

**SALES PROSPECTUS  
INCLUDING  
MANAGEMENT REGULATIONS**

**LOYS FCP**

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 December 2010  
on undertakings for collective investment

This Sales Prospectus is only valid in conjunction with the most recent annual report of the fund, if this has already been compiled and additionally, if more than eight months have passed since the reporting date of this annual report, 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 contained neither in the Sales Prospectus nor in any other documents that are accessible to the public and that relate to the Sales Prospectus.



Status date: 9 March 2020

## **Advice for Investors in Relation to the United States of America**

The distribution of the units in the United States of America (the US) or to US citizens is not permitted. The following natural persons, for example, are deemed US citizens:

- a) those born in the US or in one of its territories,
- b) those who are naturalised citizens (or Green Card holders),
- c) those born abroad as the child of a US citizen,
- d) those who, without being a US citizen, spend the majority of their time in the US,
- e) those married to a US citizen or
- f) those liable for taxation in the US.

The following are also deemed US citizens:

- a) companies and corporations that were founded under the legislation of one of the 50 federal states of the US or the District of Columbia,
- b) a company or joint venture founded under an Act of Congress,
- c) a pension fund founded as a US trust or
- d) a company liable for taxation in the US.

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## **Management**

### **MANAGEMENT COMPANY**

**LOYS INVESTMENT S.A.**  
**R.C.S. COMMERCIAL AND COMPANIES REGISTER LUXEMBOURG No. B 207.585**  
1c, rue Gabriel Lippmann  
5365 Munsbach, Luxembourg

Equity as of 31 December 2018: 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 head office of the company. Persons wishing to  
access this information can also visit the website [www.loys.lu](http://www.loys.lu).

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

**Dr. Heiko de Vries**  
**Christian Klein**  
**Marco Dietzen**

#### **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, Luxembourg branch

The latest annual and semi-annual reports contain current information on the Management Company's equity and the composition of the boards.

### **CUSTODIAN AND PAYING AGENT**

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

### **REGISTRAR, TRANSFER 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  
26135 Oldenburg, Germany

### **Annual auditor**

**KPMG Luxembourg, Société coopérative**  
39, Avenue John F. Kennedy Kennedy  
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 17 December 2010 on Undertakings for Collective Investment as amended (the "Law of 2010") and it meets the requirements of the Directive of the European Parliament and of the Council 2009/65/EC of 13 July 2009, last amended by Directive 2014/91/EU of the European Parliament and the Council from 23 July 2014 ("Directive 2009/65/EC").

The Management Regulations provided hereinafter, which entered into force on 18 December 2019, form an integral part of the LOYS FCP ("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 is managed by LOYS Investment S.A. 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 joint-stock company under German law with its registered office at Stau 142, 26122 Oldenburg, Germany as fund manager of the Fund. The fund manager has the authority to manage assets and is subject to corresponding supervision. It is the fund manager's responsibility, in particular, to implement the investment policy for the Sub-Fund's assets independently on a day-to-day basis and to perform daily asset management business under the supervision, responsibility and control of the Management Company, in addition to performing the associated services. These tasks are fulfilled in accordance with the principles of the investment policy and investment restrictions of the particular Sub-Fund as described in this Sales Prospectus and in the Management Regulations, and in compliance with the legal investment restrictions. The fund manager is authorised to select intermediaries and brokers to handle transactions involving the Fund's assets. Investment decisions and order placement are performed by the fund manager. The fund manager may, at the manager's own expense and under the manager's own responsibility, seek advice from third parties, in particular various investment consultants. Where the Management Company grants permission, the fund manager may transfer the fund manager's own tasks, in whole or in part, to third parties, whose remuneration is payable in whole by the fund manager. In the event of tasks being transferred comprehensively, the Sales Prospectus will be altered in advance. All expenses that the fund manager incurs in connection with the services the fund manager provides are born by the fund manager. Intermediary provisions, transaction fees and other business costs incurred in connection with the acquisition and disposal of assets are borne by the Fund.

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

These investment consultants also function exclusively as consultants and do not make any independent investment decisions. They are entitled to issue to the Management Company 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 day-to-day investment policy, under the general responsibility and control of the Management Company. The Management Company will provide the day-to-day management of the Fund's assets; accordingly, all investment decisions are made by the Management Company.

Client deposits may only be received by the Custodian or the paying agents.

## THE CUSTODIAN

The Investment Company has appointed Hauck & Aufhäuser Privatbankiers AG, Luxembourg branch, with its registered office at 1c, rue Gabriel Lippmann, 5365 Munsbach, Luxembourg, Grand Duchy of Luxembourg, registered in the Commercial and Companies Register of Luxembourg under the 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 KGaA and its Luxembourg

branch are subject to supervision by the Federal Financial Supervisory Authority (BaFin). In addition, Hauck & Aufhäuser Privatbankiers AG, Luxembourg 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 Sales 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.

In accordance with article 3 of the Management Regulations, 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 is provided on the Custodian's website ([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, 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 Custodian is responsible for the safekeeping of the assets of all sub-funds 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. with its registered office at 1c, rue Gabriel Lippmann, 5365 Munsbach, Luxembourg, 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 KGaA, Luxembourg branch, with its registered office at 1c, rue Gabriel Lippmann, 5365 Munsbach, Luxembourg.

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 KGaA, Luxembourg branch, with its registered office at 1c, rue Gabriel Lippmann, 5365 Munsbach, Luxembourg. The IT administration of the Hauck & Aufhäuser Group is distributed across the locations of Luxembourg and Germany.

## **RISK ASSESSMENT PERFORMED BY THE MANAGEMENT COMPANY**

The Management Company assigns a risk profile to the funds or sub-funds it manages. It does so on the basis of the particular investment policy in conjunction with the investment objectives. The "GENERAL RISK INFORMATION" given in the Sales Prospectus also applies for the particular sub-fund.

The risk profiles are expressly not to be considered any indication of potential income. The Management Company may adjust the risk rating as required. In such a case, the sales documents will also be adjusted.

### **Risk profile "defensive"**

The Fund is particularly suitable for investors who only accept minor risks and who are seeking returns in the short term. On the basis of the investment policy in conjunction with the investment objectives, the investor is prepared to accept capital losses in accordance with the extent of the possible value fluctuations. The investor's investment horizon should be short-term in nature.

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

No guarantee can be given, however, that the objectives of the investment policy will be reached.

### **Risk profile "medium"**

The Fund is particularly suitable for investors who accept medium risks and who are seeking moderate returns in the short to medium term. On the basis of the investment policy in conjunction with the investment objectives, the investor is prepared to accept capital losses in accordance with the extent of the possible value fluctuations. The investor's investment horizon should be short- to medium-term.

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

No guarantee can be given, however, that the objectives of the investment policy will be reached.

### **Risk profile "return-focused"**

The Fund is particularly suitable for investors who accept increased risks and who are seeking potential increased returns in the medium to long term. On the basis of the investment policy in conjunction with the investment objectives, the investor is prepared to accept increased capital losses in the short term in accordance with the extent of value fluctuations of the investment in the sub-fund. The investor's investment horizon should be medium- to long-term.

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

No guarantee can be given, however, that the objectives of the investment policy will be reached.

### **Risk profile "opportunity-focused"**

The Fund is particularly suitable for investors who accept high risks and who are seeking potential high returns in the long term. On the basis of the investment policy in conjunction with the investment objectives, the investor is prepared to accept high capital losses in the short term in accordance with the extent of value fluctuations of the investment in the sub-fund. The investor's investment horizon should be long-term.

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

No guarantee can be given, however, that the objectives of the investment policy will be reached.

### **Risk profile "speculative"**

The Fund is particularly suitable for investors who accept very high risks and who are seeking potential very high returns in the long term. On the basis of the investment policy in conjunction with the investment objectives, the investor is prepared to accept very high capital losses in the short term in accordance with the extent of value fluctuations of the investment in the sub-fund. The investor's investment horizon should be long-term.

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

No guarantee can be given, however, 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 sub-fund is deemed an independent separate asset. The rights and obligations of the Unit-Holders of one sub-fund are separate from those of the Unit-Holders of the other sub-funds. With regard to third parties, the assets of a sub-fund are only used to cover liabilities and payment obligations that relate to this sub-fund.

The Management Company makes the Unit-Holders aware that individual Unit-Holders can only fully assert their rights directly against the fund if they themselves are registered in the fund's Unit-Holder register in their own name. In cases where the Unit-Holder has invested in a fund 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-Holders to directly assert all rights against the fund. Unit-holders are advised to inform themselves about their rights.

### **Sub-Fund LOYS FCP – LOYS GLOBAL L/S**

#### **INVESTMENT OBJECTIVE AND INVESTMENT POLICY OF LOYS FCP – LOYS GLOBAL L/S**

The objective of the investment policy of LOYS FCP – LOYS Global L/S is to achieve an increase in value in the investment funds placed by the Unit-Holders. To achieve this investment objective, the Sub-Fund assets are invested in accordance with the principle of risk diversification.

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

Supplementary purchases of shares, fixed-income securities and profit-sharing certificates may be made worldwide for the Sub-fund while taking due account of Article 4 of the Management Regulations principle in accordance with the principle of risk diversification.

The Sub-Fund invests a minimum of 60% of the net sub-fund assets in shares, which qualify as equity participations in accordance with article 4 no. 1 i) of the Management Regulations. The Sub-Fund's investment policy also provides for the acquisition of shares of companies with low market capitalisation. Due to the low market capitalisation, the shares of these companies may be less liquid and therefore more difficult to sell in some cases. The unsecured share exposure shall hereby be no more than 60% of the Sub-fund assets.

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 Fund 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.

No units of the investment funds shall be purchased for the net sub-fund assets. The Sub-fund is thus eligible as a target Fund.

No securities are conferred from the Sub-Fund assets for the Sub-Fund.

Depending on the financial market situation, the Sub-Fund may also, in the short term, hold cash and cash equivalents or invest in similar assets, up to a rate of 40%.

Moreover, the Sub-Fund may invest in no other (in other) permitted assets in accordance with Article 4 of the Management Regulations below.

No securities lending or repurchase transactions are used in the context of implementing the investment policy. Furthermore, no total return swaps or other assets with similar properties are acquired for the Sub-Fund. In the event of the investment policy changing with regard to the aforementioned instruments, the Sales Prospectus shall be amended accordingly in compliance with Directive 2015/2365/EU of the European Parliament and of the Council of 25 November 2015.

The Sub-Fund may deploy derivatives and other techniques and instruments in accordance with Article 4 no. 6 of the Management Regulations for hedging purposes and for efficient portfolio management. If these techniques and instruments relate to the use of derivatives under the terms of Article 4 no. 1 g) of the Management Regulations, then the relevant investment restrictions of Article 4 of the Management Regulations must be observed. Furthermore, the stipulations of Article 4 no. 7 concerning the risk management procedure for derivatives must be observed.

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

In connection with OTC transactions, the Management Company may accept collateral made available in the form of bank deposits to reduce counterparty risk. For this purpose, particular currencies that are exchanged are specified for each counterparty. Non-cash collateral is not accepted.

The collateral can be realised at any time without the involvement of the counterparty or permission from the counterparty. The cash collateral received is valued with no risk deduction.

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:

- government bonds of high quality;
- money market funds with short term structure as defined in CESR's Guidelines on a common definition of European money market funds (CESR 10-049);
- as sight deposits with legal entities in accordance with article 50 (1) subparagraph f) of the UCITS Directive (Directive 2009/65/EC)

For investments of cash collateral, the issuer or counterparty limits as per Article 4 no. 3. of the Management Regulations apply by analogy. Investing in cash collateral may expose the Sub-Fund to counterparty default risk, interest risk or market risk.

The counterparty of the OTC transactions has no influence on the portfolio management: the selection is exclusively the decision of the Management Company.

Detailed information on the investment limits can be found in Article 4 of the Management Regulations below.

The Sub-Fund has been established for an unlimited period.

## **RISK PROFILE OF LOYS FCP – LOYS Global L/S**

### **Risk profile “return-focused”**

The Fund is particularly suitable for investors who accept increased risks and who are seeking potential increased returns in the medium to long term. On the basis of the investment policy in conjunction with the investment objectives, the investor is prepared to accept increased capital losses in the short term in accordance with the extent of value fluctuations of the investment in the sub-fund. The investor's investment horizon should be medium- to long-term.

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

No guarantee can be given, however, that the objectives of the investment policy will be reached.

## **MONITORING OF TOTAL RISK**

### **Global exposure:**

To monitor the market risk, global exposure is calculated using an absolute value-at-risk approach.

### **Leverage:**

The leverage achieved through the use of derivatives and other financial products with derivative components will represent 200% of the Fund's volume. The leverage value is, however, subject to fluctuations in relation to the market situation, such that the mentioned value may be exceeded in the short term. The leverage value is monitored by the Management Company 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 ESMA guideline 10-788.

## **Sub-Fund LOYS FCP – LOYS Premium Dividende**

### **INVESTMENT OBJECTIVES AND INVESTMENT POLICY OF LOYS FCP – LOYS Premium Dividende**

The objective of the investment policy of LOYS FCP - LOYS Premium Dividende is to achieve a sustainable increase in the value of the investment funds brought in by the shareholders. To this end, the fund manager aims to invest in com-

panies with sustainable and continuous dividend payments in the past. This should enable investors to increase their value in as many situations on the capital market as possible.

However, no assurances can be given that the stated investment policy objectives will be achieved.

In order to reach this investment objective, the sub-fund invests a minimum of 60% of the net sub-fund assets in shares traded in publicly listed or other regulated markets, which qualify as equity participations in accordance with Article 4 no. 1 (i) of the Management Regulations. The sub-fund's investment policy also provides for the acquisition of shares of companies with low market capitalisation. Due to the low market capitalisation, the shares of these companies may be less liquid and therefore, more difficult to sell in some cases.

For the sub-fund, in addition to and taking into account Article 4 of the Management Regulations and complying with the principle of distribution of risk, warrants on securities, share certificates and bonds of all types, including zero coupon bonds, variable-interest securities, convertible bonds and bonds with warrants, as well as subscription rights, may be acquired.

Investments in the bonds mentioned above with a rating below a B- (S&P or Fitch) or B3 (Moody's) are not permitted. Where there are several different ratings for a bond, the poorest rating shall be used to determine the rating. If a rating falls below a B- as a result of a downgrade of the respective bond in a portfolio and the share of the bonds in the portfolio has not exceeded the threshold of 3% in total, these bonds will be tolerated for a period of up to six months (after the downgrade). If this investment is not upgraded again during this period, the fund manager shall sell it within a period of a further six months.

If the share of the respective bond exceeds the threshold of 3% in the sub-fund portfolio, the fund manager shall sell the bonds in question within a period of six months. Acquisition of asset-backed securities and CoCo bonds as structured products is not permitted (this prohibition specifically does not include warrants on securities, convertible bonds and bonds with warrants and certificates, meaning that these are assets which may be acquired for the sub-fund). Shares in investment funds are not acquired for the sub-fund. The sub-fund is therefore eligible for target funds.

No securities lending or repurchase transactions will be used under the investment policy. In addition, the sub-fund may not acquire any total return swaps or similar assets. In the event of the investment policy changing with regard to the aforementioned instruments, the Sales Prospectus shall be amended accordingly in compliance with Directive 2015/2635/EU of the European Parliament and of the Council of 25 November 2015.

Pursuant to Article 4 (6) of the Management Regulations, the sub-fund may use derivatives, certificates with embedded derivative components (discount, bonus, leverage, knock-out certificates etc.) and other techniques and instruments for the purpose of hedging and efficient portfolio management. If these techniques and instruments relate to the use of derivatives within the meaning of Article 4 (1) (g) of the management regulations, the corresponding investment restrictions of Article 4 of the management regulations must be taken into account. Furthermore, the provisions of Article 4 (7) relating to the risk management procedure for derivatives must be observed.

The management company may accept collateral in the form of bank deposits to reduce counterparty risk in connection with OTC transactions. With this in mind, specific currencies are set for each counterparty, which are exchanged. Non-cash collateral will not be accepted.

Moreover, the sub-fund may not invest in other permitted assets in accordance with Article 4 of the Management Regulations below. The collateral can be realised at any time without the involvement of the counterparty or permission from the counterparty. The cash collateral received will be valued without a risk discount.

The level of collateral will be 100%, taking into account the minimum transfer amount..

The cash collateral received from the counterparty in connection with OTC transactions will only be invested in full in one of the following assets, or a combination thereof:

- High-quality government bonds,
- Money market funds with a short-term structure as defined in CESR's Guidelines on a common definition of European money market funds (CESR 10-049),
- Demand deposits with legal entities in accordance with Article 50 (1) (f) of UCITS Directive (Directive 2009/65/EC)

When investing cash collateral, the issuer or counterparty limits set out in Article 4 (3) of the Management Regulations apply mutatis mutandis. Investing in cash collateral may expose the sub-fund i.a. to counterparty default risk, interest rate risk or market risk.

The counterparty to OTC transactions has no influence over portfolio management (i.e. selections shall be made solely according to the decision of the management company).

How certificates work:

In most cases, certificates are listed debt instruments. The price performance of a certificate depends on the performance of the underlying asset and the contractual arrangements. At the same time, the performance of the certificate can be stronger than, weaker than, in line with or completely independent of the performance of the underlying asset. Depending on the structure of the contract, the certificate price may lose all of its value..

Detailed information on the investment limits can be found in Article 4 of the Management Regulations below.

The sub-fund has been established for an unlimited period.

## **RISK PROFILE OF THE SUB-FUND LOYS PREMIUM DIVIDENDE**

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

The sub-fund is particularly suited to investors accepting a high level of risk while wanting to participate in a potentially high yield 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 fund's investments. 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 achieved.

## **OVERALL RISK MONITORING OF THE SUB-FUND LOYS PREMIUM DIVIDENDE**

### **Global Exposure:**

To monitor market risk, global exposure is measured using a relative value-at-risk approach.

### **Benchmark:**

The fund will use a single share index with the profile described below for benchmarking purposes:

- The share index is broadly diversified in terms of countries, sectors and market capitalisation of the included securities and is composed of European large, mid and small-cap companies from 18 European sub-markets,
- The aforementioned companies are distributed amongst the following sectors, such as consumer goods, finance, healthcare, industry, information technology, raw materials, telecommunications, operating resources etc.,
- The index is calculated in EUR; the 600 companies included are weighted according to their market capitalisation.

### **Leverage:**

The leverage achieved through the use of derivatives and other financial products with derivative components will represent up to 200% of the fund's volume. The leverage value is, however, subject to fluctuations in relation to the market situation, such that the mentioned value may be exceeded in the short term. Leverage is monitored daily by the Management Company.

Note on the leverage calculation:

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 RISK INFORMATION**

When investing in the sub-fund, it must be observed that these sub-funds are, as experience has shown, exposed to severe price fluctuations with potential opportunities and risks for the investor. As the result of various risk parameters and influencing factors, this may cause corresponding price gains or price losses for the investor within the Fund. Potential risk parameters and influencing factors for the Sub-Fund are:

### Market risk

The price or market performance of financial products is dependent in particular on the performance of the capital markets, which are influenced by the general global economic climate and the economic and political conditions in the countries involved. If price losses occur in the international stock exchanges, barely any fund will be able to escape them. The more specific the investment focus of the Fund is, the greater the market risk, as a more specific focus is generally associated with limited risk distribution.

#### Risks of interest-yielding products

The extent of the price changes is dependent on the terms of the interest-yielding securities contained within a fund. Interest-yielding securities with shorter terms generally have lower price risks than interest-yielding securities with longer terms. Securities with shorter terms generally, however, yield lower returns than securities with longer terms. In contrast, securities with longer terms generally display higher interest rates.

#### Risk of negative interest

An interest rate which corresponds to the international interest rates less a certain margin is generally agreed for the investment of the Sub-Fund's cash and cash equivalents with the Custodian or other credit institutions. If these interest rates fall below the agreed margin, this leads to negative interest on the corresponding account. Depending on how the relevant central banks' investment policy develops, negative interest can be achieved with short, medium and long-term credit balances with credit institutions.

#### Company-specific risk

The price development of the securities held directly or indirectly by a Sub-Fund also depends on company-specific factors, such as the economic situation of the issuer. If the company-specific factors deteriorate, the market value of the relevant securities may decrease sharply and permanently, regardless of a stock exchange trend which may otherwise be generally positive.

#### Counterparty default risk, counterparty risk

In general, counterparty default risk (credit risk) refers to the risk of the party with whom one has a mutual agreement defaulting on a receivable when it becomes due although the consideration has already been provided. This applies to all mutual agreements that are concluded for the account of the Fund. In addition to the general tendencies of the capital markets, the particular developments of the issuers have an influence on the price of a security. Although the securities are selected with care, some risks remain, such as the risk of losses being incurred as the result of issuers experiencing financial collapse. The influence of such losses is proportionate to the extent to which securities of this issuer have been acquired for the Fund.

#### Risks associated with investing in smaller companies

Investments in smaller companies may involve greater risks and can therefore be considered speculative. Investment in a Fund/Sub-Fund that invests in smaller companies should be considered long-term and not as a means of generating profits in the short term. The shares of many small companies are traded less frequently and in smaller volumes, and fluctuations in price may occur more abruptly or erratically than for shares of larger companies. The securities of small companies may also react more to market changes than the securities of large companies. The Management Company recommends that an investment in individual funds/sub-funds that invest in smaller companies should not constitute a significant proportion of an investor's portfolio and may not be suitable for all investors.

#### Custody risk

The custody of assets involves a custody risk, which can result from insolvency, breaches of the duty of care or improper conduct on the part of the Custodian or a sub-custodian.

#### Concentration risk

Additional risks can arise as the result of investments being concentrated in certain assets or markets.

#### Performance risk

A positive performance cannot be assured because a third party fails to provide a guarantee. Moreover, assets acquired for the Fund may experience a performance other than that expected at the time of acquisition.

#### Settlement risk

Particularly in the case of the acquisition of unlisted securities or the settlement of derivative instruments, there is a risk of the transaction not being settled as expected because a counterparty fails to pay or deliver on time or as agreed.

#### Risks connected with bonds backed by assets not contained in the Fund's assets

The risks of bonds (certificates, structured products etc.) acquired for the Fund and backed by underlying assets that are not part of the Fund's assets are closely linked to specific risks of such underlying assets or of the investment strategies that may be pursued by these underlying assets, as in the case of commodities (see, for example, "Risks connected with target funds (UCITS/UCIs)" below). Said risks can, however, be reduced by distributing the assets within the Fund.

#### Risks arising from utilising derivatives

As a result of the leverage associated with derivatives, the value of the Fund's assets can be influenced, both positively and negatively, more greatly than would be the case for a direct acquisition of securities and other assets; accordingly, utilising derivatives involves particular risks. Because of the accompanying leverage, the value of the net fund assets can be influenced to a considerably greater extent, both positively and negatively, in comparison to a situation involving conventional securities. Financial-futures contracts that are deployed for a purpose other than that of hedging also incur considerable opportunities and risks, as only a fraction of the contract value needs to be paid immediately (the margin). Price changes can therefore result in considerable gains or losses within the Fund's assets. This can increase the risk and the volatility of the Fund.

#### Risks connected with OTC transactions

The fund may, as a general rule, conclude transactions (particularly derivatives) on the OTC market (provided that this is mentioned in the particular investment policy for the specific sub-fund). This involves individual off-exchange agreements. Concluding OTC transactions exposes the particular sub-fund to the risk of the contracting partner partially or fully failing to fulfil its obligation to pay, or delaying in paying (counterparty risk). This may affect the performance of the particular fund and in some cases may cause partial or complete loss of non-realised gains.

#### Risks connected with currencies

The Fund can invest in securities that are denominated in local currencies and it can maintain cash in such currencies. The value fluctuations that such currencies experience in relation to the euro have a corresponding effect on the Fund's value in euros. Ultimately, currency translation losses can also arise in investments in currencies other than the euro; furthermore, such investments also involve a transfer risk. Due to economic or political instability in countries in which a Sub-Fund may invest, there is a risk that a Sub-Fund will not receive the funds it is due despite the issuer of the relevant security or other asset being able to pay, or that it will not receive the same on time or in full, or that it will only receive the same in another currency.

#### Risks connected with investments in emerging nations

Potential investments in investment funds and/or securities from emerging nations involve a variety of 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. Moreover, such markets often have less market capitalisation and tend to be volatile and illiquid. Other factors (such as political changes, foreign currency translation changes, stock exchange checks, taxes, restrictions regarding foreign capital investments and reflux of capital) can also impair the marketability of values and the resulting income. Furthermore, these companies could be subject to significantly less state control and a less differentiated legislation. Their accounting and auditing do not always correspond to our local standards.

#### Country-specific / region-specific and industry-specific risks

The value of the Fund's assets may also be negatively influenced by unforeseeable events such as international political developments, changes in state policies, restrictions of foreign investments and currency repatriations in addition to other developments and applicable laws and ordinances. If a Sub-Fund focuses on certain countries, regions or industries in the context of its investment, this reduces the risk diversification. Consequently, the Sub-Fund is particularly dependent on the development of individual or interconnected countries and regions or the companies based and/or operating in the same, as well as on the general development and on the development of company profits in individual industries or mutually influential industries.

#### 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 for example 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 Sub-Fund

The Management Company shall be entitled to dissolve the Fund or Sub-fund 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 / Sub-Fund. 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 or fund manager to buy or sell assets which may incur transaction costs. In particular, this applies where a liquid asset quota specified by the Management Company for the Fund / Sub-Fund 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 funds cannot be invested by the Management Company 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 / Sub-Fund, 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 / Sub-fund 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 / Sub-Fund'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 Sub-fund. 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 Sub-fund. 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 sub-funds 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 (VALUE DEVELOPMENT)**

An overview of the performance of each sub-fund is given in the Key Investor Information Document.

### **UNITS**

Units in LOYS FCP are units in the specific sub-fund.

### **REGULATIONS ON THE PREVENTION OF MONEY LAUNDERING AND TERRORISM FINANCING**

The Management Company is responsible for the measures to combat money laundering and terrorist financing in accordance with Luxembourg law and the circular published by the CSSF on this matter. In accordance with international regulations and laws and regulations of Luxembourg, including the Luxembourg law on combating money laundering and the financing of terrorism of 12 November 2004 in its currently applicable version and all related amendments or succession regulations as well as the relevant regulations and circulars of the Luxembourg Financial Supervisory Au-

thority CSSF, as amended, obligations are imposed on all persons and companies operating in the financial sector to prevent misuse for the purpose of money laundering and/or the financing of terrorism. These measures fundamentally require the identification and verification of the identity of an investor and the economic beneficiaries in accordance with the Money Laundering Act.

Information that is transferred in this context is collected exclusively for compliance with the provisions on combating money laundering and the financing of terrorism.

The management company is obliged to enter into the Luxembourg register of economic beneficiaries certain information on each investor deemed an economic beneficiary within the meaning of the Law of 2004 in accordance with the Law of 13 January 2019 on the register of economic beneficiaries (the "Law of 2019"), making certain information publicly accessible in the register of economic beneficiaries.

Each person deemed to be an economic beneficiary of the fund within the meaning of the Law of 2019 is legally obliged to make the information required in this context available on request.

## **THE ISSUE OF UNITS**

Shares of the said sub-fund are issued at the issue price, which is made up of the share value and any sales commission as 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. The Management Company reserves the right, however, 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 Depositary, and the paying agents mentioned in this Sales Prospectus, but not the named distribution agent.

**The times given in the stipulations of the Management Regulations are decisive for the specification of the cut-off times for subscription requests.**

## **THE CALCULATION OF UNIT VALUE**

To calculate the unit value, the value of the Fund's assets is determined less the liabilities (the "net fund assets") at each valuation day under the terms of the Management Regulations; this value is then divided by the number of units in circulation and rounded to two decimal places.

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

## **THE REDEMPTION AND CONVERSION 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 times given in the stipulations of the Management Regulations are decisive for the specification of the cut-off times for redemption requests.**

## UTILISATION OF INCOME AND OTHER PAYMENTS

The utilisation of income will be specified for each unit class of the Sub-Fund.

Insofar as income of the unit class concerned may, in principle, be distributed, the provisions of article 11 of the Management Regulations shall apply.

Any Fund unit distributions are paid via the paying agents, the Depositary or the Management Company. The same applies to any other payments to the Unit-Holders.

## PUBLICATIONS AND CONTACTS

The current applicable issue and redemption prices of the units and all other information intended for the Unit-Holders can be requested from the head office of the Management Company, the Depositary, 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). Moreover, a paper copy will be provided by the Management Company or distribution agents on request.

The current applicable issue and redemption price is generally 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 is generally also published on the Management Company's website ([www.loys.lu](http://www.loys.lu)). Additionally, in cases required by law, a publication will also be released in Luxembourg in a daily Luxembourg newspaper.

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

## COSTS

For managing the Fund and its sub-funds, the Management Company receives a remuneration from the particular net sub-fund assets; the amount, calculation and payment of this remuneration is defined in the section entitled "LOYS FCP :AN OVERVIEW" below.

The Custodian receives a remuneration from the particular net sub-fund assets; the amount of this remuneration is also defined in the section entitled "LOYS FCP: AN OVERVIEW" below.

The said remunerations are defined and paid in accordance with the stipulations of the particular sub-fund.

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

These further costs are also listed in the annual reports.

Moreover, further costs according to Article 14 of the Management Regulations can be debited to the particular sub-fund assets.

## 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 Management Company's website (<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 (<http://www.loys.lu/de/footer/policies/>)

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

The income of the Fund and its sub-funds 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 particular sub-fund are invested. Neither the Management Company nor the Depositary 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 constituting a maximum of 0.05% p.a. This *taxe d'abonnement* is payable per quarter, for the applicable net fund assets indicated at the end of each quarter.

On 10 November 2015, the Council of the European Union adopted Directive (EU) 2015/2060 which was issued to repeal the EU Interest Directive (Directive 2003/48/EC). Consequently, since 2018, full fiscal transparency is provided within the EU, and the EU source tax will have become obsolete. In this respect, Luxembourg is using the automatic exchange of information on financial accounts. Up until the EU Interest Directive was repealed, all the Member States of the European Union were obliged to issue the responsible authorities in the Member States with information about interest payments and equivalent payments which were made in the disclosing Member State to another person resident in another Member State. Some states were, however, granted a transition period instead of collecting a source tax.

Potential investors should therefore inform themselves regularly of the resulting taxes according to the legislation of the country of their nationality or in which they have their residence or domicile that apply to the acquisition, retention and sale of units and to distributions. Investors should consult their tax advisor 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 resident or in which they have their residence or domicile.

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

The OECD has developed Common Reporting Standards (CRS) to deal with the problem of offshore tax evasion at a global level. Aimed at maximising effectiveness and reducing the costs for financial institutions, the CRS establish common standards for due diligence obligations, reporting, and the exchange of information relating to financial accounts. According to the CRS, participating countries shall receive financial information relating to all of the reportable accounts identified by financial institutions based on the common due diligence obligations and reporting procedures and, each year, shall automatically exchange the same with exchange partners. This can also include information relating to the Sub-Fund. The Grand Duchy of Luxembourg has 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). Accordingly, the Management Company is obliged to meet the due diligence obligations and reporting procedures according to the CRS as provided for in the Law of 2015. Investors may be prompted to make additional information available to the Management Company or an appointed third party to enable the Management Company or a third party to meet its obligations according to the CRS. If the requested information is not made available, the investor can claim for taxes, penalties or other payments. The Management Company may carry out the compulsory redemption of such an investor's units.

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

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

- for all financial institutions not resident in the USA (each a foreign financial institution, or "FFI"), provided that these are not part of the "Participating FFIs", i.e. FFIs that
  - enter into a contractual arrangement with the Internal Revenue Service ("IRS") to provide it with certain information regarding their account holders or investors; or
  - that are not otherwise exempt from FATCA regulations; or
  - that have the status of a FFI which is deemed FATCA compliant (deemed-compliant FFI); or

- of investors (Recalcitrant Holder) who are not otherwise exempt from FATCA provisions and who do not provide sufficient information to ascertain;
  - whether such investors are “US persons”; or
  - whether they should otherwise be treated as holders of such a corresponding “US account”.

The FATCA withholding tax regulation applies to payments originating from sources within the United States and will not come into force before 1 January 2019 for foreign passthru payments (not yet defined at the present time).

The United States has entered into intergovernmental agreements (“IGA”) with numerous other states to facilitate the implementation of the FATCA requirements. In accordance with FATCA and the “Model 1” and “Model 2” IGAs, an FFI in an IGA signatory country may be treated as a “Reporting FI” (“Reporting Financial Institution” or, in the case of various exempted entities, a “Non-Reporting FI”) and would accordingly not be subject to withholding tax on payments it makes or receives. Under both IGA models, a reporting financial institution is always required to report certain information concerning its account holders or investors either to the authorities of its home Member State or to the IRS.

On 28 March 2014, the United States and the Grand Duchy of Luxembourg signed an intergovernmental agreement (the “Luxembourg IGA”) based largely on the “Model 1” IGA. The Management Company expects that the Fund will be treated as a Reporting Financial Institution in accordance with the Luxembourg IGA regulations and that, accordingly, no FATCA withholding tax on payments made by the Fund in connection with its units will in principle be withheld. However, such an obligation cannot be fully excluded. A payment above and beyond the withheld FATCA withholding tax should, however, be excluded.

The FATCA regulation is extremely complex and its application is currently unclear. The above description is partly based on the existing and proposed regulations, the official guidelines, the IGA models and the Luxembourg IGA. All of these documents may be subject to changes or may be implemented in a significantly modified form. Potential investors should consult their own tax advisors as to the extent to which these regulations are relevant to payments they may receive in connection with an investment in the fund units. In addition, under certain circumstances, other United States or local tax regulations may apply which are not discussed in this section.

## LOYS FCP: AN OVERVIEW

### ANNEX 1 SUB-FUND LOYS FCP – LOYS Global L/S

<b>Establishment of the Fund and Sub-fund:</b>	21 <sup>st</sup> December 2011
<b>Initial issue price (excl. sales commission):</b>	
Unit class P	EUR 50
Unit class I	EUR 50
Unit class IAN	EUR 500
Unit class ITN	EUR 500
<b>Initial issue date:</b>	
Unit class P	30 <sup>th</sup> December 2011
Unit class I	30 <sup>th</sup> December 2011
Unit class IAN	02 <sup>nd</sup> December 2016
Unit class ITN	02 <sup>nd</sup> December 2016
<b>Sales commission: (in % of the unit value payable to the relevant agent):</b>	
Unit class P	up to 5%
Unit class I	none
Unit class IAN	none
Unit class ITN	none
<b>Exchange commission:</b>	none
<b>Redemption commission</b>	none
<b>Minimum investment<sup>1</sup>:</b>	
Unit class P	none
Unit class I	EUR 500,000
Unit class IAN	EUR 500,000
Unit class ITN	EUR 500,000
<b>Savings plans:</b>	None offered by the Management Company Investors can obtain supplementary information from the relevant depository institution
<b>Withdrawal plans:</b>	None offered by the Management Company; Investors can obtain supplementary information from the relevant depository institution
<b>Management remuneration (as % of Net Sub-Fund Assets):</b>	
Unit class P	up to 0.25% p.a.
Unit class I	up to 0.25% p.a.
Unit class IAN	up to 0.25% p.a.
Unit class ITN	up to 0.25% p.a.
The management remuneration is to be calculated daily for the previous valuation day's Net Sub-Fund Assets of each unit class and paid out monthly in arrears. This management remuneration is subject to VAT as applicable.	
<b>Custodian remuneration (as % of Net Fund Assets):</b>	
Unit class P	up to 0.04% p.a.
Unit class I	up to 0.04% p.a.
Unit class IAN	up to 0.04% p.a.
Unit class ITN	up to 0.04% p.a.
The custodian remuneration is to be calculated daily for the previous valuation day's Net Sub-Fund Assets of each unit class and paid out monthly in arrears. This custodian remuneration is subject to VAT as applicable.	
<b>Distribution agent remuneration (as % of Net Fund Assets):</b>	
Unit class P	up to 0.60% p.a.
Unit class I	none
Unit class IAN	none
Unit class ITN	none
The distribution agent remuneration is to be calculated daily for the previous valuation day's Net Sub-Fund Assets of each unit class and paid out monthly in arrears. This distribution agent remuneration is subject to VAT as applicable.	

<sup>1</sup> In exceptional cases, the management company may authorise subscriptions that deviate from the specified minimum investment without giving reasons.

<b>Fund management remuneration (as % of Net Fund Assets):</b>	
Unit class P	up to 0.90% p.a.
Unit class I	up to 0.75% p.a.
Unit class IAN	up to 1.10% p.a.
Unit class ITN	up to 1.10% p.a.
The fund management remuneration is to be calculated daily for the previous valuation day's Net Sub-Fund Assets of each unit class and paid out monthly in arrears. The fund management remuneration is subject to VAT as applicable.	
<b>Performance Fee (payable to the fund manager):</b>	up to 15% for unit class P <sup>2</sup> up to 15% for unit class I None for unit class IAN None for unit class ITN
<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>(Sub-)Fund currency:</b>	EUR
<b>Unit class currency:</b>	
Unit class P	EUR
Unit class I	EUR
Unit class IAN	EUR
Unit class ITN	EUR
<b>Bank working day:</b>	All days that are simultaneously a bank working day and a stock exchange trading 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 of each year
<b>Semi-annual report:</b>	30 <sup>th</sup> June
<b>Annual report:</b>	31 <sup>st</sup> December
<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>	
Unit class P	Distributed
Unit class I	Ploughed back
Unit class IAN	Distributed
Unit class ITN	Ploughed back
<b>Stock exchange listing:</b>	Not envisaged
<b>Security ID number/ISIN:</b>	
Unit class P	A1JRB8 / LU0720541993
Unit class I	A1JRB9 / LU0720542298
Unit class IAN	A2ARES / LU1487931740
Unit class ITN	A2ARET / LU1487934256
<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

<sup>2</sup> The fund manager receives a performance-related remuneration (performance fee) in addition to the fixed remuneration for unit classes P and I of the Sub-Fund **LOYS FCP – LOYS Global L/S**. The amount of the performance fee is up to 15% of the amount by which the unit value per unit class exceeds the High Water Mark at the end of a settlement period (absolute value increase).

The settlement period begins on 01.01. and ends on 31.12. of each calendar year. Entitlement to a performance fee is determined on a daily basis (the observation date) and this is taken into account in the particular unit value that has been determined. An entitlement to a performance fee determined during the settlement period does not necessarily lead to a disbursement at the end of the settlement period.

The **High Water Mark** is the higher of the initial issue price or the unit value at the end of the settlement period on which the last performance fee was paid.

If the unit price on the observation date is lower than the current High Water Mark, no performance fee will be calculated. A positive performance fee accrual will only be paid at the end of the performance period if the unit price exceeds the High Water Mark. If so, the High Water Mark will be adjusted for the next settlement period to the unit value at the end of the previous settlement period. If the accruals are negative at the end of the settlement period, these will be taken into account in the subsequent consideration. No entitlement to the reimbursement of performance fees already paid exists. The performance fee is paid in the currency of the relevant unit class on 31.12. of each year. This remuneration is subject to VAT as applicable.

**LOYS FCP: AN OVERVIEW**  
**APPENDIX 2 SUB-FUND LOYS FCP – LOYS Premium Dividende**

<b>Establishment of the sub-fund:</b>	18 December 2019
<b>Initial subscription phase:</b>	
<b>Unit class P</b>	18 December 2019 – 30.12.2019
<b>Unit class PT</b>	18 December 2019 – 30.12.2019
<b>Unit class I</b>	18 December 2019 – 30.12.2019
<b>Unit class ITN</b>	9 March 2020
<b>Initial issue price (excl. Sales commission):</b>	
<b>Unit class P</b>	EUR 50
<b>Unit class PT</b>	EUR 50
<b>Unit class I</b>	EUR 500
<b>Unit class ITN</b>	EUR 500
<b>Initial issue date:</b>	
<b>Unit class P</b>	2 January 2020
<b>Unit class PT</b>	2 January 2020
<b>Unit class I</b>	2 January 2020
<b>Unit class ITN</b>	10 March 2020
<b>Sales commission:</b> (in % of net asset value payable to the relevant broker)	
<b>Unit class P</b>	up to 5 %
<b>Unit class PT</b>	up to 5 %
<b>Unit class I</b>	None
<b>Unit class ITN</b>	None
<b>Exchange commission:</b>	None
<b>Redemption commission:</b>	None
<b>Minimum investment<sup>3</sup>:</b>	
<b>Unit class P</b>	None
<b>Unit class PT</b>	None
<b>Unit class I</b>	EUR 500,000
<b>Unit class ITN</b>	EUR 500,000
<b>Savings plans:</b>	None offered by the management company. Additional information is available to investors from the relevant depositary.
<b>Withdrawal plans:</b>	None offered by the management company and/or. Additional information is available to investors from the relevant depositary.
<b>Management fee (in % of the net sub-fund assets):</b>	
<b>Unit class P</b>	up to 0.15 % p.a.
<b>Unit class PT</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.
The management fee is calculated daily based on the net sub-fund asset value of assets in the respective unit class as of the previous valuation day, and paid out monthly in arrears. The management fee is stated exclusive of any applicable VAT.	
<b>Custodian remuneration (in % of the net sub-fund assets):</b>	
<b>Unit class P</b>	up to 0.04 % p.a.
<b>Unit class PT</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.
The custodian remuneration is calculated daily based on the net sub-fund asset value of assets in the respective unit class as of the previous valuation day, and paid out monthly in arrears. The custodian remuneration is stated exclusive of any applicable VAT.	

<sup>3</sup> In exceptional cases, the management company may authorise subscriptions that deviate from the specified minimum investment without giving reasons.

<b>Distribution agent remuneration (in % of the net sub-fund assets):</b>	
<b>Unit class P</b>	up to 0.60 % p.a.
<b>Unit class PT</b>	up to 0.60 % p.a.
<b>Unit class I</b>	None
<b>Unit class ITN</b>	None
The distribution agent remuneration is calculated daily based on the net sub-fund asset value of the assets in the respective unit class as of the previous valuation day and is paid out monthly in arrears. The distribution agent remuneration is stated exclusive of any applicable VAT.	
<b>Fund management remuneration (in % of the net sub-fund assets):</b>	
<b>Unit class P</b>	up to 0.90 % p.a.
<b>Unit class PT</b>	up to 0.90 % p.a.
<b>Unit class I</b>	up to 0.75 % p.a.
<b>Unit class ITN</b>	up to 1.20% p.a.
The fund management remuneration is calculated daily based on the net sub-fund asset value of the assets in the respective unit class as of the previous valuation day and is paid out monthly in arrears. The fund management remuneration is stated exclusive of any applicable VAT.	
<b>Performance Fee (payable to the fund manager):</b>	up to 10 % for unit class P and PT <sup>4</sup> up to 20 % for unit class I <sup>4</sup> None for the unit class ITN
<b>Effective total cost burden (in % of the net sub-fund assets)</b>	As specified in the fund's annual report
<b>Performance (Wertentwicklung):</b>	As specified in the Key Investor Information Document
<b>Sub-(fund currency):</b>	EUR
<b>Unit class currency:</b>	
<b>Unit class P</b>	EUR
<b>Unit class PT</b>	EUR
<b>Unit class I</b>	EUR
<b>Unit class ITN</b>	EUR
<b>Bank working day:</b>	All days that are simultaneously a bank working day and a stock exchange trading day in Luxembourg and in Frankfurt am Main
<b>Valuation day:</b>	Any bank working day
<b>End of the financial year</b>	31 December of any year
<b>Semi-annual report</b>	30 June
<b>Annual report</b>	31 December
<b>Deadline for the acceptance and redemption of subscriptions and redemptions</b>	16:00 on the previous day ("forward pricing") Within two bank working days

<sup>4</sup> The fund manager receives a performance fee for unit classes P und PT. The amount of the performance fee is up to 10% of the amount by which the unit value per unit class exceeds the High Water Mark at the end of a settlement period (absolute value increase).

The settlement period begins on 01.01. and ends on 31.12. of each calendar year. The first settlement period begins with the initial price calculation of the unit class and ends on 31.12.2020.

Entitlement to a performance fee is determined on a daily basis (the observation date) and this is taken into account in the particular unit value that has been determined. The fact that an entitlement to a performance fee is determined during the performance period does not necessarily lead to a pay-out at the end of the performance period..

The **high-water mark** is either the initial issue price or the unit price at the end of the performance period for which the last performance fee was paid, whichever is the higher. If the unit price on the observation date is lower than the current high-water mark, no performance fee will be calculated. A positive performance fee accrual will only be paid at the end of the performance period if the unit price exceeds the high-water mark.

If so, the High Water Mark will be adjusted for the next settlement period to the unit value at the end of the previous settlement period.

If the performance fee accrual at the end of the performance period is negative, this will be taken into account on the next observation date. There is no entitlement to a refund of any performance fee paid that has already been paid. The performance fee is paid in the currency of the relevant unit class on 31.12. of each year. This remuneration is subject to VAT as applicable.

The fund manager receives a performance fee for Unit Class I. The amount of the performance fee is up to 20% of the performance of the unit value for the unit class which exceeds the defined benchmark, STOXX Europe 600 (Bloomberg ticker SXXR). The settlement period begins on 01.01. and ends on 31.12. of each calendar year. The first settlement period begins with the initial price calculation of the unit class and ends on 31.12.2020.

The aforementioned benchmark is managed by STOXX Ltd.. STOXX Ltd. can apply to the European Securities and Markets Authority (ESMA) for inclusion in a public register of reference value administrators and reference values until 31 December 2021. STOXX Ltd. was already included in the public register of reference value administrators and reference values of the European Securities and Markets Authority (ESMA). The Management Company shall ensure that appropriate measures are taken if the benchmark changes significantly or is no longer provided. For this purpose, the Management Company has drawn up written plans which can be obtained free of charge from the Management Company's registered office.

Entitlement to a performance fee is determined on a daily basis (consideration day) and this is taken into account in the particular unit value that has been determined. The performance fee is calculated as follows.

On each observation day, the difference between the percentage change in the unit value of the unit class compared with the previous day and the percentage change in the benchmark compared with the previous day is calculated. This difference is multiplied by the fund assets of the unit class and weighted by the performance fee rate. Negative and positive earnings contributions are netted.

A positive accrued entitlement to a performance fee will be paid at the end of a settlement period, even if the share value is below the share value at the end of the previous settlement period or the initial issue price. If the performance fee accrual at the end of a performance period is negative, this will be taken into account in the subsequent consideration. There is no entitlement to a refund of any performance fee paid that has already been paid. The performance fee is paid at the expense of and in the currency of the relevant unit class on 31.12. This remuneration is subject to VAT as applicable.

<b>Division into units</b>	Book Entry Registered
<b>Appropriation of income:</b>	
<b>Unit class P</b>	Dividend payout
<b>Unit class PT</b>	Retention of profits
<b>Unit class I</b>	Dividend payout
<b>Unit class ITN</b>	Retention of profits
<b>Stock exchange listing:</b>	not planned
<b>Securities identification numbers/ISINs:</b>	
<b>Unit class P</b>	A2PUSG / LU2066734430
<b>Unit class PT</b>	A2PV2U / LU2080767366
<b>Unit class I</b>	A2PUSH / LU2066734513
<b>Unit class ITN</b>	A2P06P / LU2130029023
<b>Price publication:</b>	Daily on the management company's website (www.loys.lu) and may also be published in a supra-regional newspaper or an online medium

## **MANAGEMENT REGULATIONS LOYS FCP**

The Management Regulations define the general principles for the Fund LOYS FCP ("Fund") and they came into effect on 18 December 2019. 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. The LOYS FCP is a legally independent separate asset ("fonds commun de placement") comprising securities and other permissible assets ("Fund Assets") that are managed in accordance with the principle of risk diversification. The Fund Assets less the liabilities that are to be assigned to the Fund (the "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 is managed by the Management Company. The custodian is responsible for the safekeeping of the Fund Assets within its custodian network.
2. The contractual duties and obligations of the holders of the units (the "Unit-Holders"), the Management Company and the custodian are set down in the Fund's Management Regulations, which are compiled by the Management Company in agreement with the custodian.

In purchasing a unit, each unit holder recognises the Fund's Management Regulations and all approved alterations hereto.

3. The Fund may be made up of one or more sub-funds under the terms of Article 181 of the Law of 17 December 2010 on undertakings for collective investment (the "Law of 2010") in its currently valid version. The sub-funds as a whole make up the Fund. Each investor shares in the Fund by sharing in a sub-fund. The Management Company can launch new sub-funds at any time. The particular sub-funds are mentioned in the Sales Prospectus.
4. For the purpose of the relations between Unit-Holders, each sub-fund is deemed an independent separate asset. The rights and obligations of the Unit-Holders of one sub-fund are separate from those of the Unit-Holders of the other sub-funds. With regard to third parties, the assets of a sub-fund are only used to cover liabilities and payment obligations that relate to this sub-fund.
5. The unit value is calculated separately for each sub-fund in accordance with the rules specified in Article 7 of the Management Regulations.
6. The investment restrictions given in the Management Regulations apply to each sub-fund separately, with the exception of the provisions of Article 4 no. 3. I) of the Management Regulations. The assets of the total Fund, as arising from the addition of the net sub-fund assets, are to be applied for the calculation of the minimum limit (EUR 1,250,000) for the net fund assets as per Article 1 no. 1 of the Management Regulations.

### **Article 2 THE 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 board of the Management Company can entrust one or more of its members with the execution of the daily investment policy. It can, under its own responsibility and control and at the cost of the Fund, outsource the execution of the daily investment policy to third parties, provided that these third parties are authorised or registered for the purposes of asset management and are subject to a supervisory authority. If the execution of the daily investment policy is outsourced to third parties, this is mentioned in the Fund's Sales Prospectus. Furthermore, the Management Company will ensure that third parties have taken all the necessary measures for complying with all requirements pertaining to organisation and the avoidance of conflicts of interest as prescribed by the applicable Luxembourg legislation and ordinances, and will monitor observance 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 compiles a Sales Prospectus and the Key Investor Information Document for the Fund.

### Article 3 THE CUSTODIAN

1. Hauck & Aufhäuser Privatbankiers AG, Luxembourg branch, with its registered office at 1c, rue Gabriel Lippmann, 5365 Munsbach, Luxembourg, Grand Duchy of Luxembourg, registered in the Commercial and Companies Register of Luxembourg under the number B 175937, was appointed 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, Luxembourg 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 Sales 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 shall ensure that all payments made by Unit-Holders or on behalf of Unit-Holders upon subscription of the investment fund's units have been received and that all of the Fund's cash is posted to bank accounts in the name of the Fund held with the Custodian (or another financial institution).
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 (non-depositable) assets are not stored in securities accounts. Once the investment fund's title to these assets has been ascertained, the Custodian shall keep record of these assets. 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 Custodian's website ([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 ensure that the assets are in its possession ("**Depository-Due Diligence**"). This duty of care must also be observed for each legal entity after 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 general principles and restrictions for the investment policy fundamentally apply for all sub-funds of the Fund. The particular sub-fund may also provide for additions or derogations. This is mentioned in the Sales Prospectus.

The following definitions apply:

“Third-Party State”: For the purposes of these Management Regulations, a Third-Party State is any state that is not a Member State.

“Money Market Instruments”:  
Instruments that are generally traded on the money market, that are liquid and whose worth can be defined precisely at any time.

“Regulated Market”:  
A market according to Article 4, point 14 of Directive 2004/39/EC of 21 April 2004 on Markets for Financial Instruments (as amended).

“Law of 2010”:  
The Law of 17 December 2010 on Undertakings for Collective Investment in its currently valid version

“Member State”:  
A Member State of the European Union. States that are contracting parties to the Agreement on the European Economic Area are treated in the same way as the Member States of the European Union, within the limits of this agreement and the related legal acts.

“UCI”:  
Undertaking for collective investment. Each UCI that is subject to part II of the Law of 2010 fundamentally qualifies as an AIF under the terms of the Law of 12 July 2013 on alternative investment fund managers.

“UCITS”:  
Undertaking for collective investment in transferable securities, subject to Directive 2009/65/EC.

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

“Securities”:  
- Shares and other securities that are equivalent to shares (“Shares”)  
- Bonds and other forms of securitised debt instruments (“Debt Instruments”)  
- all other marketable securities which permit purchasing securities by either subscription or exchange, except for those techniques and instruments specified below under no. 5 of this article.

The investment policy of the Fund is subject to the following regulations and investment restrictions. The particular net sub-fund assets are invested in accordance with the principle of risk diversification. The investment policy of the individual sub-fund can include investments in securities, Money Market Instruments, fund units, derivative financial instruments and all other assets permitted as per Article 4 of the Management Regulations. It may differ, in particular, in the region in which the sub-funds invest, the assets that are to be acquired, the currency in which they are denominated or their term. A detailed description of the investment policy of each individual sub-fund can be found in the Sales Prospectus.

1. The investments of the particular sub-fund may consist of the following assets:  
As a result of the specific investment policy of the particular sub-fund, one or more of the investment options for the particular sub-fund mentioned below may not apply. This is mentioned in the Sales Prospectus.

a) Securities and Money Market Instruments that are listed or traded on a regulated market;

- b) Securities and Money Market Instruments that are traded on another market in a Member State that is recognised, regulated and open to the public and that operates regularly;
- c) Securities and Money Market Instruments that have been admitted to official listing on a stock exchange of a Third-Party State or that are traded on another regulated market that is recognised and open to the public and that operates regularly;
- d) Securities and Money Market Instruments from new issues whose issue conditions include the obligation that a request is made for admission to official listing on a stock exchange or to trade on a regulated market under the terms of the provisions of no. 1 a) to c) above and that this admission is acquired at the latest after a period of one year after issue;
- e) Units of UCITS approved in accordance with Directive 2009/65/EC and/or other UCIs under the terms of article 1 subsection 2 subparagraphs a) and b) of Directive 2009/65/EC domiciled in a Member State or a Third-Party State, provided that:
  - these other UCIs have been approved in accordance with legal regulations that provide that they are subject to official supervision that, in the opinion of the CSSF, is equivalent to that set down in Community law, and that there is sufficient guarantee for cooperation between the authorities. In compliance with these regulations, only units of target funds of the public type can be acquired that are domiciled and managed in a Member State, Norway, Liechtenstein, Switzerland, the US, Canada, Hong Kong or Japan;
  - the level of protection that the Unit-Holders of the other UCIs have is equivalent to the level of protection that the Unit-Holders of a UCITS have and, in particular, the regulations for the separate custodianship of the Fund Assets, credit raising, credit granting and shortselling of Securities and Money Market Instruments are equivalent to the requirements of the Directive 2009/65/EC;
  - the business activity of the other UCIs is subject to semi-annual and annual reports that allow a judgement to be made regarding the assets and the liabilities, the income and the transactions in the reporting period;
  - the UCITS or these other UCIs whose units are to be acquired have Management Regulations or organisational documents that stipulate that no more than a total of 10% of its assets may be invested in units of other UCITS or other UCIs.
- f) Deposits with banks that are repayable on demand or have the right to be withdrawn that mature in no more than 12 months, provided that the bank is domiciled in a Member State, or, if the bank is domiciled in a Third-Party State, is subject to supervision conditions that, in the opinion of the CSSF, are equivalent to those set down in Community law;
- g) Derived financial instruments, i.e. particularly options, futures and exchange transaction ("derivatives"), including equivalent instruments settled in cash that are traded on one of the Regulated Markets described in subparagraphs a), b) and c), and/or derived financial instruments that are not traded on a stock exchange ("OTC Derivatives"), provided that:
  - the underlying assets are instruments under the terms of no. 1 a) to h) of this document, financial indices (including bond, Share and commodity indices that fulfil all criteria of a financial index that, amongst other things, are recognised and sufficiently diversified), interest rates, exchange rates or currencies;
  - the counterparties to OTC Derivative transactions are institutions subject to prudential supervision, and belonging to the categories approved by the CSSF;

and

  - the OTC Derivatives are subject to a reliable and verifiable valuation on a daily basis and can be sold, liquidated or closed by an offset transaction at any time at their fair value at the initiative of the Fund.
- h) Money Market Instruments that are not traded on a Regulated Market and are not covered by the above definitions, provided the issue or the issuers of these instruments are themselves subject to regulations regarding investment and investor protection, provided they are:
  - issued or guaranteed by a national, regional or local institution or the central bank of a Member State, the European Central Bank, the European Union or the European Investment Bank, a Third-Party State or, in the case of a federal state, a Member State of this federation or an international public-sector institute with which at least one Member State is affiliated; or
  - issued by an undertaking any securities of which are traded on regulated markets referred to in the above subparagraphs (a), (b) or (c); or

- issued or guaranteed by an institution that is subject to official supervision in accordance with criteria set down in Community law or an institution that is subject to supervision conditions that, in the opinion of the CSSF, are at least as strict as those of Community law and that observes these; or
  - issued by another issuer who belongs to a category that has been approved by the CSSF, provided that regulations for investor protection apply to investments in these instruments that are equivalent to the first, second or third bullet point provided that the issuer is either a company with an equity of at least ten million euros (EUR 10,000,000) that compiles and publishes its annual financial statement in accordance with the regulations of the fourth Directive 78/660/EEC; a legal entity that is, within a corporate group comprising one or more listed companies, responsible for the financing of that group; or a legal entity that is intended to finance the securities collateralisation of accounts payable by using a credit line accorded by a bank or
- i) Equity participations within the meaning of article 2 no. 8 of the German Investment Tax Law. Accordingly, equity participations are:
- Units of corporations which are admitted to official trade on a stock exchange or in another regulated market or which are included in this;
  - Units of corporations which are resident in a Member State of the European Union or which are contracting parties to the Agreement on the European Economic Area and which are subject to taxation of income for corporations and are not exempt from such tax;
  - Units of corporations which are resident in a Third-Party State and which are subject to income tax of at least 15% for corporations and are not exempt from such tax;
  - Units of other investment funds (target funds) in the amount of the quota of their value published on each valuation date at which they actually invest in the aforementioned units of corporations; insofar as no actual quota is published, in the amount of the minimum quota set down in the investment conditions of the other investment fund.

2. Moreover, the particular sub-fund may:

- a) invest up to 10% of its net sub-fund assets in Securities or Money Market Instruments other than those described in no. 1;
- b) maintain cash and cash equivalents and similar assets up to a value of 49% of its particular net sub-fund assets;
- c) take out a short-term loan up to a countervalue of 10% of its net assets. These loans may be pledged as collateral or as security. Hedging transactions in connection with the sale of options or the acquisition or sale of futures contracts and futures are not considered loans for the purposes of this investment restriction.
- d) acquire foreign currencies as part of a back-to-back transaction.

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

- a) The Fund may invest no more than 10% of its particular net sub-fund assets in Securities or Money Market Instruments of one single issuer, whereby the equity and the underlying assets of structured products that are maintained in the portfolio are viewed collectively. The particular sub-fund may invest no more than 20% of its net sub-fund assets in deposits at one single institution. 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). For other cases, the limit is a maximum of 5% of the Fund's net assets.
- b) The total value of the Securities and Money Market Instruments of individual issuers in which the sub-fund invests more than 5% of its net assets must not exceed 40% of the value of its net sub-fund assets. This limit is not applicable to deposits and transactions with OTC Derivatives effected with financial institutes that are subject to a supervisory authority.

Regardless of the individual upper limits mentioned in no. 3 a), the Fund may invest no more than 20% of its net sub-fund assets at one single institution in a combination of:

- Securities or Money Market Instruments issued by this institution,
- deposits at this institution or
- OTC Derivatives acquired from this institution.

invest.

- c) The upper limit indicated in 3 a) sentence 1 is increased to a maximum of 35% if the securities or money market instruments are issued or guaranteed by a Member State or its territorial authorities, by a third state or by international public law institutions to which at least one Member State belongs.
- d) The upper limit given in no. 3 a) sentence 1 is no more than 25% for certain bonds if these bonds are issued by a bank domiciled in a Member State that is subject to a special official supervision based on legal regulations for the protection of the owners of these bonds. In particular, the income from the issue of these bonds must, in accordance with the legal regulations, be invested in assets that adequately cover the resulting liabilities for the entire duration of the bonds and that are predominantly intended for the repayment of capital and the payment of interest becoming due in the event of failure of the issuer.

If the Sub-Fund invests more than 5% of its net assets in bonds under the terms of the above subparagraph that are issued by one single issuer, the total value of these investments must not exceed 80% of the UCITS' net asset value of the particular Sub-Fund.

- e) The Securities and Money Market Instruments described in no. 3 c) and d) are not taken into account in the application of the investment limit of 40% given in no. 3 b).

The limits given in no. 3 a), b), c) and d) must not be cumulated; investments in Securities and Money Market Instruments of one single issuer or deposits of these issuers or derivatives of the same effected in accordance with no. 3 a), b), c) and d) must therefore not exceed 35% of the Fund's net assets.

Companies that belong to the same corporate group in terms of the compilation of the consolidated account under the terms of Directive 83/349/EEC or in accordance with international accounting rules are to be considered as one individual issuer in the calculation of the investment limits in items a) to e).

The sub-fund may cumulatively invest up to 20% of its net assets in Securities and Money Market Instruments of one single corporate group.

- f) Notwithstanding the investment limits specified in no. 3 k), l) and m) below, the upper limits for investments in shares and/or Debt Instruments of one single issuer given in no. 3 a) to e) are no more than 20% if the objective of the investment strategy of the particular Sub-Fund is to emulate a certain share or Debt Instrument index approved by the CSSF. These limits apply on condition that:

- the composition of the index is sufficiently diversified;
- the index represents an adequate reference base for the market that it relates to;
- the index is published in an appropriate manner.

- g) The limit set down in no. 3 f) is 35% if this is justified on the basis of extraordinary market conditions, particularly in Regulated Markets on which certain Securities or Money Market Instruments are highly dominant. An investment up to this upper limit is only possible for one single issuer.

- h) Notwithstanding the stipulations of no. 3 a) to e), the particular Sub-Fund may invest, in accordance with the principle of risk diversification, up to 100% of its net sub-fund assets in Securities and Money Market Instruments of various issuers that are issued or guaranteed by a Member State or its regional authorities, an OECD state or international public-sector institutes with which one or more Member States are affiliated, provided that (i) such securities are issued through at least six different issuers and (ii) no more than 30% of the net assets of the particular Sub-Fund are invested in one single issuer.**

- i) The particular Sub-Fund may acquire units of other UCITS and/or other UCIs under the terms of no. 1 e) if it invests no more than 20% of its net sub-fund assets in one single UCITS or another UCI.

In the application of this investment limit, each sub-fund of an umbrella fund under the terms of Article 181 of the Law of 2010 is to be considered an independent issuer on the condition that the principle of individual liability per sub-fund with regard to third parties is applied.

- j) Investments in units of UCIs other than UCITS must not exceed a total of 30% of the net sub-fund assets of the particular sub-fund.

If the Sub-Fund has acquired units of a UCITS and/or other UCIs, the unit values of the corresponding UCITS or other UCIs in relation to the upper limits given in no. 3 a) to e) are not taken into account.

If the Sub-Fund purchases units of other UCITS and/or other UCIs that are directly or indirectly administrated by the same Management Company or another company connected with the Management Company through shared management or through control via a significant direct or indirect participating interest, the Management Company or the other company may not charge any fees for the subscription or redemption of units of the other UCITS and/or other UCIs.

If, however, the Sub-Fund invests in units of target funds that are launched and/or managed by other companies, it must be taken into account that sales commissions and redemption commissions may be calculated for these target funds. The sales commissions and redemption commissions paid by the Sub-Fund are indicated in the annual reports.

If the Sub-Fund invests in target funds, the sub-fund assets are debited with the fund administration and fund management fees for the target sub-fund in addition to the fund administration and fund management fees for the investing fund. The possibility of double charges being incurred for the fund administration and fund management fees cannot therefore be ruled out.

Generally, a management remuneration at target fund level may also be incurred when units of target funds are acquired. The particular sub-fund will not therefore invest in any target funds that are subject to a management remuneration exceeding 3%. The Fund's annual report will contain information regarding the maximum share of administration remuneration that will be debited to the Fund and the target fund.

- k) The particular sub-fund must not acquire voting stock to such an extent that it is allowed to exercise any significant influence on the management of the issuer.
- l) Moreover, the sub-fund must not acquire more than:
  - 10% of the non-voting Shares of one single issuer;
  - 10% of the bonds of one single issuer;
  - 25% of the units of one single UCITS or other UCIs under the terms of Article 2(2) of the Law of 2010;
  - 10% of the Money Market Instruments of 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) Securities and Money Market Instruments that are issued or guaranteed by a Member State or its regional authorities;
  - bb) Securities and Money Market Instruments that are issued or guaranteed by a Third-Party State;
  - cc) Securities and Money Market Instruments that are issued by international public-sector undertakings with which one or more Member State is affiliated;
  - dd) Shares of companies that have been established under the law of a Third-Party State, provided that (i) such a company predominantly invests its assets in securities of issuers from this state, (ii) as a result of the law of this state, the only possible way to acquire securities from this state's issuers is for the Fund to participate in the capital of such a company, and (iii) this company observes the investment restrictions set down in no. 3 a) to e) and no. 3 i) to l) above with regard to its asset investment;
  - ee) Shares that are maintained in the capital of subsidiaries that solely and exclusively exercise management, consultancy or distribution activities for the Fund in the state in which they were established with regard to the redemption of units at the request of the Unit-Holders.
- n) The particular Sub-Fund must not acquire any goods, or precious metals, with the exception of certificates that are to be considered securities and are recognised as permitted assets in the scope of the administration practice.
- o) None of the particular sub-funds may invest in real estate, although investments in real estate-backed securities or interest thereon or investments in securities issued by companies which invest in real estate, and interest thereon, are permissible.
- p) No loans or guarantees may be issued to third parties against the Sub-Fund's assets, whereby this investment restriction of the particular Sub-Fund does not hinder the Fund 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 Sub-Fund 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) No shortselling of securities, Money Market Instruments or other financial instruments named in no. 1 e), g) and h) above may be effected.

4. Notwithstanding any contradictory stipulations contained herein:

- a) the particular Sub-Fund need not observe the investment limits established in nos. 1 to 3 above in the exercising of subscription rights that are linked to Securities or Money Market Instruments that it maintains in its sub-fund assets.
- b) the particular sub-fund can deviate from the stipulations set down in no. 3 a) to j) above during a period of six months after its approval.
- c) if these stipulations are exceeded for reasons that are outside the power of the Fund or as a result of subscription rights, the particular sub-fund must, as a first priority, attempt to rectify this situation within the scope of its sales transactions, taking into account the interests of its Unit-Holders.
- d) in the event of an issuer being a legal entity with several sub-funds whereby the assets of a sub-fund are exclusively used to cover claims of the investors in the sub-fund or the creditors that have arisen as a result of the incorporation, duration or liquidation of the sub-fund, each sub-fund is to be considered an independent issuer for the purpose of applying the risk diversification regulations in no. 3 a) to g) and no. 3 i) to j).

The Fund's Management Company is entitled to set up additional investment restrictions insofar as this is necessary to comply with the legal and administrative stipulations in countries in which the Fund's units are offered or sold.

5. A sub-fund can subscribe, acquire and/or hold units of another sub-fund or several other sub-funds of the Fund ("Target Sub-Funds") on the condition that:

- the Target Sub-Fund does not invest in the sub-fund itself; and
- the share of the assets that the Target Sub-Fund itself can invest in units of other Target Sub-Funds of the Fund does not exceed 10% in total; and
- the voting rights that may be associated with the particular units are suspended for as long as the Target Sub-Fund units are held, without prejudice to an orderly conclusion of the accounting and the regular reports; and
- the value of these units is not included in the calculation of the Fund's net assets, as long as these units are held by the sub-fund, insofar as the checking of the Fund's minimum net assets as prescribed by the Law of 2010 is affected.

6. Techniques and instruments

The particular Sub-Fund can deploy derivatives and other techniques and instruments for hedging and for efficient management of the portfolio, for duration management or risk management of the portfolio or to achieve income, i.e. for speculative purposes.

If these transactions are related to the use of derivatives, the conditions and limits must be in accord with the stipulations of no. 1 to 4 of this article above. Furthermore, the stipulations of no. 7 of this article below relating to the risk management procedure for derivatives must be observed.

7. Risk management procedure for Derivatives

If transactions relate to derivatives, the particular Sub-Fund shall ensure that the total risk connected to derivatives does not exceed the total net value of its portfolio.

The market value of the underlying assets, the default risk of the counterparty, future market fluctuations and the time available to liquidate the positions must be taken into account in the calculation of the risk. This also applies to the following subsections.

- The particular Sub-Fund may, as part of its investment strategy, effect investments in derivatives within the limits set down in no. 3 e) of this article above, provided that the total risk of the underlying assets does not exceed the investment limits given in no. 3 a) to e) of this article above. If the Fund invests in index-based derivatives, these investments need not be taken into account in the investment limits of no. 3 a) to e) of this Article above.
- A derivative that is embedded in a security or a Money Market Instrument must be taken into account with regard to the investment limits in 3 e) of this Article above.

The Management Company regularly notifies the CSSF of the type of derivatives in the portfolio, the risks involved in the corresponding underlying assets, the investment limits and the methods used to measure the risks involved in the derivative transactions with regard to the Fund.

The investment restrictions stated in this Article, Article 4, fundamentally refer to the time of the acquisition of the particular assets. If the specified limits are exceeded after acquisition as the result of value increases, the Management Company will restore the investment restrictions, observing the interests of the investors.

## **Article 5 UNITS**

1. Units of the particular sub-fund are securitised through unit certificates, with corresponding income certificates as applicable, denominated in the name of the holder, unless any other stipulation is made in the Sales Prospectus.
2. All units of the particular sub-fund have fundamentally the same rights and they can be transferred freely.
3. Units are issued in the particular sub-fund and are denominated in the name of the holder. 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 provide for multiple unit classes per sub-fund. 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 commissions, the redemption commission and, where applicable, the distribution agent commission;
- b) with regard to the cost structure in terms of the charge for the Management Company, custodian and investment consultant 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 sub-fund/unit class thereof, that is managed by the same or another Management Company, whereby this other UCITS or sub-fund/unit class may be based either in Luxembourg or another Member State.

## **Article 6 THE ISSUE OF UNITS**

1. Units are issued on any valuation day at the unit price plus a sales commission. The size of the sales commission for the particular sub-fund is defined in the Sales Prospectus. The sales commission is charged in favour of the particular 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 particular Sub-Fund 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 Sub-Fund, 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 particular Sub-Fund. To protect the investors, the Management Company will in particular not permit any practices related to market timing and reserve the right to reject subscription requests from an investor whom the Management Company suspects of deploying such practices and take appropriate action as required.

3. The Management Company can, in compliance with the legal stipulations of the Grand Duchy of Luxembourg, issue units against the delivery of securities, if a subscriber demands so and provided that these securities are suitable within the scope of the investment policy and the investment restrictions of the particular sub-fund. 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 are borne by the corresponding subscriber.
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 of 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. Saving plans can be offered for the Fund. If saving plans are offered, this will be mentioned in the Sales Prospectus. If the issue is performed within the scope of the offered saving plans, no more than a third of each of the payments agreed upon for the first year is used to cover costs and the remaining costs are distributed evenly across all later payments.

#### **Article 7 THE CALCULATION OF UNIT VALUE**

1. The value of a unit ("unit value") is denominated in the currency specified in the overview of the particular sub-fund given in the Sales Prospectus (the "Fund Currency"). It is calculated by the Management Company or by a third party commissioned by the Management Company under the supervision of the custodian on each day specified in the Sales Prospectus of the particular sub-fund ("valuation day"). The Sub-Fund and its unit classes are calculated 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 of the Fund as a whole, on the basis of legal regulations or the stipulations of the Management Regulations, this information is provided in euros (the "Reference Currency") and the assets of the particular sub-fund are converted into the Reference Currency.
2. The particular net sub-fund assets are calculated according to the following principles:
  - a) The target fund units contained in the Fund 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 on another Regulated Market is defined on the basis of the most recently available price, unless otherwise stipulated 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 markets on which these futures, forwards or options 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.  
It is ensured that swap contracts are concluded under standard market conditions in the exclusive interest of the respective Sub-Fund.

- G) Money Market Instruments may be valued at their particular market value as specified by the Management Company in good faith and in accordance with sound valuation rules that can be verified by the 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) Interest accrued on securities is included insofar as this interest is not included in the market price (dirty pricing).

The value of all assets and liabilities that are not expressed in the currency of the sub-fund is converted to this currency at the exchange rate most recently available. If such prices are not available, the exchange rate is defined in good faith according to a procedure issued by the management board.

The Management Company can permit other valuation methods at its discretion if it considers this appropriate in the interest of a more adequate valuation of an asset of the Sub-Fund.

If the Management Company believes that the unit value defined on a certain valuation day does not reflect the actual value of the sub-fund'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 particular Sub-Fund 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 units in unit classes that are entitled to distribution drops by the amount of the distribution. The percentage share that these unit classes have in the total value of the net sub-fund assets thus also drops simultaneously, while the percentage share that one or more other unit classes that are not entitled to distribution have in the total net fund assets increases.
4. An income adjustment procedure can be performed for the particular Sub-Fund.
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 particular Sub-Fund on the basis of the prices of the valuation day on which it performs the necessary security sales for the Fund; this also applies for subscription requests that are received for the Sub-Fund simultaneously.

#### **Article 8      SUSPENSION 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 Sub-Fund 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 assets of the respective Sub-Fund 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 Sub-Fund or if it cannot freely transfer the value of investment acquisitions or sales or calculate the unit value in a proper manner.
2. The Management Company will publish the suspension or the resumption of the unit value calculation without delay in at least one daily newspaper in the countries in which public distribution of the Fund's units is permitted and inform all Unit-Holders who have offered units for redemption.

#### **Article 9      REDEMPTION OF UNITS**

1. The Unit-Holders of the Sub-Fund are entitled to demand that their units be redeemed at the redemption price of the Fund specified in article 7 of the Management Regulations and under the conditions specified therein. This redemp-

tion is only executed on a valuation day. The issue price is paid without delay after the corresponding valuation day in return for the redemption of the units. If a redemption commission is requested, this is mentioned in the Sales Prospectus.

2. The redemption fundamentally takes place at the redemption price of the particular valuation day. Redemption requests that the registrar and transfer agent receive by 4 pm (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 of the valuation day after the following valuation day. The redemption price is paid within two bank working days after the corresponding valuation day.
3. The Management Company is entitled, with prior permission from 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 the redemption of units in respect of the Fund. Suspension may only take place in exceptional circumstances where circumstances require such suspension and where the suspension is justified taking into account 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 fund 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.

#### **Article 10 FISCAL YEAR AND AUDITING OF FINANCIAL STATEMENTS**

1. The Fund's fiscal year begins on 1 January and ends on 31 December of the particular year.
2. The Fund's annual financial statement is audited by an annual auditor who is appointed by the Management Company.

#### **Article 11 DISTRIBUTIONS**

1. The Management Company defines for each sub-fund whether, as a general rule, distributions are paid to the Unit-Holder from the particular sub-fund assets. This is mentioned in the Sales Prospectus.
2. Notwithstanding the above stipulation, the Management Company can decide to pay a distribution from time to time.
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 net fund assets to drop below the minimum limit according to article 1 no. 1 of the Management Regulations.

4. Distributions are paid out on the units issued on the distribution day. Income that has not been requested five years after the publication of a distribution declaration lapses in favour of the particular Sub-Fund.
5. If two or more unit classes are formed in accordance with article 5 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 sub-funds, if the respective net sub-fund assets of a Sub-Fund fall below an amount that the Management Company considers the minimum amount required for the assurance of an efficient management of this Sub-Fund 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 sub-funds is published in advance.
3. After a sub-fund has been dissolved, the Management Company will liquidate this sub-fund. This involves the assets allocated to this sub-fund being sold and the liabilities allocated this sub-fund being paid off. The liquidation proceeds are paid to the Unit-Holders in proportion to the units they possess. Any liquidation proceeds not claimed after con-

clusion of the liquidation of a Sub-Fund 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 Fund will imperatively be dissolved in the following cases:
  - a) if the duration specified in the Management Regulations of the Fund has expired;
  - b) if the appointment of the custodian is terminated and no new custodian appointment takes place within the periods stipulated by law or by the contract;
  - c) if the Management Company becomes the subject of insolvency proceedings or if the Management Company is dissolved for any reason;
  - d) the fund assets remain below one quarter of the minimum limit for more than six months according to article 1 no. 1 of the Management Regulations;
  - e) in other cases provided for by the Law of 2010 or the Management Regulations of the Fund.
5. If a situation occurs that results in the dissolution of the Fund, the issue of units is suspended. The redemption of units of the Fund remains possible, provided that equal treatment of the investors is ensured. The custodian will divide the liquidation proceeds less the liquidation costs and remunerations ("Net Liquidation Proceeds") between the Fund's Unit-Holders according to their entitlements 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 are not withdrawn by Unit-Holders at 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 Unit-Holders at the Caisse de Consignations in Luxembourg, where this sum lapses unless it is requested there within the period stipulated by law.
6. The Unit-Holders, their heirs, legal successors or creditors can request neither the dissolution nor the division of the Fund.

#### **Article 13 MERGER OF THE FUND AND OF SUB-FUNDS**

The Management Company can decide, upon decision by the management board and in accordance with the conditions and the procedure named in the Law of 2010, to merge the Fund or a Sub-Fund with another undertaking for collective investment in transferable securities ("UCITS") or sub-funds thereof that are managed by the same Management Company or managed by another Management Company, whereby this other UCITS or sub-fund can be domiciled in Luxembourg or in another Member State.

If the transferring UCITS or a sub-fund of a UCITS is an investment fund (FCP) that becomes void as part of a merger, the entry into effect of the merger will be decided by the Management Company of this UCITS, except where otherwise provided for by the Management Company. For each investment fund (FCP) that becomes void, the decision on the entry into effect must be entered in the Commercial and Companies Register and a notification that the decision has been entered in the Commercial and Companies Register must be published in RESA in accordance with the provisions of the Law of 2010.

The notification to the investors concerning the merger of the Fund or a Sub-Fund will be published in a manner suitable to the Management Company in Luxembourg and in each of the countries in which units of the Fund or Sub-Fund are distributed.

For a period of 30 days, the Unit-Holders of the receiving Fund or Sub-Fund and of the transferring Fund or Sub-Fund are entitled to request the redemption of their units without costs at the relevant unit value or the exchange of their units with units of another Fund or Sub-Fund with a similar investment policy that is managed by the same Management Company or another company connected with the Management Company through shared management or through control via a significant direct or indirect participating interest. This entitlement becomes effective when the Unit-Holders of the transferring fund or sub-fund and the Unit-Holders of the receiving fund or sub-fund are informed of the planned merger and it becomes void five bank working days before the time of the calculation of the conversion ratio.

The units of Unit-Holders that have not requested the redemption or the exchange of their units will be replaced with units of the overtaking UCI or sub-funds thereof on the basis of the Unit Values on the day on which the merger comes into force. The Unit-Holders receive a balancing payment for any fractional units.

In the event of a merger between funds or sub-funds, the affected funds or sub-funds may temporarily suspend the subscription or redemption of units, insofar as this appears justifiable in the interest of the investors.

Legal, consultancy or management costs that are connected with the preparation and the execution of a merger are not paid by the Fund or sub-fund or its Unit-Holders.

## Article 14 COSTS

The following costs may be charged to the particular sub-fund:

1. The Management Company receives a remuneration from the particular net sub-fund assets that is calculated for the net sub-fund assets of the relevant unit class on a daily basis for the previous valuation day and is paid on a monthly basis for the previous month. The amount of the remuneration including any minimum remuneration with regard to the individual sub-fund is mentioned in the Sales Prospectus. This remuneration is subject to VAT as applicable.
2. The investment consultant or the fund manager may receive a remuneration from the particular net sub-fund assets that is calculated for the net sub-fund assets of the relevant unit class on a daily basis for the previous valuation day and is paid on a monthly basis for the previous month. The amount of the remuneration including any minimum remuneration with regard to the individual sub-fund is mentioned in the Sales Prospectus. This remuneration is subject to VAT as applicable.
3. In addition to said remunerations, a success-related remuneration (performance fee) may also be paid from the particular sub-fund assets. The applicable size, mode of calculation and payment and the recipient of the performance fee for the particular sub-fund are mentioned in the Sales Prospectus. This remuneration is subject to VAT as applicable.
4. The Central Administration Agent and/or the registrar and transfer agent may receive a remuneration from the relevant net sub-fund assets that is calculated daily for the previous valuation day's net sub-fund assets of each unit class and paid out monthly in arrears. The amount of the remuneration including any minimum remuneration with regard to the individual sub-fund is mentioned in the Sales Prospectus. This remuneration is subject to VAT as applicable.
5. 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.
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 regard to the individual sub-fund is mentioned in the Sales Prospectus. This remuneration is subject to VAT as applicable.
8. Alongside the aforementioned remunerations, the following costs can be charged to the particular sub-fund in particular:
  - a) all costs connected with the acquisition, disposal and ongoing management of assets;
  - b) all costs connected with the acquisition, disposal and ongoing management of assets; a standard remuneration for the payment of direct and indirect operational expenses of the custodian or the Management Company, arising in particular through the use of OTC transactions including the costs of collateral management incurred in connection with OTC transactions and in the case of security loan transactions and repurchase agreement transactions and other costs incurred in connection with OTC Derivative trading;
  - c) taxes and similar expenses that are charged in conjunction with the Fund Assets, its income or the expenses to the fund's assets;
  - d) costs for legal advice that are incurred by the Management Company or the custodian to enable them to act in the interest of the Fund's Unit-Holders;
  - e) remunerations and costs for the Fund's auditors;
  - f) costs for the compilation of unit certificates and income certificates;
  - g) costs for the redemption of income certificates and the renewal of income certificate sheets;
  - h) costs for 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) and other institutions, as required in connection with the Fund or the offering of its units;

- i) costs for the compilation of the 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) costs of publications intended for the Unit-Holders, including costs for providing information to the Unit-Holders of the particular sub-fund by means of a durable data medium;
- l) a reasonable share of the costs for advertising, market support, implementation of the marketing strategy and other marketing measures and any costs that are incurred in direct relation to the offering and the sale of units;
- m) costs for risk controlling and risk management;
- n) all costs and remunerations that are connected to concluding the unit certificate transaction and the marketing services;
- o) costs for assessing the creditworthiness of the Fund or Sub-Fund 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, distribution agents and other agents that need to be established abroad;
- r) expenses for any investment committee or ethics panel;
- s) expenses for an administration or supervisory board;
- t) costs for incorporating the Fund or individual sub-fund and the initial issue of shares;
- u) further administration costs including costs for stakeholder organisations;
- v) any licence costs for use of indices;
- w) costs for performance attribution;
- x) insurance costs;
- y) interest that becomes due in relation to loans that have been raised in accordance with Article 4 of the Management Regulations; and
- z) costs arising in connection with the implementation of regulatory requirements/reforms.

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

9. All costs are initially charged to ordinary income, then the capital gains and lastly the Fund Assets.
10. The costs of the individual sub-funds are calculated separately, insofar as they involve solely this particular sub-fund.
11. The Management Company, the Custodian, the fund manager and the investment consultant can support the brokers' distribution and marketing measures from their income and pay recurring distribution commissions and follow-up distribution commissions. The size of these commissions is generally measured in accordance with the volume of funds brokered.
12. The incorporation costs may be written off in the fund's assets of the sub-funds that existed at the time of incorporation in equal instalments within the first business year. The incorporation costs are debited to the sub-funds launched at the time of incorporation. Costs relating to the launching of further sub-funds are written off in the particular sub-fund assets to which they are attributed within the first financial year after the launch of the particular sub-fund.
13. The total expense ratio with regard to the particular Sub-Fund or its unit classes is mentioned in the Sales Prospectus.

## **Article 16    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 CHANGES**

The Management Company can change the Management Regulations in whole or in part at any time upon the agreement of 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.
3. For the Fund, the Management Company compiles a Sales Prospectus, the 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.
4. The documents of the Fund listed under no. 3 of this article can be accessed by the Unit-Holders at the Management Company's headquarters, the Custodian and at any paying agent or distribution agent.

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, LEGAL VENUE AND CONTRACTUAL LANGUAGE**

1. The Management Regulations of the Fund are governed by Luxembourg law. In particular, the regulations of the Law of 2010 apply in addition to the rulings of the Fund's Management Regulations.

The same applies for 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. The Management Company and the custodian are entitled to submit themselves and the Fund (with regard to issues relating to the Fund) to the jurisdiction and the law of any country in which units of the Fund are publicly distributed, provided the claims involved are made by investors who are domiciled in the relevant country.

3. The German wording of the Management Regulations is applicable unless a contradictory stipulation has been expressly made in the Management Regulations.

#### **Article 19 COMING INTO FORCE**

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