the effective date, these will be taken into account in the subsequent consideration. No entitlement to the reimbursement of performance fees already paid exists.

This remuneration is subject to VAT as applicable.

<sup>6</sup>The fund manager receives a performance-related remuneration for unit class I (performance fee). The performance calculation will commence on 2<sup>nd</sup> Dec. 2016.

The amount of the performance fee is up to 20% of the performance of the unit class above the performance of the defined benchmark, Stoxx Europe 600 (Bloomberg ticker SXXR).

Insofar as a performance fee is due, it will be paid on 31<sup>st</sup> March, 30<sup>th</sup> June, 30<sup>th</sup> September and 31<sup>st</sup> December of each year (effective date) and the first payment will be made by 31<sup>st</sup> December 2016.

Entitlement to a performance fee is determined on a daily basis (the observation date) and this is taken into account in the published Unit value.

The performance fee is calculated as follows:

The difference between the percentage change of the unit value of the unit class compared to the previous day and the percentage change of the benchmark compared to the previous day is determined on each consideration day. This difference is multiplied by the Fund's assets of the unit class and weighted with the performance fee rate. Negative and positive results are balanced.

A positively accrued entitlement to a performance fee will be paid on the effective date, even if the unit value on the effective date is lower than the unit value of the previous effective date or the unit value on 1<sup>st</sup> December 2016.

If the accruals are negative on the effective date, these will be taken into account in the subsequent consideration. No entitlement to the reimbursement of performance fees already paid exists.

This remuneration is subject to VAT as applicable.

<b>Stock exchange listing:</b>	Not envisaged
<b>Security ID number/ISIN:</b>	
<b>Unit class P</b>	HAFX68/LU1129454747
<b>Unit class I</b>	HAFX69/LU1129459035
<b>Unit class ITN</b>	A2ARER/LU1487829548
<b>Unit class PTI</b>	A2N5QT/LU1853997457
<b>Price publication:</b>	Daily on the Management Company's website ( <a href="http://www.loys.lu">www.loys.lu</a> ) and possibly in a national newspaper or an online medium

## **MANAGEMENT REGULATIONS LOYS EUROPA**

The Management Regulations define the general principles for the Fund LOYS EUROPA ("Fund") and they came into effect on 7<sup>th</sup> November 2018. The filing of these Management Regulations with the Commercial and Companies Register of Luxembourg ("Commercial and Companies Register") was published in Recueil électronique des Sociétés et Associations ("RESA").

The Management Regulations constitute the applicable contractual terms for the Fund.

### **Article 1 THE FUND**

1. 1. The LOYS Europa is a legally independent separate asset ("fonds commun de placement") consisting of securities and other permitted assets ("Fund's Assets"), which shall be managed while taking due account of with the principle of risk diversification. The Fund's assets less the liabilities attributable to the Fund ("net fund assets") must reach the value of at least EUR 1,250,000 within six months after the approval of the Fund. The Fund will be managed by the Management Company. The custodian is responsible for the safekeeping of the assets included in the Fund's assets within its custodian network.
2. The contractual duties and obligations of the holders of the units ("unit holders"), the Management Company and the custodian are set down in the Fund's Management Regulations compiled by the Management Company in agreement with the custodian.

With the purchase of a unit, each unit holders accepts the Fund's Management Regulations and all approved amendments thereof.

3. The Fund may consist of one or several Subfund as defined in Article 181 of the Law of 17th December 2010 on Undertakings for Collective Investment in its currently valid version ("Law of 2010"). The entirety of all Subfunds makes up the Fund. Each investor holds an interest in the Fund by means of investment in a Subfund. The Management Company can issue new Subfunds at any time. The relevant Subfunds are mentioned in the Sales Prospectus.
4. For the purpose of the relations between unit holders, each Subfund is to be deemed as an independent separate asset. The rights and obligations of the unit holders of a Subfund are separate to those of the unit holders of the other Subfunds. The assets of the individual Subfunds shall only be liable to third parties regarding the liabilities and payment obligations of the Subfund concerned.
5. The unit value is calculated separately for each Subfund in accordance with the rules defined in Article 7 of the Management Regulations.
6. The investment restrictions specified in the Management Regulations shall apply separately to each Subfund, with the exception of the provisions of Article 4 no. 3. I) of the Management Regulations. The calculation of the minimum limit (EUR 1,250,000) for the net fund assets in accordance with Article 1 no. 1 of the Management Regulations shall be based on the Fund's assets of the Fund, which is derived by adding up the individual Net Subfund Assets.

### **Article 2 DIE MANAGEMENT COMPANY**

1. The Management Company is LOYS Investment S.A.
2. The Management Company manages the Fund in its own name yet exclusively in the interest of and for the collective account of the unit holders. Management authorisation extends to the exercising of all rights that relate, either directly or indirectly, to the assets of the Fund.
3. The Management Company specifies the investment policy of the Fund, observing the legal and contractual investment restrictions. The Management Company's board of directors may entrust one or several members of the board with the execution of the day-to-day investment policy. It may also outsource the execution of the day-to-day investment policy to a third party under its own responsibility and control and at the expense of the Fund, insofar as such a third party is licensed or registered for the purpose of asset management and subject to a supervisory authority. If the execution of the day-to-day investment policy is outsourced to a third party, this shall be mentioned in the Sales Prospectus. Moreover, the Management Company will ascertain that the third party has taken all measures to ensure the compliance with all organisational requirements and the avoidance of conflicts of interest as specified in the applicable Luxembourg laws and regulations, and that it monitors the compliance of these requirements.

4. The Management Company may consult investment consultants or fund managers and, in particular, an investment committee under its own responsibility. The relevant costs may be charged to the Fund in accordance with the provisions of the Management Regulations and will be mentioned in the Sales Prospectus.
5. The Management Company prepares a Sales Prospectus for the Fund and compiles the key investor information (*Key Investor Information Document*).

### Article 3 THE CUSTODIAN

1. Hauck & Aufhäuser Privatbankiers AG, Luxemburg branch, with registered offices at 1c, rue Gabriel Lippmann, L-5365 Munsbach, Grand Duchy of Luxembourg, registered in the Commercial and Companies Register of Luxembourg under register number B 175937, has been appointed as custodian of the Fund by written contract. The custodian is a branch of Hauck & Aufhäuser Privatbankiers AG, Kaiserstr. 24, D-60311 Frankfurt am Main, a German financial institution with full banking licence as defined in the German Banking Act (KWG) and the Luxembourg Law of 5<sup>th</sup> April 1993 on the Financial Sector (in its currently valid version). It is registered at the local registry court in Frankfurt am Main under number HRB 20065. Both Hauck & Aufhäuser Privatbankiers AG and its Luxembourg branch are subject to supervision by the Federal Financial Supervisory Authority (BaFin). In addition, Hauck & Aufhäuser Privatbankiers AG, Luxemburg branch is subject to the Commission de Surveillance du Secteur Financier (CSSF) in relation to liquidity, money laundering and market transparency.

All duties and responsibilities of the custodian are fulfilled by the branch. Above all, their function is based on the Law of 2010, the circular CSSF 14/587, the custodian contract, and the Dales Prospectus. As a paying agent, it is assigned the obligation to pay out any distributions, as well as the redemption price of any redeemed units and other payments.

2. In the performance of its tasks, the custodian acts honestly, in good faith, professionally, independently, and in the interest of the Fund and its unit holders.
  3. The custodian shall ensure that the Fund's cashflows are subject to effective and proper monitoring. The custodian must ensure that all payments made by unit-holders or on their behalf when subscribing to units of this Investment Fund have been received and that the Fund's entire financial resources are held in cash accounts with the custodian (or another financial institution) in the name of the Fund.
4. The custodian shall keep all assets of the Fund in safe custody or monitor them. In this respect, the Law of 2010 differentiates between financial instruments for safe custody and other assets, whereby the classification in individual cases is not always clear.

For the safe custody of the financial instruments for safe custody (e.g. securities, money market instruments, shares in Undertakings for Collective Investment), other obligations may sometimes apply for the custodian, as well as stricter liability than for the safe custody of other assets. Financial instruments for safe custody shall be kept in segregated securities account by the custodian. Apart from a small number of exceptions, the custodian is liable for the loss of these financial instruments, including in cases where the loss was not caused by the custodian itself, but by a third party. In contrast, other assets, which cannot be held in custody, are not stored in securities accounts. Once the investment fund's title to these assets has been ascertained, the custodian shall keep record of them. For the fulfilment of its responsibilities, the custodian shall be liable to the Management Company for gross negligence or intent.

The custodian may appoint sub-custodians for the safe custody of assets of any type to comply with the provisions according to the Law of 2010. The custodian's liability to the Management Company shall remain unaffected by an appointment of a sub-custodian. The names of the sub-custodians are available on the website of the Central Administration Agent ([https://www.hauck-aufhaeuser.com/fileadmin/Impressum/List\\_of\\_Sub-Custodians\\_Hauck\\_Aufhaeuser.pdf](https://www.hauck-aufhaeuser.com/fileadmin/Impressum/List_of_Sub-Custodians_Hauck_Aufhaeuser.pdf)). In general, no third party shall be engaged for the safe custody or monitoring of the other assets, unless expressly specified otherwise.

When engaging a sub-custodian for the financial instruments for safe custody, the custodian has a special obligation to verify that this sub-custodian is subject to effective supervision (including minimum capital requirements) and regular external audits which ensures that the assets are in its possession ("**Due diligence for depositories**") This duty of care must also be observed for each legal entity below the sub-custodian or third party custodian in the custodian chain ("correspondent").

The custodian must also ensure that each sub-custodian separates the assets of the custodian's customers subject to joint administration from its own assets and the other assets of the custodian; in particular its own assets and the assets of the custodian's customers not subject to joint administration.

Moreover, if the asset in question is a financial instrument for safe custody, and the laws of a third country prescribe that certain financial instruments must be kept at a local depository which fails to meet the aforementioned supervision condition for safe custody ("**local depository**"), the custodian may only engage this local depository if the following statutory requirements are met.

Firstly, there must not be any local depository which does fulfil the aforementioned supervision conditions.

Secondly, the assignment of the custody of financial instruments to a local depository may only be effected on the express instruction of the Management Company.  
Furthermore, the Management Company shall properly inform the investors before engaging such a local depository.

5. The custodian is bound to instructions from the Management Company, insofar as these do not breach the law, the Fund's Management Regulations or Sales Prospectus.
6. The custodian shall be entitled to terminate its custodian function in accordance with the contractual terms at any time. In this event, the Management Company must dissolve the Fund pursuant to Article 12 of these Management Regulations, or appoint a new custodian within two months with the approval of the competent supervisory authority. Until a new custodian is appointed, the current custodian shall fulfil its statutory duties and functions according to the Management Regulations in full.

The Management Company shall also be entitled to terminate the custodian appointment at any time in accordance with the relevant custodian contract. Such a termination inevitably leads to the dissolution of the Fund pursuant to Article 12 of these Management Regulations, unless the Management Company has appointed another bank as custodian after the expiry of the written advance notice period with the approval of the competent supervisory authority, which will assume the statutory functions of the previous custodian.

#### **Article 4 GENERAL GUIDELINES FOR THE INVESTMENT POLICY**

The following principles and restrictions of the investment policy shall categorically apply to all Subfunds of the Fund. In addition, each Subfund may specify supplementary or deviating provisions. These are mentioned in the Sales Prospectus.

The following definitions shall apply:

“Third country”: A third country in terms of these Management Regulations shall mean any state which is not a member state.

“Money market instruments”:  
Shall mean instruments which are normally traded on the money market that are liquid and whose value can be accurately determined at any time.

“Regulated market”:  
Shall mean the market defined in Article 4, clause 20 of the Directive 2004/39/EC of 21st April 2004 on Markets for Financial Instruments (in its most recent valid version).

“Law of 2010”:  
The Luxembourg Law of 17<sup>th</sup> December 2010 on Undertakings for Collective Investment in its currently valid version.

“Member state”:  
a member state of the European Union. Within the scope of this agreement and the associated legal instruments, countries which are contracting parties to the Agreement on the European Economic Area are considered equal with the member states of the European Union.

“UCI”: Undertakings for Collective Investment. Each UCI subject to part II of the Law of 2010, categorically qualifies as an AIF as defined in the Luxembourg Law of 12th July 2013 on alternative investment fund managers (AIFM Law).

“UCITS”: Undertakings for Collective Investment subject to the Directive 2009/65/EC.

“Directive 2009/65/EC”:  
Directive 2009/65/EC of 13th July 2009 on the coordination of the laws, regulations and administrative provisions relating to certain undertakings for collective investments in transferable securities in its currently valid version.

“Transferable securities”:  
- shares in companies and other securities equivalent to shares in companies  
- (“shares”) - bonds and other securitised debt instruments (“bonds”)  
- all other marketable securities which permit purchasing securities by either subscription or exchange, except for those techniques and instruments specified under no. 5 below of this Article.

The Fund's investment policy is subject to the following regulations and investment restrictions: Each Net Subfund Assets is invested in accordance with the principle of risk diversification. The investment policy of the individual Subfunds may comprise investments in transferable securities, money market instruments, fund units, derivative financial

instruments, as well as all other permissible assets as defined in Article 4 of the Management Regulations. The individual investment policies may differ in the region in which the Subfund invests, the assets to be acquired, the currency in which it is denominated or their maturities. A detailed description of each Subfund's investment policy can be found in the Sales Prospectus.

1. Investments of relevant Subfund may comprise the following assets:

Due to the specific investment policy of each Subfund, some of the investment options described below may not apply to a particular Subfund. This is mentioned in the Sales Prospectus. These are mentioned in the Sales Prospectus.

- a) Transferable securities and money market instruments listed or traded in a regulated market;
- b) Transferable securities and money market instruments that are traded in any other recognised, regulated and properly functioning regulated market in a member state of the European Union that is open to the public;
- c) Transferable securities and money market instruments that have been admitted to official listing on a stock exchange of a third country and are traded on another regulated market in that country that is recognised and open to the public and that operates regularly;
- d) Transferable securities and money market instruments arising from new issues, if the terms of the issue contain the obligation to request admission to official listing on a stock exchange or to trade on a regulated market as defined in the provisions stated under no. 1 a) to c) above and this admission is obtained no later than one year after the issuance;
- e) Units in a UCITS approved in accordance with Directive 2009/65/EC and/or other UCI as defined in Article 1, paragraph 2 of Directive 2009/65/EC, whether established in a Member State or third country, provided that:
  - such other UCIs are authorised under laws which provide that they are subject to regulatory supervision that the CSSF considers to be equivalent to that laid down in EU law, and that cooperation between authorities is sufficiently ensured. In accordance with this regulation, only units in open-ended target funds may be acquired which have their registered office and central administration in a member state, Norway, Liechtenstein, Switzerland, the USA, Canada, Hong Kong or Japan;
  - the level of guaranteed protection for unit holders in such other UCIs is equivalent to that provided for unit holders in a UCITS, and in particular that the rules on Fund asset 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 activities of such other UCIs are the subject of semi-annual and annual reports which allow an assessment of the assets and liabilities, and income and transactions within the reporting period;
  - pursuant to the Management Regulations or constitutional documents of the UCITS or these other UCI, in which units shall be acquired, no more than an aggregate total of 10% of the net assets may be invested in units of other UCITS or other UCIs.
- f) deposits with credit institutions which are repayable on demand or have the right to be withdrawn, and maturing in 12 months or less, if the relevant financial institution is based in a member state or, in the case of financial institution based in a third country, if it is subject to supervisory provisions that the CSSF deems to be equivalent to those applicable under Community Law.
- g) derivative financial instruments, i.e. in particular, options and futures, as well as swaps ("derivatives"), including equivalent instruments which are settled in cash and traded on one of the regulated markets named under letters a), b) and c), and/or over-the-counter derivative financial instruments ("OTC derivatives"), if
  - the underlying assets are instruments as defined in this no. 1. a) to h), financial indices (including bond, equity and commodity indices that fulfil all criteria of financial indices and which must, amongst other things, be recognised and sufficiently diversified), interest rates, exchange rates or currencies;
  - the counterparties are institutions subject to regulatory supervision for transactions with OTC derivatives which have been licensed by CSSF;and
  - the OTC derivatives are subject to a reliable and verifiable evaluation on a daily basis and can be sold, liquidated or closed at any time by a symmetric transaction at fair value at any time on initiative of the Fund.
- h) money market instruments, which are not traded in a regulated market and are not covered by the definitions above if the issue or the issuer is itself subject to regulations on the protection of investments and investors, and provided that these instruments are:



- issued or guaranteed by a central, regional or local authority, or the central bank of a member state, the European Central Bank, the European Union or the European Investment Bank, a third country, or in the case of a federal state, by one of the members making up this federation, or an international public body that includes one or several member states amongst its members; or
  - issued by an organisation, whose transferable securities are traded on a regulated market as described under the above letters a), b) and c); or
  - issued or guaranteed by an institute that is subject to regulatory supervision pursuant to the criteria defined in Community Law, or by an institute that is subject to and complies with supervision provisions that the CSSF deems to be as strict as those provided by Community Law;
  - issued by other issuers that belong to a category which has been approved by the CSSF, provided that provisions for investor protection apply to the investment in these instruments, which are equivalent to the first, second or third point above, and that the issuer is either an organisation with equity capital of at least ten million Euros (10,000,000.00 Euro) that has prepared and published its annual financial statements pursuant to the provisions of the fourth directive 78/660/EEC, or it is a legal entity that undertakes to finance the securitisation vehicles which benefit from a credit line granted by a bank, or it is a legal entity that undertakes to finance the securitisation vehicles which benefit from a credit line granted by a bank or
- i) Capital investments as defined in Section 2(8) of the German Investment Tax Act (2018). Capital investments within this meaning are:
- Shares in stock corporations admitted for official trading on stock exchanges or any other regulated markets or included in these
  - Shares in stock corporations based in a Member State of the European Union or another country which is a signatory to the Agreement on the European Economic Area and subject to and not exempt from income taxation for stock corporations in that country
  - Shares in stock corporations that are domiciled in a third country and are subject to and not exempt from income taxation for stock corporations of at least 15%
  - Units in other investment funds (target funds) equal to the quota of their value published on each valuation day at which they actually invest in the above-mentioned shares in stock corporations, unless an actual quota is published, equal to the minimum quota defined in the investment conditions of the other investment fund

2. In addition, each Subfund may:

- a) invest up to 10% of its respective Net Subfund Assets in transferable securities or money market instruments other than defined under no. 1 above;
- b) hold cash and cash equivalents and similar assets to a maximum amount of 49% of its respective Net Subfund Assets;
- c) take out a short-term credit loan equivalent to a maximum of 10% of its net assets. These credits may be pledged or seized. Hedging transactions in relation with the sale of options or the acquisition or sale of forward contracts and futures do not constitute raising of credit in terms of this investment restriction;
- d) acquire foreign currencies as part of a back-to-back transaction.

3. In addition, the Fund will observe the following investment restrictions in the investment of its assets:

- a) The Fund may invest a maximum of 10% of its respective Net Subfund Assets in transferable securities or money market instruments from the same issuer, whereby the securities held directly in the portfolio and the underlying assets of structured products will be considered jointly. Each Subfund may invest a maximum of 20% of its respective Net Subfund Assets in deposits from the same issuer. The counterparty's credit risk must not exceed 10% of the Fund's net assets for transactions with OTC derivatives, if the counterparty is a financial institution as defined in no. 1 f). Otherwise, this maximum limit is 5% of the Fund's net assets.
- b) The total value of the transferable securities and money market instruments of the issuers with whom the Subfund invests more than 5% of its net assets each, must not exceed 40% of the value of its Net Subfund Assets. This restriction does not apply to deposits and transactions with OTC derivatives with financial institution subject to regulatory supervision.

Notwithstanding the individual maximum limits stated in no. 3, the Fund may invest a maximum of 20% of its net fund assets in a combination of

- transferable securities and money market instruments issued by this issuer,
- deposits at this institution, or
- OTC derivatives acquired from this institution.

- c) The maximum limit stated in no. 3 a) clause 1 is 35% or less, if the transferable securities or money market instruments are issued or guaranteed by a member state or its regional authorities, a third country or a public international institution that counts at least one of the member states amongst its members.
- d) The maximum limit stated in no. 3 a) clause 1 is 25% or less for certain bonds, if these are issued by a financial institution based in a member state which is subject to special regulatory supervision on account of statutory provisions for the protection of the holders of such bonds. In particular, the income from the issuance of such bonds must be invested in assets that cover any liabilities arising from such bonds throughout their entire term and that are take precedent with regard to capital repayments falling due and interest payments in the event of the issuer defaulting in accordance with the statutory provisions.

If the Subfund invests more than 5% of its net assets in bonds as defined in the sub-paragraph above, which are issued by the same issuer, the total value of such investments must not exceed 80% of the value of the net assets of the respective Subfund.

- e) The transferable securities and money market instruments specified in no. 3. c) and d) are not taken into account in the investment limit of 40% provided in no. 3 b).

The limits specified in no. 3. a), b), c) and d) must not be accumulated; thus, investments in transferable securities or money market instruments issued by the same issuer in accordance with no. 3. a), b), c) and d) or deposits with this issuer or investments in derivatives must not exceed 35% of the Fund's net assets.

Companies which are part of the same group of companies in respect to the preparation of consolidated financial statements as defined in the Directive 83/349/ECC or the recognised international accounting standards shall be considered as a single issuer for the calculation of the investment restrictions provided under these clauses a) to e).

Cumulatively, the Subfund may invest up to 20% of its net assets in transferable securities and money market instruments from the same group of companies.

- f) Notwithstanding the investment restrictions defined in no. 3. k), l) and m) below, the maximum limits for the investment in shares and/or bonds from the same issuer stated in no. 3. a) to e) shall be 20% or less, if the objective of the respective Subfund's investment strategy is the reproduction of a particular share or bond index recognised by CSSF. The prerequisites for such a case are that

- the composition of the index is sufficiently diversified;
- the index is an adequate benchmark for the market to which it refers;
- the index is published in an appropriate manner.

- g) The limit defined in no. 3. f) is 35%, if this is justified on account of extra-ordinary market conditions; in particular, in regulated markets in which certain transferable securities or money market instruments heavily dominate. An investment up to the maximum limit can only be realised with a single issuer.

- h) Notwithstanding the provisions under no. 3. a) to e), the respective Subfund may, in accordance with the principle of risk diversification, invest up to 100% of its Net Subfund Assets in transferable securities and money market instruments from various issuers, which are issued or guaranteed by a member state or its regional authorities, or an OECD country, or a public international institution that counts at least one of the member states amongst its members, provided that (i) such transferable securities have been issued as part of a minimum of six distinct issuances and (ii) a maximum of 30% of the respective Subfund's net assets are invested in transferable securities from the same issuer.**

- i) The respective Subfund may acquire units in other UCITS and/or UCI as defined in no. 1. e), if it invests a maximum of 20% of its Net Subfund Assets in the same UCITS or another UCI.

If this investment limit is utilised, each Subfund under an umbrella fund as defined in Article 181 of the Law of 2010 shall be considered as an independent issuer, provided that the principle of each Subfund's individual liability to third parties applies.

- j) Total investments in units of other UCI as a UCITS must not exceed 30% of the Net Subfund Assets of the respective Subfund.

If the Subfund has acquired units of a UCITS and/or other UCI, the assets of the relevant UCITS or other UCI will not be taken into account for the maximum limit stated under no. 3. a) to e).

If the Subfund acquires units of other UCITS and/or other UCI that are managed directly or indirectly by the same Management Company or another company with which the Management Company is connected through common management or control or a direct or indirect interest, the Management Company or such other company may not charge any fees for the Fund's subscription or redemption of units of the other UCITS and/or other UCI.

Insofar as the Subfund invests in units of target funds launched and/or managed by other companies, the potential charge of sales commissions and redemption commissions for such target funds must be taken into account. The sales commission and redemption commissions paid by the Subfund are stated in the annual reports.

Insofar as the Subfund invests in target funds, the fees for the fund administration and management of the investing Subfund, as well as fees for the fund administration management of the target fund will be charged to the Subfund's assets. This means that a double burden with respect to the fees for fund administration and management cannot be excluded.

In general, the acquisition of units in a target fund may result in a raised management remuneration on target fund level. The relevant Subfund will therefore not invest in a target fund subject to a management remuneration of 3% or more. The Fund's annual report will contain information on the maximum proportion of the management remuneration borne by the Fund and the target funds.

- k) The individual Subfund must not acquire shares with voting rights to an extent which would permit it to exert a significant influence on the management of the issuer.

- l) Moreover, the Subfund must not acquire more than:

- 10% of the shares without voting rights from one single issuer;
- 10% of the bonds from one single issuer;
- 25% of the units in the same UCITS or other UCI as defined in Article 2 p (2) of the Law of 2010;
- 10% of the money market instruments from one single issuer;

The limits provided under the second, third and fourth point need not be observed, if the gross amount of the bonds or money market instruments or the net amounts of the units issued cannot be calculated at the point of acquisition.

- m) The aforementioned provisions under no. 3. k) and l) are not applicable to:

aa) transferable securities and money market instruments issued or guaranteed by a member state or its regional authorities;

bb) transferable securities and money market instruments issued or guaranteed by a third country;

cc) transferable securities and money market instruments which are issued or guaranteed a public international institution that counts at least one of the member states amongst its members;

dd) shares in companies established under the Law of a third country, if (i) such a company mainly invests its assets in transferable securities from issuers based in that country, (ii) the Fund's investment in the equity of such a company represents the only option for acquiring transferable securities from issuers of this country in accordance with the Law of that country, and (iii) this company observes the investment restrictions in accordance with no. 3. a) to e) and no. 3. i) to l) above when realising investments;

ee) shares in the capital of subsidiary companies which, in the country in which they are based, only and exclusively perform administrative, consultancy or sales activities for the Fund with respect to the redemption of shares on request of the unit holders.

- n) The respective Subfund must not acquire goods or precious metals, with the exception of certificates that qualify as transferable securities and within the scope of the assets recognised as permissible assets in administrative practice.
- o) The respective Subfund must not invest in property, whereby the investment in transferable securities secured by property or interest on the same, or the investment in transferable securities issued by companies that invest in property and interest on the same, are permissible.
- p) No loans or guarantees may be issued to third parties against the respective Subfund's assets, whereby this investment restriction of the respective Subfund does not hinder the Subfund from investing its net assets in securities, money market instruments or other financial instruments referred to in no.1. e), g) and h) hereabove that are not paid up in full; provided that the respective Subfund has sufficient cash or other liquid assets in order to be able to meet the outstanding payments; such reserves may not already be allocated for the sale of options.
- q) Uncovered sales of transferable securities, money market instruments or other financial instruments referred to in no.1. e), g) and h) hereabove must not be realised.

4. Notwithstanding any provisions to the contrary contained herein:

- a) the relevant Subfund need not comply with the investment limits laid down in no. 1 to 3. above when exercising subscription rights attached to securities or money market instruments that form part of its assets.
- b) the relevant Subfund may deviate from the provisions defined in no. 3. a) to j) above for a period of six months after its admission.
- c) if any of these ceilings are broken for reasons that are beyond the control of the Fund or because of the exercise of subscription rights, the relevant Subfund shall primarily strive to rectify the situation through sales and while acting in the interests of its unit holders.
- d) if the issuer is a legal entity with several subfunds in which the assets of each subfund are used only to cover investor and creditor claims arising when the subfund is formed, expires or is liquidated, then for the purpose of the application of the rules on risk diversification given in no. 3. a) to g) and no. 3. i) and j) each subfund shall be deemed a separate issuer.

The Fund's Management Company is entitled to establish additional investment restrictions, insofar as such restrictions are necessary to comply with legal and administrative regulations in those countries in which the units of the Fund are offered or sold.

5. A Subfund may subscribe, purchase or hold units of one or several other subfund(s) of the fund ("target subfund"), provided that:

- the target subfund themselves do not invest in the subfund; and
- the total share of the assets that the target subfunds may invest in units of other target subfunds of the fund does not exceed 10%; and
- any voting rights associated with the relevant units are suspended for the term for which units in the target subfund are held; notwithstanding sound accounting procedures and regular reports; and
- the value of the units is not taken into account in the calculation of the Fund's net assets while such units are held by the Subfund, if the examination of the minimum net assets of the Fund provided by the Law of 2010 is affected.

6. Techniques and instruments

For purposes of hedging and effective management of the portfolio, the maturity or risk management of the portfolio, or the realisation of incomes, i.e. for speculative purposes, the respective Subfund may use derivatives or other techniques and instruments.

If such transactions are related to the use of derivatives, the conditions and restrictions must be in accordance with the provisions of no. 1 to 4 of this Article above. Moreover, the stipulations of no. 7. below pertaining to risk management procedures in the handling of derivatives must be observed.

7. Risk management procedures in the handling of derivatives

If such transactions are related to the use of derivatives, the respective Subfund shall ensure that the total risk associated with the derivatives does not exceed the total net value of its portfolio.

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

- As part of its investment strategy, within the specific investment limits defined in no. 3. e), the respective Subfund may invest in derivatives, if the total risk of the underlying assets is within the investment limits of no. 3. a) to e) of this Article. If the Fund invests in index-based derivatives, such investments need not be taken into account for the investment restrictions of no. 3. a) to e) above.
- A derivative that is embedded in a transferable security or money market instrument must be taken into account for the investment restrictions stated in 3. e) of this Article.

The Management Company regularly notifies the CSSF of the types of derivatives contained in the portfolio, the risks associated with each underlying asset, the investment restrictions and the measurement method used for the risks associated with derivative transactions of the Fund.

The investment restrictions specified in this Article 4 categorically refer to the time of acquisition of the relevant assets. If the aforementioned ceilings are exceeded after their acquisition due to value increases, the Management Company will reinstate the investment restrictions while giving due account to the investors' interest.

## **Article 5 UNITS**

1. Units in the relevant Subfund are securitised by means of unit certificates and, if necessary, associated coupons which are made out to the bearer, unless a different provision is made in the Sales Prospectus.
2. All units in a subfund categorically carry the same rights and are freely transferable.
3. Units are issued to the relevant subfund and are made out to the bearer. They are issued in unit divisions defined by the Management Company. If a securitisation in global certificates takes place, effective pieces cannot be delivered. This is mentioned in the Sales Prospectus. Insofar as the units are issued in book form via transfer to securities accounts, the Management Company can issue unit fractions of up to 0.001 units.
4. The Management Company may, however, provide for several unit classes for each subfund. If different unit classes are provided for, this will also be mentioned in the Sales Prospectus.

The unit classes can differ as follows:

- a) with regard to the cost structure in terms of the sales commission, redemption commission and any distribution agent commission;
- b) with regard to the cost structure in terms of the particular remuneration for the Management Company, custodian and the investment consultants or fund manager;
- c) with regard to the regulations concerning the sales and the minimum subscription amount or the minimum deposit;
- d) with regard to the utilisation of income;
- e) with regard to the currency in which the unit classes are denominated;
- f) with regard to any other criteria defined by the Management Company.

From the day of issue, all units are entitled to income, price gains and the liquidation proceeds of their unit class in the same way.

5. The issue and redemption of the units and the payments to units or income certificates are performed by the Management Company, the registrar and transfer agent, the custodian and via any paying agent.
6. The Management Company may split or merge units within a unit class.
7. The Management Company may dissolve existing unit classes in accordance with the provisions of Articles 12 and 13 of the Management Regulations, or consolidate these within the Fund or merge these with another undertaking for collective investment in transferable securities ("UCITS"), or subfund/unit class thereof, that is managed by the same or another Management Company, whereby this other UCITS or subfund/unit class may be based either in Luxembourg or another member state.

## Article 6 THE ISSUE OF UNITS

1. Fund units are issued at the unit value plus a sales commission on each valuation day. The amount of the sales commission for each subfund is defined in the Sales Prospectus. The sales commission is charged in favour of the relevant agent. The issue price may be increased by fees or other charges that are incurred in the particular distribution countries.
2. The Management Company may reject a subscription request for the respective Subfund at its discretion at any time or temporarily restrict, suspend or permanently terminate the issue of units, provided that this is in the interest of all unit holders, for the protection of the Management Company, for the protection of the Fund or the respective Subfund, in the interest of the investment policy or provided that this appears necessary in the event of a threat to the specific investment objective of the respective Subfund. To protect the investor, the Management Company will in particular not permit any practices related to market timing and reserves the right to reject subscription requests from an investor whom the Management Company suspects of deploying such practices and to take appropriate action as required.
3. The Management Company may, in compliance with the legal stipulations of the Grand Duchy of Luxembourg, issue units against the delivery of securities, provided that a provider requests this approach and that these securities are suitable within the scope of the investment policy and the Subfund's investment restrictions. In connection with the issuing of units against the delivery of securities, the annual auditor of the Fund must compile a report to evaluate the securities that are to be received. The costs of an issue of units as described above is borne by the subscriber who requests this approach.
4. The acquisition of units is fundamentally performed at the issue price of the valuation day in accordance with Article 7 no. 1 of the Management Regulations. Subscription requests that the registrar and transfer agent receives by 4 p.m. (Luxembourg time) on a valuation day are settled on the basis of the unit value of the following valuation day. Subscription requests that the registrar and transfer agent receives after 4 p.m. (Luxembourg time) on a valuation day are settled on the basis of the unit value on the valuation day after the following valuation day.

The issue price is payable within two bank working days after the corresponding valuation day.

5. The custodian allocates the units on behalf of the Management Company without delay after it has received the issue price.
6. The custodian will pay back payments received for subscription requests that have not been executed with no interest, without delay.
7. Savings plans can be offered by the Fund. If any savings plans are offered, these will be mentioned in the Sales Prospectus. Insofar as the issue is part of the savings plans offered, a maximum of one third of each of the payments agreed for the first year will be used to cover costs and the remaining costs will be distributed equally amongst all subsequent payments.

## Article 7 THE CALCULATION OF UNIT VALUE

1. The value of a unit ("unit value") is denominated in the currency for the unit class ("unit class currency") specified in the overview of the relevant subfund provided in the Sales Prospectus. It is calculated by the Management Company or by a third party commissioned by the Management Company under the supervision of the custodian on the day mentioned in the Sales Prospectus of the relevant subfund ("valuation day"). The calculation of the subfund and its unit classes is performed by dividing the net fund assets of the particular unit class by the number of units of this unit class that are in circulation on the valuation day. Insofar as annual and semi-annual reports and other financial statistics are obliged to provide information on the situation of the Fund assets as a whole, on the basis of legal regulations or the stipulations of the Management Regulations, such details are provided in Euros ("reference currency"), and the assets of each subfund are converted into the reference currency.
2. The net Subfund assets are calculated according to the following principles:
  - a) The target fund units contained in the respective Subfund are calculated at the most recently specified and available unit value or redemption price.
  - b) The value of cash holdings or bank deposits, deposit certificates and outstanding debts, prepaid expenses, cash dividends and declared or accumulated and not yet received interest is equivalent to the particular full amount, unless it is probable that this cannot be paid or received in full, in which case the value is identified with an appropriate reduction included to enable the actual value to be reached.
  - c) The value of assets that are listed or traded on a stock exchange or another regulated market is defined on the basis of the most recently available price, unless stipulated otherwise below.

- d) If an asset is not listed or traded on a stock exchange or on another regulated market or if the prices corresponding to the rulings in (c) do not adequately reflect the actual market value of the assets that are listed or traded on a stock exchange or on another market as mentioned above, then the value of such assets is defined on the basis of the reasonably foreseeable selling price according to a cautious estimate.
- e) The liquidation value of futures, forwards or options that are not traded on stock exchanges or other organised markets corresponds to the particular net liquidation value as established according to the guidelines of the Management Board on a foundation that is applied consistently for all the various types of agreements. The liquidation value of futures, forwards or options that are traded on stock exchanges or other organised markets is calculated on the basis of the most recently available conclusion prices of such agreements on the stock exchanges or organised market on which these futures, forwards or option are traded by the Fund; if a future, a forward or an option cannot be liquidated on a day for which the net asset value is defined, then the basis of valuation for such an agreement is defined by the Management Board in an appropriate and reasonable manner.
- f) Swaps are valued at their market value.  
Care will be taken that swap contracts are concluded in the interest of the respective Subfund in accordance with customary terms.
- g) Money market instruments may be measured at their respective market value as defined by the Management Company in good faith and according to generally recognised valuation rules that can be verified by annual auditors.
- h) All other securities or other assets are valued at their reasonable market price, as defined in good faith in accordance with the procedure that is to be issued by the Management Company.
- i) The accrued pro rata interest on transferable securities will be taken into account unless considered in the price (dirty pricing).

The value of all assets and liabilities not stated in the Subfund's currency will be converted into this currency at the most recently available exchange rate. If such rates are not available, the exchange rate will be determined in accordance with a procedure established by the Management Board in good faith.

The Management Company may approve other measurement principles at its discretion, if it deems such other measurement principles to be in the interest of a more adequate measurement of an asset of the Subfund.

If the Management Company believes that the unit value defined on a certain valuation day does not reflect the actual value of the Subfund's units or if considerable movements have occurred in the relevant stock exchanges and/or markets since the unit value was defined, the Management Company can decide to update the unit value on the same day. In these conditions, all requests for subscription and redemption that have been received for this valuation day are redeemed on the basis of the unit value that has been updated in good faith.

3. If two or more unit classes have been set up for the respective Subfund in accordance with Article 5 no. 3 of the Management Regulations, the calculation of the unit value has the following special features:
  - a) The unit value is calculated separately for each unit class in accordance with the criteria listed under no. 2 of this Article.
  - b) The influx of cash on the basis of the issue of units increases the particular unit class's percentage share in the total value of the net fund assets. The outflow of cash on the basis of the redemption of units decreases the particular unit class's percentage share in the total value of the net fund assets.
  - c) In the event of a distribution, the unit value of unit class entitled to distribution drops by the amount of the distribution. The percentage share that this unit class entitled to distribution holds in the value of the net Subfund assets thus also drops simultaneously, while the percentage share of the unit class not entitled to distribution holds in the net Subfund assets increases.
4. An income adjustment procedure can be performed for the respective Subfund.
5. The Management Company can define the unit value for extensive redemption requests that cannot be fulfilled from cash and cash equivalents and permitted loans of the respective Subfund on the basis of the prices of the valuation day on which it performs the necessary security sales for the Subfund; this also applies for subscription requests that are received for the Subfund simultaneously.

## **Article 8 CONFIGURATION OF THE CALCULATION OF THE UNIT VALUE**

1. The Management Company is entitled to temporarily suspend the calculation of the unit value for the Fund or Subfund if and so long as circumstances prevail that make this suspension necessary and if the suspension is justified in accordance with the interests of the unit holders, particularly:
  - a) during the time period in which a stock exchange or regulated market on which a significant portion of the respective Subfund's assets are officially listed or traded is closed (with the exception of the usual weekends or bank holidays) or trade on this stock exchange or on the corresponding market is suspended or restricted;
  - b) in emergencies, if the Management Company cannot access investments of the respective Subfund or if it cannot freely transfer the value of investment acquisitions or sales or calculate the unit value in a regular manner.
2. The Management Company will publish the suspension or the resumption of the unit value calculation without delay in one or more newspaper in the countries which public distribution of the units of the Fund is permitted may and inform all unit holders who have offered the units for redemption.

## **Article 9 REDEMPTION OF UNITS**

1. The unit holders of the relevant Subfund are entitled to demand that their units be redeemed at any time at the Fund's redemption price and in accordance with the terms defined in Article 7 of the Management Regulations. This redemption is only executed on a valuation day. The redemption price will be paid against the redemption of the units. If a redemption commission is charged, this will be mentioned in the Sales Prospectus.
2. Redemptions always offered at the redemption price on the relevant valuation day. Redemption requests that the registrar and transfer agent receives by 4 p.m. (Luxembourg time) on a valuation day are settled at the redemption price of the following valuation day. Redemption requests that the registrar and transfer agent receives after 4 p.m. (Luxembourg time) on a valuation day are settled on the basis of the unit value on the valuation day after the following valuation day. The redemption price is payable within two banking days after the corresponding valuation day.
3. The Management Company is entitled, with prior approval by the custodian, to not effect extensive redemptions that cannot be fulfilled from cash and cash equivalents and permitted loans of the Fund until the corresponding assets of the fund have been sold without delay. Investors who have offered their units for redemption will be notified of a suspension of redemption and of the resumption of redemption in an appropriate manner without delay.
4. The Management Company may decide to temporarily suspend redemption of units on behalf of the fund. Redemption of units may only be suspended in exceptional circumstances that require this measure, and when doing so is justified and with due regard to the interests of the unit-holders.
5. The custodian is only obliged to make a payment insofar as no legal stipulations, e.g. legal regulations concerning foreign currency, or other circumstances beyond the influence of the custodian, prohibit the transferral of the redemption price to the country of the party making the request.
6. The Management Company can repurchase units for the respective Subfund against payment of the redemption price insofar as this is in the interest of all the unit holders or appears necessary to protect the Management Company or the Fund or Subfund.

## **Article 10 FISCAL YEAR AND AUDITING**

1. The fiscal year of the Fund begins on 1<sup>st</sup> January and ends on 31<sup>st</sup> December of the following year.
2. The annual financial statements of the Fund will be audited by an auditor appointed by the Management Company.

## **Article 11 DISTRIBUTIONS**

1. The Management Company shall determine for each subfund, if distributions from the relevant subfund assets to the unit holders should take place in principle. This is mentioned in the Sales Prospectus.
2. Notwithstanding the above provision, the Management Company may from time to time decide on a distribution.
3. The ordinary income from interest and/or dividends less costs ("Ordinary Net Income") and net realised price gains can be distributed.

Moreover, non-realised price gains and other assets can be distributed provided the distribution does not cause the Fund's net fund assets to drop below the minimum limit according to Article 1 no. 1 of the Management Regulations.



4. Distributions will be paid on the units issued on distribution day. Income not claimed within five years after the publication of a distribution notice will expire in the respective Subfund's favour.
5. If two or more unit class are formed in accordance with Article 6 no. 3 of these Management Regulations, the specific utilisation of the income of each unit class will be defined in the Fund's Sales Prospectus.

## **Article 12 DURATION AND DISSOLUTION OF THE FUND**

1. The Fund is established for an unlimited period.
2. Notwithstanding the provision in accordance with no. 1 of this Article, the Management Company may dissolve existing subfunds, if the relevant Net Subfund Assets of a subfund falls below an amount that the Management Company considers the minimum amount required for the assurance of an efficient management of this subfund and which has been defined as EUR 5 million, and in the event of changes to the economic and/or political framework conditions. The dissolution of existing subfunds will be published in advance.
3. Following the dissolution of a subfund, the Management Company will liquidate this subfund. This includes the divestment of the assets attributable to this subfund, as well as the payment of the liabilities attributable to that subfund. The net proceeds from the liquidation will be paid to the unit holders in proportion to their unit-holdings. Any liquidation proceeds not claimed after conclusion of the liquidation of a subfund will be deposited for any remaining and uncalled amounts in accordance with the provision contained in Article 12 no. 5 of the Management Regulations.
4. The dissolution of the Fund is imperative in the following circumstances:
  - a) the term of the Fund defined in the Management Regulations has expired;
  - b) the appointment of the custodian is terminated and no new custodian appointment takes place within the periods stipulated by law or contract;
  - c) insolvency proceedings against the Management Company are filed or the Management Company is dissolved for any reason;
  - d) the Fund's assets remain below one quarter of the minimum limit according to Article 1 no. 1 of the Management Regulations for more than six months;
  - e) any other cases provided by the Law of 2010 or the Fund's Management Regulations.
5. If a situation occurs that results in the dissolution of the Fund, the issue of units is suspended. The redemption of units may continue, if the equal treatment of all investors can be ensured. The custodian will divide the liquidation proceeds less the liquidation costs and remunerations ("net liquidation proceeds") between the unit holders in the Fund in accordance with their entitlement upon instruction from the Management Company or, where applicable, from the liquidators appointed by the Management Company or the custodian. The net liquidation proceeds that have not been withdrawn by unit holders by the conclusion of the liquidation procedure are, insofar as is then legally necessary, converted into Euros and deposited by the custodian after the liquidation procedure has been concluded for the account of the entitled unit holders at the "Caisse de Consignation" in Luxembourg, whereby these sums expire unless they are requested there within the period stipulated by law.
6. Neither the unit holders nor their heirs, legal successors or creditors can request the dissolution or the division of the Fund.

## **Article 13 MERGER OF THE FUND AND THE SUBFUNDS**

The Management Company can decide, upon decision by the Management Board and in accordance with the conditions and procedures specified in the Law of 2010, to merge the Fund or a Subfund with another undertaking for collective investment in transferable securities ("UCITS"), or subfund thereof, that is managed by the same or another Management Company, whereby this other UCITS or subfund may be based either in Luxembourg or another member state.

If the UCITS or subfund of a UCITS being terminated is an investment funds (FCP) that expires as part of the merger, the time this merger comes into effect will be decided by the Management Company of this UCITS, unless stipulated otherwise in the Management Regulations. For each terminated investment funds (FCP), the decision on the effectiveness is subject to a lodgement with the Commercial and Companies Register and the publication thereof in RESA, stating the lodgement of the decision with the Commercial and Companies Register in accordance with the provisions of the Law of 2010, as amended.

The notification of the investors with regards to the merger of the Fund or a subfund will be published by the Management Company in an adequate manner in Luxembourg and those countries in which the units of the Fund or Subfund are sold.

The unit holders of the absorbing fund or subfund, as well as the transferring fund or subfund are entitled to demand the redemption of their units at the relevant unit value or the exchange of their units in units of another fund or Subfund with a similar investment policy managed by the same Management Company or another Management Company linked to the Management Company through joint management or supervision or through significant direct or indirect participation within 30 days without incurring costs. This right shall come into effect on the date the unit holders of the transferring fund or subfund and the unit holders of the absorbing fund or subfund are notified of the planned merger and it expires five banking days before the date of calculation of the conversion ratio. This right shall come into effect on the date the unit holders of the transferring fund or subfund and the unit holders of the absorbing fund or subfund are notified of the planned merger and it expires five banking days before the date of calculation of the conversion ratio.

The units of unit holders that have not requested the redemption or exchange of their units will be replaced with units of the absorbing UCITS or subfund thereof on the basis of the unit values on the day on which the merger comes into force. The unit holders may receive a settlement of fractional amounts.

If funds or subfunds are merged, the affected fund or subfund may suspend the subscription or redemption of units, insofar as this is justified in the interest of the investors.

Any legal, advisory or administrative costs associated with the preparation and the completion of the merger will not be charged to the fund or subfund or their unit holders.

#### **Article 14 COSTS**

The particular Subfund's assets can incur the following general costs:

1. The Management Company receives a remuneration from the relevant Net Subfund Assets that is calculated daily for the previous valuation day's Net Subfund Assets of each unit class and paid out monthly in arrears. The amount of the remuneration, including any minimum remuneration with respect to the individual subfund is mentioned in the Sales Prospectus. This remuneration is subject to VAT as applicable.
2. The investment consultant or fund manager may receive a remuneration from the relevant Net Subfund Assets that is calculated daily for the previous valuation day's Net Subfund Assets of each unit class and paid out monthly in arrears. The amount of the remuneration, including any minimum remuneration with respect to the individual subfund is mentioned in the Sales Prospectus. This remuneration is subject to VAT as applicable.
3. In addition to the remunerations stated above, a performance-related remuneration (performance fee) can be paid from the relevant subfund's assets. The amount applicable to the relevant subfund, the modality of calculation and payment of the performance fee, as well as the recipient of the performance fee is mentioned in the Sales Prospectus. This remuneration is subject to VAT as applicable.
4. The custodian receives a remuneration from the relevant Net Subfund Assets that is calculated daily for the previous valuation day's Net Subfund Assets of each unit class and paid out monthly in arrears. The amount of the remuneration, including any minimum remuneration with respect to the individual subfund is mentioned in the Sales Prospectus. This remuneration is subject to VAT as applicable.
5. The Central Administration Agent and / or the registrar and transfer agent may receive a remuneration from the relevant Net Subfund Assets that is calculated daily for the previous valuation day's Net Subfund Assets of each unit class and paid out monthly in arrears. The amount of the remuneration, including any minimum remuneration with respect to the individual subfund is mentioned in the Sales Prospectus. This remuneration is subject to VAT as applicable.
6. Individual assets may not be taken into account in the calculation of the above-mentioned remunerations, provided this is offered and in the interests of the investor.
7. Any distribution agent may receive a remuneration from the relevant Net Subfund Assets that is calculated daily for the previous valuation day's Net Subfund Assets of each unit class and paid out monthly in arrears. The amount of the remuneration, including any minimum remuneration with respect to the individual subfund is mentioned in the Sales Prospectus. This remuneration is subject to VAT as applicable.
8. In addition to the costs, the relevant subfund may be charged other costs, including the following:
  - a) all costs connected with the acquisition and disposal and the ongoing administration of assets;
  - b) the market price for the provision of direct or indirect operational expenditures of the custodian or Management Company that result in particular from the use of OTC transactions, including the costs of collateral management

incurred as part of OTC transactions, securities lending transactions and repurchase agreements, as well as other costs incurred as part of the trade in OTC derivatives.

- c) any taxation levied or similar duties on the Fund's assets, its income and expenses charged at the expense of the Fund;
- d) expenditures for legal advice that are incurred by the Management Company or the custodian to enable them to act in the interest of the unit holders;
- e) charges and expenditures of the Fund's annual auditors;
- f) cost of the preparation of unit certificates and coupons;
- g) cost of the redemption of coupons and the renewal of coupon sheets;
- h) cost of compiling, depositing and publishing the Management Regulations and other documents that relate to the Fund, such as sales prospectuses, including the costs of applying for registration with or supplying written explanations to all registration authorities and stock exchanges (including local securities dealers' associations) as required in connection with the Fund or the offering of its units;
- i) h) cost of the preparation of the key investor information (*Key Investor Information Document*);
- j) printing and distribution costs of the annual and semi-annual reports for the unit holders in all the necessary languages, and printing and distribution costs of all other reports and documents that are required in accordance with the applicable laws and ordinances of the named authorities;
- k) cost of the publications intended for the unit holders, including the cost of notifying the unit holders of the relevant separate asset by means of a permanent data carrier;
- l) a reasonable share of the costs for advertising, marketing support, implementation of the marketing strategy and other marketing efforts and any costs that are incurred in direct relation to the offering and the sale of units;
- m) cost of risk controlling or risk management;
- n) all costs and remuneration in connection with the processing of unit transaction, as well as distribution services;
- o) cost of assessing the creditworthiness of the Fund or Subfund through nationally and internationally recognised rating agencies;
- p) costs in connection with any stock exchange approval;
- q) remunerations, expenses and other costs arising from the paying agents any distribution agents, as well as other agents that need to be set up abroad;
- r) expenses for any investment committee or ethics panel;
- s) expenditures of a board of directors or supervisory board;
- t) cost of the establishment of the Fund or individual subfunds and the first issue of units;
- u) other administration costs including costs for stakeholder organisations;
- v) cost of performance attribution;
- w) insurance costs;
- x) interest accrued in the scope of loans raised in accordance with Article 4 of the Management Regulations; and
- y) costs in relation to the implementation of regulatory requirements / reforms.

All the above-mentioned costs, fees, remunerations and expenses are subject to VAT as applicable.

- 9. All costs will be charged against the ordinary income first and subsequently against the Fund's assets.
- 10. The costs of the individual subfund are calculated separately, insofar as they relate to the relevant subfund.
- 11. The Management Company, the custodian, the fund manager and the investment consultant may the agents' support sales and marketing campaigns from their incomes and pay recurring sales commissions and sales performance commissions. The amount of such commissions will typically be determined in relation to the fund volume referred.

12. The establishment costs can be written off in the Fund's assets of the subfunds that exist at the time of establishment within the first five financial years in equal rates. The establishment are charged to the subfunds arranged at the time of establishment. Costs in relation to the arrangement of additional subfunds are written off in the relevant subfund's assets to which they are attributable within the first financial year after the launch of the relevant subfund.

13. The total cost burden with respect to the respective Subfund or its unit classes is mentioned in the Sales Prospectus.

#### **Article 15    LIMITATION**

Debts of the unit holders against the Management Company or the custodian can no longer be enforced in judicial proceedings after a period of five years after the claim has arisen; this does not affect the rulings in Article 12 no. 5 of the Management Regulations.

#### **Article 16    AMENDMENTS**

The Management Company may change the Management Regulations in whole or in part at any time in agreement with the custodian.

#### **Article 17    PUBLICATIONS**

1. The first valid versions of the Management Regulations and amendments to the Management Regulations are deposited with the Commercial and Companies Register. Their publication in RESA is realised by means of publication of a notification of the deposit of the document with the Commercial and Companies Register in accordance with the provisions of the Law of 2010.

2. The issue and redemption prices can be requested from the Management Company, the custodian and any paying agent on any valuation day.

3. The Management Company compiles a Sales Prospectus, the key investor information (*Key Investor Information Document*), an audited annual report and a semi-annual report in compliance with the legal stipulations of the Grand Duchy of Luxembourg for the Fund.

4. The documents of the Fund listed under no. 3 of this Article can be accessed by the unit holders at the headquarters of the Management Company, the custodian and at any paying agent or distribution agent.

5. The dissolution of the Fund in accordance with Article 12 of the Management Regulations shall be filed with the Commercial and Companies Register by the Management Company, and published in RESA and at least two daily national newspapers, including one Luxembourg newspaper, pursuant to the statutory provisions.

#### **Article 18    APPLICABLE LAW, PLACE OF JURISDICTION AND LANGUAGE OF THE CONTRACT**

1. The Fund's Management Regulations are governed by Luxembourg law. In particular, the regulations of the Law of 2010 apply in addition to the provisions of the Fund's Management Regulations. The same applies to the legal relationships between the unit holders, the Management Company and the custodian.

2. Any legal dispute between unit holders, the Management Company and the custodian is subject to the jurisdiction of the responsible court in the Grand Duchy of Luxembourg. With regard to issues relating to the Fund, the Management Company and the custodian are entitled to submit themselves and the Fund to the jurisdiction and the law of any country in which units of the Fund are publicly distributed, provided the claims of those made by investors who are domiciled in the relevant country.

3. The German wording of the Management Regulations takes precedent, unless expressly stipulated otherwise in the Management Regulations.

#### **Article 19    INCEPTION**

These Management Regulations come into force on the day of their signing, unless otherwise specified. Changes to the Management Regulations also come into force on the day of their signing, unless otherwise specified.