

## PROSPECTUS



# MULTI CHALLENGE SICAV

**AN INVESTMENT COMPANY WITH VARIABLE SHARE CAPITAL**  
**subject to Luxembourg law of 17 December 2010**  
**on undertakings for collective investments**

**February 2021**

Subscriptions may only be accepted on the basis of this sales prospectus ("Sales Prospectus"). The Sales Prospectus is only valid if accompanied by the latest available annual report or (by the latest available semi-annual report if the latter is more recent in date than the latest annual report). It is prohibited to disclose information on the SICAV which is not contained in this Sales Prospectus the documents mentioned therein, the latest annual report and any subsequent semi-annual report.

## INTRODUCTION

The Sales Prospectus is published in the context of the ongoing offering of shares in the investment company with variable capital MULTI CHALLENGE SICAV (the "SICAV").

The shares offered for sale are shares in the various sub-funds forming the SICAV's assets ("the shares"). The Sales Prospectus is published exclusively in connection with the offering for sale of shares in those sub-funds which exist at the time the Sales Prospectus is printed. The shares in these sub-funds are issued, repurchased and converted at the prices that result from the calculation of the net asset value per share for the sub-fund concerned (cf. the section "Issue of shares", "Repurchase of shares" and "Conversion of shares").

LUXEMBOURG - The SICAV is an open-ended investment company with variable capital, incorporated in the Grand duchy of Luxembourg as a *société anonyme* on the basis of the law on Trading Companies of 10 August, 1915 including subsequent amendments and addenda (the "**1915 Law**"), which qualifies as undertaking for collective investment in transferable securities ("UCITS") in accordance with Part I of the law of 17 December 2010 on undertakings for collective investment (the "Law of 2010").

The SICAV has appointed EFG Fund Management S.A. as its Management Company (also defined as the "**Management Company**").

The registration of the SICAV as a Luxembourg UCITS may not be interpreted as constituting a positive assessment by the Luxembourg supervisory authority of the contents of the Sales Prospectus or of the quality of the assets held by the various sub-funds. Any information to the contrary would be illegal and unauthorized.

The Sales Prospectus may not be used as a basis for offering or soliciting for purchase in a particular country or under particular circumstances if such an offer or solicitation is not authorized in the country concerned or under the circumstances concerned. Any potential subscriber of shares who receives a copy of the Sales Prospectus or the subscription form outside the Grand Duchy of Luxembourg may only regard these documents as a solicitation to purchase or subscribe to the shares if such a solicitation may be made in the country concerned perfectly legally and without any registration or other formalities, or when the person concerned has satisfied the legal requirements applicable in the country concerned, been granted all official and other authorizations that may be necessary there and has complied with all the formal requirements applicable there.

EUROPEAN UNION ("EU") - The SICAV is an undertaking for collective investment in transferable securities ("UCITS") within the meaning of the directive 2009/65/EC of the European Parliament and the Council of 13 July 2009 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (UCITS), or any successor directive (the "UCITS Directive"); the SICAV's board of directors (also defined as the "**Board of Directors**" or "**Board**") intends to sell the shares publicly in accordance with the provisions of the above mentioned UCITS directives in various member states of the European Union.

UNITED STATES OF AMERICA - The SICAV represents and warrants that its shares will not be offered, sold or delivered from within the United States or to Investors who are US Persons. A US Person is any person who:

- (i) is a United States person within the meaning of Section 7701(a)(30) of the US Internal Revenue Code of 1986, as amended, and the Treasury Regulations promulgated thereunder;
- (ii) is a US person within the meaning of Regulation S under the US Securities Act of 1933 (17 CFR § 230.902(k));
- (iii) is not a Non-United States person within the meaning of Rule 4.7 of the US Commodity Futures Trading Commission Regulations (17 CFR § 4.7(a)(1)(iv));
- (iv) is in the United States within the meaning of Rule 202(a)(30)-1 under the US Investment Advisers Act of 1940, as amended; or
- (v) any trust, entity or other structure formed for the purpose of allowing US Persons to invest in the Fund.

The Board of Directors has taken all the necessary precautions to ensure that at the time of going to press the Sales Prospectus contains correct and accurate information on all the principal matters covered therein. All the directors accept their liability in this respect.

Potential subscribers of shares are urged to personally obtain information and seek assistance from their bank or financial, legal or tax advisor in order to be fully informed about possible legal or fiscal consequences or about possible consequences of exchange restrictions or controls to which the subscription, holding, repurchase, conversion or transfer of shares might be subject under the applicable laws of that person's country of domicile, permanent residence or establishment.

The SICAV draws the investors' attention to the fact that any investor will only be able to fully exercise his investor rights directly against the SICAV, notably the right to participate in general shareholders' meetings if the investor is registered himself and in his own name in the shareholders' register of the SICAV. In cases where an investor invests in the SICAV through an intermediary investing into the SICAV in his own name but on behalf of the investor, it may not always be possible for the investor to exercise certain shareholder rights directly against the SICAV. Investors are advised to take advice on their rights.

No person is authorized to supply any information other than the information contained in the Sales Prospectus and in the documents mentioned therein.

Any information supplied by a person who is not mentioned in the Sales Prospectus must be deemed to be unauthorized. The information contained in the Sales Prospectus is deemed to be correct at the time of going to press; it may be updated in due course in order to take account of important changes occurring subsequently. Every potential subscriber of shares is therefore recommended to enquire the SICAV to determine whether it has published a more recent prospectus.

Any reference, if any, made to "EUR", "USD", and "CHF" in the Sales Prospectus denotes respectively the legal currency in the member states of the European Union, the United States of America and Switzerland.

"Business Day" means normal bank business days in Luxembourg (i.e. each day on which the banks are open during normal business hours) except individual, non-statutory rest days and days on which stock exchanges in the main countries in which the sub-funds invest are closed, or on which 50% or more of the sub-funds' investments cannot be adequately valued. "Non-statutory rest days" are days on which banks and financial institutions are closed.

"Valuation Day" is any day as defined per sub-fund in the relevant Annex.

The annexes and the data sheet form an integral part of the Sales Prospectus and must be read in conjunction with the latter.

Copies of the Sales Prospectus and of the KIID (Key Investor Information Document) of the sub-funds may be obtained free of charge from:

EFG Fund Management S.A.  
56, Grand-Rue  
L-1660 Luxembourg

HSBC Continental Europe, Luxembourg  
16, Boulevard d'Avranches  
L-1160 Luxembourg

If you have any question in relation to the SICAV or if you want to lodge any complaint in relation to the operations of the SICAV, feel free to address a letter to the Complaints Handling Officer, EFG Fund Management S.A., 56, Grand-Rue, L-1660 Luxembourg, Grand Duchy of Luxembourg.

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## MULTI CHALLENGE SICAV

Investment Company with Variable Capital (Société d'Investissement à Capital Variable, SICAV) Luxembourg Register of Companies B 166868

### Board of Directors Members

Mr. Salvino Ferrante  
Vice President  
EFG Fund Management S.A.  
56, Grand-Rue  
L-1660 Luxembourg

Mr. Apostolos Malouchos  
First Vice President  
EFG Bank (Luxembourg) S.A.  
56, Grand-Rue  
L-1660 Luxembourg

Mr. Nicolas Muller  
Independent director  
9, Rue Rudi Herber  
L-1749 Howald

### SICAV's Registered office

56, Grand-Rue  
L-1660 Luxembourg

### Management Company

EFG Fund Management S.A.  
56, Grand-Rue  
L-1660 Luxembourg

### Directors

Mr. Michele Baschirotto  
Vice President  
EFG Asset Management (Switzerland) SA  
Lugano – Switzerland

Mr. Steven Johnson  
Chief Operating Officer  
EFG Asset Management (UK) Limited  
London, United Kingdom

Mr. Nicolas Muller  
Independent director  
9, Rue Rudi Herber  
L-1749 Howald

Portfolio Management function for the following sub-funds is delegated by the Management Company to:

for MULTI CHALLENGE SICAV –  
Swan

Abalone Asset Management Limited  
Skyway Offices, Block C, Office 1  
179 Marina Street, Pietà PTA 9042  
Malta

for MULTI CHALLENGE SICAV –  
Flex

AZ Swiss & Partners S.A.  
Via Carlo Frasca 5,  
CH-6900 Lugano,

for all other sub-funds

Patrimony 1873 S.A.  
Via Canova 6  
CH-6901 Lugano  
Switzerland

Administrative and Transfer Agent functions are delegated by the Management Company to:

	HSBC Continental Europe, Luxembourg 16, Boulevard d'Avranches L-1160 Luxembourg
Depositary Bank and Paying Agent	EFG Bank (Luxembourg) S.A. 56, Grand-Rue L-1660 Luxembourg
Auditor	Deloitte Audit 20, boulevard de Kockelscheuer L-1821 Luxembourg
Italian Paying Agent	SGSS S.p.A. Via Benigno Crespi, 19/A - MAC 2 I-20159 Milano Italy
	Allfunds Bank, S.A.U. Estafeta, 6 (La Moraleja) Complejo Plaza de la Fuente Edificio 3 C.P. 28109 Alcobendas, Madrid Spain (operating from its branch offices in Milan – ALLFUNDS BANK, S.A.U., Branch in Milan Via Bocchetto ,6 - 20123 Milano)
Local distributor in Italy	Allfunds Bank, S.A.U. Estafeta, 6 (La Moraleja) Complejo Plaza de la Fuente Edificio 3 C.P. 28109 Alcobendas, Madrid Spain (operating from its branch offices in Milan – ALLFUNDS BANK, S.A.U., Branch in Milan Via Bocchetto ,67 - 20123 Milano)
	Banca Ifigest S.p.A. Piazza Santa Maria Soprarno, 1 50125 Florence
Swiss Paying Agent	EFG Bank AG Bleicherweg 8 P.O. Box 6012 CH-8022 Zurich Switzerland
Local distributor in Switzerland for MULTI CHALLENGE SICAV – Globes Portfolio 30 Globes Portfolio 60	Patrimony 1873 S.A. Via Canova 6 CH-6901 Lugano Switzerland
Local Representative in Switzerland for MULTI CHALLENGE SICAV – Globes Portfolio 30 Globes Portfolio 60	ACOLIN Fund Services AG Leutschenbachstrasse 50 CH-8050 Zürich Switzerland

## ***INVESTMENT OBJECTIVES AND POLICY***

The investment policies of the various sub-funds, as established by the Board of Directors, are set out in ANNEX I to this prospectus. The investment policies will always be applied in conformity with the investment restrictions laid down in the "Annex I: Investment Restrictions" section.

The principal objective of the SICAV is to enable its shareholders to achieve a return as high as possible on the capital invested, while at the same time spreading the risks as much as possible, by investing in fixed-income or floating-rate securities and in equities that are quoted or traded on official securities exchanges in the OECD countries or on other regulated markets. In addition, the SICAV may hold liquid assets for each sub-fund within the limits of the investment restrictions laid down in Annex I. Liquid assets are bank deposits and first-rate money market instruments whose residual term to maturity is no more than 12 months. All investments are made in accordance with the principle of risk spreading. A reference currency is indicated for each sub-fund in the description of the sub-fund's relevant investment policy. The reference currency is the currency in which the accounts of the sub-fund concerned are kept. The reference currency does not have to be identical to the currency of investment. By currency of investment is meant the currency in which the sub-fund's investments are made.

Unless otherwise provided in the relevant Annex of a sub-fund, a sub-fund may invest up to a maximum of 10% of their net assets in existing UCITS and UCIs.

### ***SFDR***

For the purpose of articles 8 and 9 of Regulation (EU) N°2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial sector ("SFDR") and article 7 of Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, the Board and the Management Company have taken the view, unless otherwise set out in the relevant Annex of a specific Sub-fund, that, in light of the investment objectives and policies of the Sub-funds and their implementation, the investments underlying this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

In accordance with the provisions set out in SFDR, the Management Company draws the investors' attention on the fact that the Sub-funds could be exposed to sustainability risks and that it is difficult to assess with any reasonable certainty whether there exists, or the likely outcome of, any sustainability risk on the investments and/or the risk of occurrence of any such risk.

These risks may be integrated in the investment decision-making process to the extent that they represent any potential or actual material risk. Such review is performed by the portfolio management and risk management teams, if those risks are relevant, on an ongoing basis if and when investments are made. If those risks are relevant, the risk management team of the Management Company also perform a regular ex-post review of those risks as part of the discharge of its duties.

The Management Company currently continues reviewing its obligations with respect to whether it considers principal adverse impacts of investment decisions on sustainability factors. The Management Company does not currently consider principal adverse impacts of investment decisions on sustainability factors because of the absence of additional guidance and market data being available. The Management Company intends in particular to take its final decision based on the guidance to be set out in the regulatory technical standards (i.e. the delegated act to be adopted by the European Commission in order to supplement SFDR with regard to the content, methodologies and presentation of disclosures in connection with the indicators in relation to adverse impacts as well as the promotion of environmental or social characteristics and sustainable investment objectives in pre-contractual disclosures, websites and periodic reports) whose entry into force is expected to occur on 1 January 2022. The decision of the Management Company with regard to whether it considers principal adverse impacts of investment decisions on sustainability factors will be available on the Management Company's website: <http://www.efg-fundmanagement.com/Governance.html>.

### ***INVESTMENT IN UCI AND UCITS***

Sub-funds, whose assets are partially or fully invested in existing UCI and UCITS in accordance with their particular investment policies, accordingly have either partially or fully the structure of a fund of funds.

The general advantage of a fund of funds compared with direct investment in specific funds is the broader

diversification or spread of risk. In a fund of funds, portfolio diversification extends not only to its own investments because the investment objects (target funds) themselves are also governed by the stringent principles of risk diversification. A fund of funds enables the investor to invest in a product which spreads its risks on two levels and thereby minimises the risks inherent in the individual investment object.

Certain commission payments and expenses may occur more than once when investing in existing funds (for example, commission for the depositary bank and the central administrative agency, management/advisory fees and issuing/redemption commission of the UCI and/or UCITS in which an investment is made). Such commission payments and expenses are charged at the level of the target fund as well as of the underlying funds.

This commission may be incurred up to three times where alternative investments are concerned (funds of hedge funds, funds of real estate funds).

The sub-funds may also invest in UCI and/or UCITS managed by the Management Company or by any other company with which it is associated through common management or through a substantial direct or indirect holding. In this case, no issuing or redemption commission will be charged on subscription to or redemption of these units / shares. However, the sub-fund concerned may be charged with a management fee and a performance fee as further described in the relevant Annex of a sub-fund.

The general expenses and the costs incurred when investing in existing funds are examined in detail in the sections "Charges and Expenses".

## ***INVESTMENT RISKS***

The investments in each of the SICAV's sub-funds are subject to market fluctuations and to the other risks' characteristic of a securities investment.

The value of the investment can be affected by national and international macro-economic trends, by interest-rate fluctuations or by changes in the value of the currencies of the countries of investment just as much as it can by exchange-control regulations, by the tax legislation of the individual countries of investment, including the regulations governing withholding tax, by changes of government or by changes in economic and currency policy in

the countries concerned. No guarantee can therefore be given that the investment objectives will actually be achieved.

Taking into account the investment restrictions in Annex I, each sub-fund may pursue different strategies in order to reduce the investment risks and optimize the yield of its portfolio. These strategies currently include the use of derivative financial instruments such as options, currency futures contracts, futures contracts and options on futures contracts. Market conditions and the applicable legal regulations may restrict the use of these instruments. No guarantee can be given that such strategies will be successful. Sub-funds that trade on the futures and options markets, as well as sub-funds that enter into currency swap transactions are subject to risks and expenses in connection with these specific investments to which they would not have been subject if no use had been made of such transactions. Should the assessments of movements on the securities, foreign-exchange and interest-rate markets of the sub-fund's Portfolio Manager prove inaccurate, the sub-fund may find itself in a more unfavourable situation than would have been the case if the risk-hedging or optimization strategies had not been utilized.

Each sub-fund may also use financial derivative instruments as part of its investment strategy.

Derivative financial instruments are not in themselves investment instruments but rights whose valuation mainly derives from the price and the price fluctuations and expectations of an underlying instrument. Investments in derivatives are subject to general market risk, management risk, credit risk and liquidity risk.

However, the nature of these risks may be altered as a result of the special features of the derivative financial instruments and may in some cases be higher than the risks associated with an investment in the underlying instrument.

For this reason, the use of derivatives requires not only an understanding of the underlying instrument, but also in-depth knowledge of the derivatives themselves.

The credit risk for derivatives traded on a stock exchange is, generally speaking, lower than that of derivatives traded over-the-counter on the open market (the "OTC derivatives"), because the clearing agent that acts as issuer or counterparty of every market-traded derivative accepts a settlement guarantee. To reduce the overall risk of default of the derivatives traded on a stock exchange, the guarantee is supported by a daily payment system maintained by the clearing agent, in which the assets required for cover are calculated. The credit risk of OTC derivatives is the risk that the counterparty to the relevant OTC derivatives contract defaults to perform its duties. Although there is no clearing agent guarantee for OTC derivatives comparable to those available for exchange-traded derivatives, the potential loss in most OTC derivative contracts is limited to the difference between the amount to be paid or delivered to the relevant sub-fund by the relevant OTC counterparty and the amount due by the relevant sub-fund in favour of the those counterparty both amounts resulting from the relevant OTC derivative contract. In cases in which notional or underlying is to be paid or delivered (e.g. options, credit default swaps), the potential loss of the sub-fund is limited by the restrictions set forth in the clause 2. of the Chapter "General Principles", under Annex I - "Investment Restrictions" here below if the counterparty defaults and the notional or underlying cannot change hands. The default risk of OTC derivative counterparties is further mitigated by posing collateral by the relevant counterparty as well as by off-setting different OTC derivative positions entered into between the relevant sub-fund and the relevant counterparty, as the case may be. In addition, the default risk is reduced by a scrutinised process of choosing the counterparty, as described in more details in let. g) of clause 1. of the Chapter "General Principles", under Annex I - "Investment Restrictions" here below.

There are also liquidity risks, as it may be difficult to buy or sell certain instruments. When derivative transactions are particularly large, or the corresponding market is illiquid (as may be the case with derivatives traded over-the-counter on the open market), it may in some cases not always be possible to fully execute a transaction, or else it may only be possible to liquidate a position subject to high costs.

Other risks associated with the use of derivatives include the risk of incorrectly valuing or determining the price of derivatives. There is also the possibility that derivatives do not completely correlate with their underlying assets, interest rates or indices. Many derivatives are complex and are frequently subjectively valued. Inappropriate valuations can result in higher cash payment requirements in relation to counterparties or in a loss of value for the respective sub-fund. Derivatives are not always in direct or parallel proportion to the value of the assets, interest rates or indices from which they are derived. Therefore, the use of derivatives by the Management Company is not always an effective means of attaining each sub-fund's investment objective and can at times even have the opposite effect.

Among the financial derivative instruments, each sub-fund may also use financial derivative instruments (including contracts for difference ("CFDs")) as part of its investment strategy.

CFDs are over-the-counter financial instruments which allow an investor to take advantage of the share price movements without having to hold such a share or to manage the holding constraints (custody, financing, loan for shorts). Indeed, CFDs are contracts entered into between two parties to exchange, at the end of this contract, the difference between the opening and the closing prices of the contract, multiplied by the number of units of the underlying assets as specified in the contract. The settlement of these differences is completed through a cash payment, not through a physical delivery of the underlying assets. The risk exposure arising from these transactions, together with the global risk associated with other derivative instruments cannot be, at any time, higher than the value of the net assets of the relevant sub-fund. In particular, CFDs on transferable securities, financial indexes or swaps must be strictly in compliance with the investment policy of each sub-fund and with the restrictions laid down in the "Annex I: Investment Restrictions" section. Each sub-fund shall guarantee a permanent and adequate coverage of its obligations in respect of the CFDs to meet the redemption requests of the shareholders.

Each sub-fund may also invest in commodities.

Investments in commodities can be made via financial indices in compliance with the Law of 2010 or through underlined instruments with no embedded derivatives, via target funds or via replicating a commodity index. The investors should bear in mind that investments in commodities are speculative and may result in total loss of the investment. In addition, the commodities are subject to political risks, risks of riots, strikes and similar events in the countries exploring, producing or manufacturing commodities. The volatility of prices of raw commodities tends to be higher than the price volatility of finish goods. No physical deliveries are permitted.

Each sub-fund may also invest in distressed securities.

Holding distressed securities creates significant risk due to the possibility that bankruptcy may render such securities worthless (zero recovery). While potentially lucrative, these investment strategies require significant levels of resources and expertise to analyze each instrument and assess its position in an issuer's capital structure along with the likelihood of ultimate recovery. Distressed securities tend to trade at substantial discounts to their intrinsic or par value and are therefore considered to be below investment grade. Under certain circumstances the Sub-Fund could sale these positions in the investor interest. A major risk of investing in distressed securities comes from the difficulties in appraising them at fair value.

As mentioned under Appendix 7 of the Sales Prospectus, some sub-funds may invest in contingent convertible bonds

Contingent Convertibles Bonds, also known as "CoCo bonds", are complex regulated instruments. They often offer better performance than conventional bonds as a result of their specific structure and the place they occupy in the capital structure of the issuer (subordinated debt). Hybrids instruments, including CoCo bonds, contain features of both debt and equity. CoCo bonds are slightly different to regular convertible bonds because they are designed to convert into shares if a pre-set trigger (or at the discretion of regulatory authorities in some cases) is breached in order to provide a shock boost to capital levels.

The following list contains examples of specific risks connected to CoCo bonds; this list being not exhaustive:

- Trigger risk level: each instrument has its own characteristics. The level of conversion risk may vary, for example depending on the distance between the issuer's Tier 1 ratio and a threshold defined in the terms of issue. The occurrence of the contingent event may result in a conversion into shares or even a temporary or definitive writing off of all or part of the debt.
- Conversion risk: the behaviour of this instrument in the event of conversion may be unpredictable. The Portfolio Manager may be required to sell its securities in the event of a conversion into shares in order to comply with the sub-fund's investment policy.
- Coupon cancellation: with certain type of CoCo bonds, the payments of coupons are entirely discretionary and may be cancelled by the issuer at any point, for any reason, and for any length of time.
- Capital structure inversion risk: contrary to classic capital hierarchy, CoCo bonds investors may suffer a loss of capital when equity holders do not. This is particularly the case when the trigger threshold is set at a high level.
- Call extension risk: certain type of CoCo bonds are issued as perpetual instruments, callable at pre-determined levels only with the approval of the competent authority. It cannot be assumed that investors will be able to recover their capital on the optional reimbursement dates provided for in the terms of issue.

- Unknown risk: the structure of the instruments is innovative yet untested. The behaviour of the CoCo bonds during a period of stress and testing of conversion levels may be highly unpredictable.
- Yield/Valuation risk: Yield has been a primary reason this asset class has attracted strong demand but It may not be the only criterion guiding the valuation and the investment decision. It should be viewed as a complexity premium.
- Liquidity risk: as with the high yield bond market, the liquidity of CoCo bonds may be affected significantly in the event of a period of turmoil in the markets.
- Risk of concentration in a single industry: to the extent that CoCo bonds are issued by a single category of issuer, adverse events in the industry could affect investments in this type of instrument in a global manner.

Each sub-fund may also invest in product such as ABS, MBS, CMBS, etc.

Investors should be aware that investments in such products may exhibit heightened complexity and no transparency. These products are hedged by a pool of claims (for ABS, these claims may be car or student loans or other claims resulting from credit card contracts; for MBS, these are mortgage loans) and issued by an entity which was exclusively founded for such issues and which is completely separate from the lender of the claims in the pool, from a legal, accounting and economic stand point. The payment flows from the underlying claims (comprising interest, amortisation of the claim and any early special payments thereon) are passed on to investors of the ABS, MBS, etc. products. These products comprise different tranches which are subject to a hierarchy that defines the order of inflow of the amortisations and any early special payments among the tranches (the interest, however, is received equally by all tranches). In the event of lower interest rates, when the special payments on the underlying claims tend to be higher due to the increased refinancing possibilities of the debtors, the investors in subordinate tranches are subject to an increased repayment and reinvestment risk, because these special payments are allocated to these subordinate tranches first. In the event of higher interest rates, however, there is an increased danger that debtors may not follow through on their interest payment and underlying claim amortisation obligations. This means the investors in the higher-ranking tranches (which receive the payments from underlying claims last) are subject to an increased risk of default.

Some sub-funds may invest substantially in high-yield securities. Such securities are generally not exchange traded and, as a result, these instruments trade in a smaller secondary market than exchange-traded bonds. In addition, if a sub-fund may also invest in bonds of issuers that do not have publicly traded equity securities, it can make it more difficult to hedge the risks associated with such investments (if the sub-fund chooses to do so). High-yield securities that are below investment grade or unrated face ongoing uncertainties and exposure to adverse business, financial or economic conditions which could lead to the issuer's inability to meet timely interest and principal payments. The market values of certain of these lower-rated and unrated debt securities tend to reflect individual corporate developments to a greater extent than do higher-rated securities, which react primarily to fluctuations in the general level of interest rates, and tend to be more sensitive to economic conditions than are higher-rated securities. Companies that issue such securities are often highly leveraged and may not have available to them more traditional methods of financing. It is possible that a major economic recession could disrupt severely the market for such securities and may have an adverse impact on the value of such securities. In addition, it is possible that any such economic downturn could adversely affect the ability of the issuers of such securities to repay principal and pay interest thereon and increase the incidence of default of such securities.

No guarantee can be given that the sub-funds' portfolios are effectively hedged or that the sub-funds will actually achieve their investment objectives.

## **HEDGING**

Shares can be issued in Classes of Shares denominated in currencies other than the reference currency. The shares in these Classes of Shares may be hedged against the reference currency of the relevant Sub-Fund. To obtain this coverage swaps, futures contracts, forward exchange contracts, options and other financial derivative instruments transactions may be used in order to protect the value of the currency of the shares covered against the reference currency of the Sub- Fund.

The results of this coverage will be reflected in the Net Asset Value of the concerned shares. All costs relating to this type of operation will be borne by the shares hedged and will therefore have an impact on the performance of these shares. While hedging operations can protect investors against a depreciation of the reference currency of the Sub-Fund against the hedged currency, they can also deprive them of the benefit of an appreciation of the reference currency of the Sub-Fund.

Over-hedged or under-hedged positions may arise unintentionally due to factors outside the control of the

Management Company, however, over-hedged positions will not exceed 105% of the net asset value of the Currency Hedged Class of Share and under-hedged positions will not fall below 95% of the net asset value of the Currency Hedged Class of Share. The hedged positions will be kept under review to ensure that under-hedged positions do not fall below the level set out above and are not carried forward from month to month and that over-hedged positions materially in excess of 100% will not be carried forward from month to month.

There can be no guarantee that such hedging activity will be successful and may result in mismatches between the currency position of the Sub-Fund and the hedged Class of Shares. In addition, hedged Classes of Shares in non- major currencies may be affected by the fact that the capacity of the relevant currency may be limited, which could further affect the volatility of the hedged Class of Shares.

Currency Hedged Classes of Shares can be identified by the suffix "(hedged)" appearing after the currency denomination of the Share Class.

### *Spill-Over Risk relating to Hedged Classes of Shares*

As there is no legal segregation of assets and liabilities between different Classes of Shares in the same Sub-Fund, there is a risk that, under certain circumstances, hedging transactions relating to Hedged Classes of Shares could have an adverse impact on other Classes of Shares in the same Sub-Fund. Although spill-over risk will be mitigated, it cannot be fully eliminated, as there may be circumstances where it is not possible or practical to do so. For example, where the Sub-Fund needs to sell securities to fulfil financial obligations specifically related to the Hedged Classes of Shares and such actions adversely affect the net asset value of the other Classes of Shares in the Sub-Fund.

## **COLLATERAL MANAGEMENT**

If the SICAV enters into OTC transactions, it may be exposed to risks related to the creditworthiness of the OTC counterparties: when the SICAV enters into futures contracts or options or uses other derivative techniques it is subject to the risk that an OTC counterparty may not meet (or cannot meet) its obligations under a specific or multiple contracts. Counterparty risk can be reduced by depositing a security (collateral) (see above).

All assets received by the SICAV in the context of securities financing transaction ("SFTs") (securities lending, repurchase or reverse repurchase agreements) shall be considered as collateral for the purposes of this section.

### 1) Eligible collateral

Collateral received by the SICAV may be used to reduce its counterparty risk exposure if it complies with the criteria set out in applicable laws, regulations and circulars issued by the CSSF from time to time notably in terms of liquidity, valuation, issuer credit quality, correlation, risks linked to the management of collateral and enforceability. In particular, collateral should comply with the criteria provided in Article 43 paragraphs (a) to (h) of the CSSF Circular 14/592, which transposed the Guidelines issued by the European Securities and Market Authority (ESMA) "ESMA 2014/937":

- (a) Liquidity – any collateral received other than cash should be highly liquid and traded on a regulated market or multilateral trading facility with transparent pricing in order that it can be sold quickly at a price that is close to pre-sale valuation. Collateral received should also comply with the provisions of Article 56 of the UCITS Directive.
- (b) Valuation – collateral received should be valued on at least a daily basis and must be marked to market daily, it being understood that the SICAV does not intend to make use of daily variation margins.
- (c) Issuer credit quality – collateral received should be of high quality
- (d) Correlation – the collateral received by the UCITS should be issued by an entity that is independent from the counterparty and is expected not to display a high correlation with the performance of the counterparty.
- (e) Collateral diversification (asset concentration) – collateral should be sufficiently diversified in terms of country, markets and issuers. The criterion of sufficient diversification with respect to issuer concentration is considered to be respected if the UCITS receives from a counterparty of efficient portfolio management and over-the-counter financial derivative transactions a basket of collateral with a maximum exposure to a given issuer of 20% of the UCITS' net asset value. When a UCITS is exposed to different counterparties, the different baskets of collateral should be aggregated to calculate the 20% limit of exposure to a single issuer. By way of derogation from this sub-paragraph, a UCITS may be fully collateralised in different transferable securities and money market instruments issued or guaranteed by a Member State of the European Union ("Member State"), one or more of its local authorities, by any other state which is a member of the OECD, or a public international body to which one or more Member States belong. Such a UCITS should receive securities from at least six different issues, but securities from any single issue should not account for more than 30% of the UCITS' net asset value.
- (f) Risks linked to the management of collateral, such as operational and legal risks, should be identified, managed and mitigated by the risk management process.
- (g) Where there is a title transfer, the collateral received should be held by the depositary of the UCITS. For other types of collateral arrangement, the collateral can be held by a third-party custodian which is subject to prudential supervision, and which is unrelated to the provider of the collateral. If the SICAV owes a security pursuant to an applicable agreement, such security shall be held in custody by the Depositary Bank in favour of the SICAV. Bankruptcy and insolvency events or other credit events with the Depositary Bank or within its sub-depositary/correspondent bank network may result in the rights of the SICAV in connection with the security to be delayed or restricted in other ways. If the SICAV owes a security pursuant to an applicable agreement, then any such security is to be transferred to the OTC counterparty as agreed between the portfolio manager and the OTC counterparty. Bankruptcy and insolvency events or other credit events with the OTC counterparty, the Depositary Bank or within its sub-

depository/correspondent bank network may result in the rights or recognition of the SICAV in connection with the security to be delayed, restricted or even eliminated, which would go so far as to force the SICAV to fulfil its obligations in the framework of the OTC transaction, in spite of any security that had previously been made available to cover any such obligation.

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

Subject to the abovementioned conditions, collateral received by the SICAV may consist of:

- a) Cash and cash equivalents, including short-term bank certificates and money market Instruments;
- b) Bonds issued or guaranteed by a Member State of the OECD or by their local public authorities or by supranational institutions and undertakings with EU, regional or worldwide scope;
- c) Shares or units issued by money market UCIs calculating a daily net asset value and being assigned a rating of AAA or its equivalent;
- d) Shares or units issued by UCITS investing mainly in bonds/shares mentioned in (e) and (f) below;
- e) Bonds issued or guaranteed by first class issuers offering adequate liquidity;
- f) Shares admitted to or dealt in on a regulated market of a Member State of the EU or on a stock exchange of a Member State of the OECD, on the condition that these shares are included in a main index.

Notwithstanding the previous paragraphs, in line with the CSSF Circular 14/592, at the date of the Sales Prospectus, collateral will be only be accepted if received as:

- Cash and cash equivalents, including short-term bank certificates and money market instruments;
- Bonds issued or guaranteed by a Member State of the OECD or by their local public authorities or by supranational institutions and undertakings with EU, regional or worldwide scope.

To the extent that this policy should be reviewed by the Investment managers, the Sales Prospectus will be amended accordingly

## 2) Level of collateral required

The level of collateral received in the context of securities lending transactions, shall be equal at least equivalent to 90% of the global valuation (taking into account any haircut policy, interests, dividends and other eventual rights included) of the securities lent, during the lifetime of the lending agreement.

For any other efficient portfolio management techniques or OTC derivatives, the level of collateral required will be at least 100% of the exposure to the relevant counterparty. This will be achieved by applying the haircut policy set out below.

## 3) Haircut policy

Collateral will be valued on a daily basis, using available market prices and taking into account appropriate discounts which will be determined by the SICAV for each asset class based on its haircut policy. This policy takes into account a variety of factors, depending on the nature of the collateral received, such as the issuer's credit standing, the maturity, currency, price volatility of the assets and, where applicable, the outcome of liquidity stress tests carried out by the SICAV under normal and exceptional liquidity conditions. No haircut will generally be applied to cash collateral.

In case of non-cash collateral, an haircut will be applied. The Investment Manager will only accept non-cash collateral which does not exhibit high price volatility. The non-cash collateral received on behalf of the SICAV will typically be government debts and supranational debt securities.

For non-cash collateral, a haircut of 1% to 8% will be applied as follows:

Government debts and supranational debt securities	Remaining stated maturity	Haircut applied
	Not exceeding 1 year	1%
	1 to 5 years	3%
	5 to 10 years	4%
	10 to 20 years	7%
	20 to 30 years	8%

#### 4) Reinvestment of collateral

In accordance with the provision of Article 43 (i) and (j) of the CSSF Circular 14/592, if the collateral received is the form of cash, the collateral should only be:

- placed on deposit with entities prescribed in Article 50(f) of the UCITS Directive;
- invested in high-quality government bonds;
- used for the purpose of reverse repo transactions provided the transactions are with credit institutions subject to prudential supervision and the UCITS is able to recall at any time the full amount of cash on accrued basis;
- invested in short-term money market funds as defined in the Guidelines on a Common Definition of European Money Market Funds (CESR/10-049).

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

The Investor should note that the SICAV may incur a loss in reinvesting the cash collateral it receives. Such a loss may arise due to a decline in the value of the investment made with cash collateral received. A decline in the value of such investment of the cash collateral would reduce the amount of collateral available to be returned by the SICAV to the counterparty at the conclusion of the transaction. The SICAV would be required to cover the difference in value between the collateral originally received and the amount available to be returned to the counterparty, thereby resulting in a loss to the Fund.

Non-cash collateral received by the SICAV may not be sold, re-invested or pledged.

## MANAGEMENT COMPANY

EFG Fund Management S.A. is appointed as management company and principal administrative agent, as well as registrar agent, of the SICAV pursuant to the agreement signed on 2 June 2014 between the SICAV and the Management Company (the "Company Services Agreement").

The Management Company is a company incorporated under Luxembourg law with registered office located at 56, Grand-Rue, L-1660 Luxembourg, Grand Duchy of Luxembourg. The Management Company was incorporated for an indeterminate period in Luxembourg on March 27, 2014 in the form of a joint stock company (i.e., a *société anonyme*), in accordance with the 1915 Law. Its capital is actually in the amount of EUR 2,500,000 (two million five hundred thousand Euro).

The deed of incorporation of the Management Company was published in the "Mémorial" of April 11, 2014 (Registre de Commerce et des Sociétés of Luxembourg n° B185.861). The coordinated articles of incorporation have been published in the "Mémorial" on April 11, 2014.

The names of all other undertakings for collective investment managed by the Management Company from time to time are available at the registered office of the Management Company.

The Management Company is governed by Chapter 15 of the Law of 2010 and, in this capacity, is responsible for the collective management of the SICAV's portfolio. These duties encompass the following tasks:

- (l) investment management, the Management Company may:
- provide all advice and recommendations as to the investments to be made,
  - enter into contracts, buy, sell, exchange and deliver all transferable securities and any other assets,

- exercise, on behalf of the SICAV, all voting rights attaching to the transferable securities constituting the SICAV's assets.

(II) administration, which encompasses:

- a) legal services and accounts management for the SICAV,
- b) follow-up of requests for information from clients,
- c) valuation of portfolios and calculation of the value of SICAV shares (including all tax issues),
- d) verifying compliance with regulations,
- e) keeping the SICAV's Register of Shareholders,
- f) allocating SICAV income,
- g) issue and redemption of SICAV shares (Registrar Agent's duties),
- h) winding-up of contracts (including sending certificates),
- i) recording and keeping records of transactions.

(III) marketing the SICAV's shares.

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

The investment management duties and the administration duties are currently delegated, as described below.

Under the terms of the Management Company Services Agreement, the Management Company shall act as the SICAV's management company in the best interest of the Shareholders and according to the provisions set forth by applicable law, the Prospectus, the Articles of Incorporation and the instructions of the Board, and shall, in particular, be in charge of the day-to-day management of the SICAV under the overall supervision, instruction, control and ultimate liability of the Board. As such, the Management Company shall be responsible for the investment management of the assets of the SICAV, the administration of the SICAV and the implementation of the SICAV's distribution and marketing policy.

In consideration of the services rendered, the Management Company will receive a remuneration as further described in the relevant Annex of each sub-fund.

In accordance with the Directive 2014/91/EU of 23 July 2014 on UCITS as regards depositary functions, remuneration policies and sanctions ("UCITS V Directive"), the Management Company has established and implemented a remuneration policy and practices that are consistent with, and promote, sound and effective risk management and that neither encourage risk taking which is inconsistent with the risk profiles, rules or instruments of incorporation of the SICAV nor impair compliance with the Management Company's duty to act in the best interest of the SICAV and its shareholders.

The remuneration policy of the Management Company is in line with the business strategy, objectives, values and interests of the Management Company and the other UCITS that it manages or the Investors of such UCITS and includes measures to avoid conflicts of interest.

The assessment of performance is set in a multi-year framework appropriate to the holding period recommended to the investors of the UCITS managed by the Management Company in order to ensure that the assessment process is based on longer term performance and its investment risks and that the actual payment of performance-based components of remuneration is spread over the same period.

The Management Company ensures that the fixed and variable component of total remuneration are appropriately balanced and that the fixed component represents a sufficiently high proportion of the total remuneration to allow the operation of a fully flexible policy, on variable remuneration components, including the possibility to pay no variable remuneration component.

Further details of the up-to-date remuneration policy, including but not limited to, a description of how remuneration and benefits are calculated, the identity of persons responsible for awarding the remuneration and benefits and the composition of the remuneration committee, are available at the following website: <http://www.efg-fundmanagement.com/Governance.html>

A paper copy of the policy is available directly at the registered office of the Management Company and is made available free of charge upon request.

## ***FUNCTIONS DELEGATED BY THE MANAGEMENT COMPANY***

Subject to the conditions set forth by the Law of 2010 and the Management Company Services Agreement, the Management Company is authorized, in order to conduct its business efficiently, to delegate, under its responsibility and control, and with the consent of the SICAV and the Luxembourg supervisory authority of the financial sector, part or all of its functions and duties to any third party. The Management Company's liability shall not be affected by the fact that it has delegated its functions and duties to third parties.

The Management Company has delegated the investment management, the administration and the distribution activities of the SICAV's.

The Management Company shall also ensure the compliance of the SICAV with the investment restrictions and oversee the implementation of the SICAV's investment policy. The Management Company shall also send reports to the directors on regular basis and inform each board member without delay of any non-compliance of the SICAV with the investment restrictions.

The Management Company will receive, if it is the case, periodic reports from the Portfolio Manager(s), if any, detailing the SICAV's performance and analysing its investment portfolio and from the SICAV's other service providers in relation to the services delegated to them by the Management Company.

## ***PORTFOLIO MANAGERS***

For the definition of the investment policy and the day-to-day management of each of the SICAV's sub funds, the Management Company may be assisted, at its own expenses and under its overall control and responsibility, by one or several Portfolio Manager(s) for each sub-fund.

- Pursuant to an Investment Management Agreement dated June 2, 2014, **Patrimony 1873 S.A.** has been appointed as Portfolio Manager by the Management Company with the power to purchase and sell the assets of the following individual sub-funds at its own discretion, under the responsibility and supervision of the Management Company and within the framework of the investment policy:

MULTI CHALLENGE SICAV – Globes Portfolio 30

MULTI CHALLENGE SICAV – Globes Portfolio 60

Patrimony 1873 S.A. is a professional asset manager with registered office in Via Peri 21b, Lugano Switzerland and operating under the regulatory oversight of the supervision by the Swiss Financial Market Supervisory Authority (FINMA).

- Pursuant to an Investment Management Agreement dated 7 March, 2017, **Abalone Asset Management Limited** has been appointed as Portfolio Manager by the Management Company with the power to purchase and sell the assets of the following individual sub-fund at its own discretion, under the responsibility and supervision of the Management Company and within the framework of the investment policy:

MULTI CHALLENGE SICAV – Swan

Abalone Asset Management Limited is a professional asset manager with registered office in Skyway Offices, Block C, Office 1, 179 Marina Street, Pietà PTA 9042, Malta and operating under the regulatory oversight of the supervision by the Malta Financial Services Authority.

- Pursuant to an Investment Management Agreement dated 7 March, 2017, **AZ SWISS & PARTNERS S.A.** has been appointed as Portfolio Manager by the Management Company with the power to purchase and sell the assets of the following individual sub-fund at its own discretion, under the responsibility and supervision of the Management Company and within the framework of the investment policy:

MULTI CHALLENGE SICAV – Flex

AZ SWISS & PARTNERS S.A. is an asset management company of collective investment schemes under CISA (Collective Investment Schemes Act) authorized by FINMA with registered office in Via Carlo Frasca 5, 6900 Lugano.

The day to day management may be delegated to other entities/ offices belonging to the Management Company Group but in case of effective delegation, the prospectus will be amended accordingly.

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

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

The Portfolio Managers shall report regularly to the Management Company on the evolution of the assets of each sub-fund and on the transactions executed for the account of each sub-fund.

The Portfolio Managers may, at their own expense, use the services of an investment advisor.

The Portfolio Managers will receive a remuneration as further described in the relevant Annex of each sub-fund.

## ***INVESTMENT ADVISOR***

To determine the investment policies of one or several sub-fund, the Board of Directors and the Portfolio Manager may be assisted by one or several Investment Advisors. In the event an Investment Advisor is appointed, he will be remunerated by the Portfolio Manager out of its own remuneration as further described in the section "Charges and Expenses".

## ***DEPOSITARY BANK AND PAYING AGENT***

The rights and duties of the Depositary Bank pursuant to the Law of 2010 and the UCITS V Directive are assumed by EFG Bank (Luxembourg) S.A., having its registered office at 56, Grand-Rue, L-1660 Luxembourg ("EFG Bank") following the merger between EFG Bank and BSI Europe S.A.. EFG Bank was incorporated as a société anonyme under the laws of Grand Duchy of Luxembourg on 10 January 2006.

BSI Europe S.A., had been appointed as Depositary Bank of the SICAV further to a Depositary Bank and Paying Agent Agreement dated October 12, 2016. In addition, BSI Europe S.A., had been appointed as Paying Agent of the SICAV performing in particular financial services in relation to the issue and redemption of units.

Following the merger, EFG Bank took over the contract previously signed by BSI Europe S.A. and became as of May 1<sup>st</sup>, 2017 Depositary Bank and Paying Agent of the SICAV.

The Depositary Bank holds all the liquid assets and securities belonging to the SICAV's assets in safekeeping for the shareholders. The Depositary Bank performs all customary banking duties relating to the SICAV's accounts and securities as well as all routine administrative work in connection with the SICAV's assets.

The Depositary Bank also:

- ensures that the sale, issue, repurchase, redemption, conversion and cancellation of shares effected for the SICAV's account are in accordance with the provisions of the law and the SICAV's articles of association;
- ensures that the net asset value of the SICAV shares is calculated in compliance with the law and the SICAV's articles of association;
- execute the instructions of the SICAV to the extent that such instructions are in compliance with the law and the SICAV's articles of association;
- ensures that, in the case of transactions relating to the SICAV's assets, consideration is provided in due time;
- ensures that the SICAV's revenues/earnings are employed in accordance with the law and the SICAV's articles of association.

The Depositary Bank ensures that the cash flows of the SICAV are properly monitored, and, in particular, that all payments made by, or on behalf of, investors upon the subscription of the SICAV shares have been received, and that all cash of the SICAV has been booked in cash accounts that are:

- a) opened in the name of the SICAV, or of the Depositary Bank acting on behalf of the SICAV;
- b) opened at an entity referred to in points (a), (b) and (c) of Article 18(1) of Commission Directive

- 2006/73/EC (22); i.e respectively a central bank, a credit institution authorised in accordance with Directive 200/12/EC; a bank authorised in a third country and
- c) maintained in accordance with the principles set out in Article 16 of Directive 2006/73/EC on safeguarding of client financial instruments and funds.

Where the cash accounts are opened in the name of the Depositary Bank acting on behalf of the SICAV, no cash of the entity referred to in point (b) above and none of the own cash of the Depositary Bank shall be booked on such accounts.

The assets of the SICAV shall be entrusted to the Depositary Bank for safekeeping as follows:

- (a) for financial instruments that may be held in custody, the Depositary Bank shall:
- i. hold in custody all financial instruments that may be registered in a financial instruments account opened in the Depositary Bank's books and all financial instruments that can be physically delivered to the Depositary Bank;
  - ii. ensure that all financial instruments that can be registered in a financial instruments account opened in the Depositary's books are registered in the Depositary Bank's books within segregated accounts in accordance with the principles set out in Article 16 of Directive 2006/73/EC, opened in the name of the SICAV, so that they can be clearly identified as belonging to the SICAV in accordance with the applicable law at all times;
- (b) for other assets, the Depositary Bank shall:
- i. verify the ownership by the SICAV of such assets by assessing whether the SICAV holds the ownership based on information or documents provided by the SICAV and, where available, on external evidence;
  - ii. maintain a record of those assets for which it is satisfied that the SICAV holds the ownership and keep that record up to date.

The Depositary Bank shall provide the Management Company and the SICAV, on a regular basis, with a comprehensive inventory of all of the assets of the SICAV.

The assets held in custody by the Depositary Bank shall not be reused by the Depositary Bank for its own account. Reuse comprises any transaction of assets held in custody including, but not limited to, transferring, pledging, selling and lending. The assets held in custody by the Depositary Bank may be allowed to be reused only where (i) the reuse of the assets is executed for the account of the SICAV, (ii) the Depositary is carrying out the instructions of the Management Company on behalf of the SICAV, (iii) the reuse is for the benefit of the SICAV and in the interest of the shareholders, and (iv) the transaction is covered by high-quality and liquid collateral received by the SICAV under a title transfer arrangement. In such case, the market value of the collateral shall, at all times, amount to at least the market value of the reused assets plus a premium.

Pursuant to the provisions of Article 34bis of the Law of 2010 and of the Depositary Bank Agreement, the Depositary Bank may delegate to third parties the functions referred to above only where:

- a) the tasks are not delegated with the intention of avoiding the requirements laid down in the law;
- b) the Depositary Bank can demonstrate that there is an objective reason for the delegation;
- c) the Depositary Bank has exercised all due skill, care and diligence in the selection and the appointment of any third party to whom it intends to delegate parts of its tasks, and continues to exercise all due skill, care and diligence in the periodic review and ongoing monitoring of any third party to which it has delegated parts of its tasks and of the arrangements of the third party in respect of the matters delegated to it.
- d) the third party, at all time during the performance of the tasks delegated to it:
  - i. has structures and expertise that are adequate and proportionate to the nature and complexity of the assets of the SICAV which have been entrusted to it;
  - ii. for custody tasks, is subject to
    - effective prudential regulation, including minimum capital requirements, and supervision in the jurisdiction concerned;
    - an external periodic audit to ensure that the financial instruments are in its possession;
  - iii. segregates the assets of the clients of the Depositary Bank from its own assets and from the assets of the Depositary Bank in such a way that they can, at any time, be clearly identified as belonging to clients of a particular depositary;
  - iv. takes all necessary steps to ensure that in the event of insolvency of the third party, assets of the SICAV held by the third party in custody are unavailable for distribution among, or realisation for the benefit of, creditors of the third party; and

Potential conflicts of interest may nevertheless arise from time to time from the provision by the Depository Bank and/or its affiliates of other services to the SICAV, the Management Company and/or other parties. For example, the Depository Bank and/or its affiliates may act as the custodian and/or administrator of other funds. It is therefore possible that the Depository Bank (or any of its affiliates) may in the course of its business have conflicts or potential conflicts of interest with those of the SICAV and/or other funds for which the Depository Bank (or any of its affiliates) acts. Where a conflict or potential conflict of interest arises, the Depository Bank will have regard to its obligations to the SICAV and will treat the SICAV and the other funds for which it acts fairly and such that, so far as is practicable, any transactions are effected on terms which are not materially less favourable to the SICAV than if the conflict or potential conflict had not existed. Such potential conflicts of interest are identified, managed and monitored in various other ways including, without limitation, the hierarchical and functional separation of EFG Bank 's custodian functions from its other potentially conflicting tasks and by the Depository Bank adhering to its own conflicts of interest policy.

The appointment of such third party shall be evidenced by a written agreement, shall, inter alia, regulate the flow of information deemed to be necessary to allow the Depository Bank to perform its functions for the SICAV for which it has been appointed as agent of the depositary and shall ensure that the same rules applicable to the Depository Bank as set for under this chapter of the Prospectus are complied by such third party.

In any case, the liability of the Depository Bank is not affected by the fact that it may entrust the custody of the SICAV's assets wholly or partly to third parties, acting as its agent.

An up-to-date list of all the third parties, if any, to whom the Depository Bank has delegated wholly or partly its safekeeping functions is made available to investors upon request and can be found to the following webpage: <http://www.efg-fundmanagement.com/Our-activities/Multi-Challenge/Multi-Challenge-Fund-List.html>.

In case of a loss of a financial instrument held in custody, the Depository Bank shall return a financial instrument of an identical type or the corresponding amount to the SICAV without undue delay, except if such loss results from an external event beyond the Depository Bank's reasonable control and the consequences of which would have been unavoidable despite all reasonable efforts to the contrary.

The Depository Bank is entitled to charge a commission in line with the scale of fees customarily applied by banks at the financial centre of Luxembourg as further described in the relevant Annex of a sub-fund.

EFG Bank has, in addition, taken on the functions of paying agent of the SICAV. In this capacity it performs in particular financial services connected with the issue and repurchase of the SICAV's shares and on the SICAV's instructions.

The SICAV or the Depository Bank may terminate the agreement at any time by giving a 90 days prior notice in writing to the other party. The SICAV may only terminate the Depository Bank's contract, however, if a new Depository Bank takes over the functions and responsibilities of the SICAV's Depository Bank.

After such termination the Depository Bank must continue to carry out its functions until the entire assets of the SICAV have been transferred to the new Depository Bank. In the event of the Depository Bank giving notice, the SICAV shall be obliged to appoint a new Depository Bank. In this event, the Depository Bank must safeguard the interests of the SICAV until its functions are transferred to the new Depository Bank.

## ***ADMINISTRATIVE AND TRANSFER AGENT***

Pursuant to an agreement between the Management Company and HSBC Continental Europe, Luxembourg, the latter has been appointed as Administrative and Transfer Agent of the SICAV with effect as of 21 September 2020. In this capacity it performs, inter alia, the administrative functions required by law. These administrative services mainly include the periodical calculation of the net asset value per share and the keeping of the SICAV's accounts as well as reporting. It also carries out the other tasks of the Administrative Agent in accordance with the provisions applicable in Luxembourg. It is responsible in particular for processing share subscriptions, repurchases and conversions, as well as for transferring the relevant monies.

Either party may terminate the agreement with the Administrative and Transfer Agent by giving three months' notice in writing to the other party. Should the contract be terminated, the Management Company and/or the SICAV shall endeavour to replace HSBC Continental Europe, Luxembourg at the time the termination of the agreement becomes effective. Should it be replaced, HSBC Continental Europe, Luxembourg shall take all the measures necessary to defend the justified interests of the shareholders, pursuant to the Law of 2010 and the provisions of this contract.

The Administrative and Transfer Agent is entitled to charge a commission in line with the scale of fees customarily applied at the financial centre of Luxembourg as further described in the relevant Annex of a sub-fund.

## *DISTRIBUTOR*

The Management Company may decide to appoint, in compliance with applicable laws, one or several main distributors to organize the marketing and distribution of shares of the SICAV. The main distributor may, from time to time, appoint sales agent(s)/ sub-distributor(s) to offer for sale and sell the shares of each sub-fund in all countries in which the offering and selling of these shares is allowed. The main distributors, sales agent(s)/ sub-distributor(s) is/are entitled to retain the sales commission (up to a max. of 5% of the subscription amount) for the shares they have sold or to waive it totally or partially.

The main Distributor and/or the sales agent/ sub-distributor forward to HSBC Continental Europe, Luxembourg, as Transfer Agent the requests for subscription, repurchase and conversion and arranges for the corresponding payments to be made.

## *SHARES*

The shares issued in the various sub-funds of the SICAV's assets are registered shares. Written confirmations of the shares subscribed will be dispatched to the investors.

Fractions of shares up to three decimal places will be issued. Fractions of shares have no voting rights, but do have rights to the net assets and to any dividend payments.

The Board of Directors reserves the right to issue various classes of shares for each sub-fund. These may differ from one another, particularly in respect of dividend policy and commission structure, as further described in the relevant Annex of a sub-fund.

The subscription monies deriving from the issue of shares will be invested in the assets of the respective sub-fund and/ or class of shares.

The Board of Directors will set up a separate portfolio of assets for each sub-fund. Each of these portfolios of assets will be allocated solely to the shares issued in the sub-fund concerned, in proportion to the shareholders among each other.

As regards relations between shareholders and third parties, each sub-fund is treated as a separate entity, generating without restriction its own contributions, capital gains and capital losses, fees and expenses.

All shares must be fully paid-up; they bear no face value and confer no preferential, pre-emption or conversion right. In accordance with the legal regulations and the provisions of the articles of association, each share in the SICAV entitles the holder to one vote at every shareholders' meeting, irrespective of the sub-fund in which the share was issued.

## *ISSUE OF SHARES*

The Board of Directors reserves the right to issue, for each sub-fund, various classes of shares, which may differ from one another, particularly in respect of their dividend policy and commission structure. If different classes of shares are issued within a sub-fund, the details of each class are described in the relevant Annex for a sub-fund.

Shares in each sub-fund are issued at the subscription price as defined per sub-fund in the relevant Annex or as may be otherwise determined by the Board of Directors; this price is calculated as of every Valuation Day on the basis of the net asset value per share of the relevant class of shares.

As soon as sub-funds or classes of shares are open for subscription, the SICAV may set an initial subscription period (as defined per sub-fund in the relevant Annex) during which the shares are issued at a fixed subscription price, plus a sales commission, to be charged if applicable.

After expiry of the initial subscription period, the shares in the various sub-funds are issued at a subscription price that is calculated on the basis of the net asset value per share of the relevant class of shares as of the relevant Valuation Day. The net asset value per share of each class of shares of a sub-fund is determined as of each Valuation

Day on the basis of the latest available prices of the relevant Valuation Day, as published by the securities exchanges concerned.

Shares of each sub-fund are issued at a price corresponding to the net asset value per share of the related sub-fund plus a sales commission which will not exceed 5% of the subscription amount unless otherwise provided in the relevant Annex of a sub-fund.

Sales commission will be payable to authorized intermediaries.

Subscription applications must be received by HSBC Continental Europe, Luxembourg as Transfer Agent by not later than the time specified in the relevant Annex.

Earlier cut-off times may apply to the submission of orders for those orders placed with distributors in order to ensure that these can be forwarded on to the Administrative and Transfer Agent in time. These cut-off times may be obtained from the respective distributors. The net asset value is calculated and published on the Business Day following the relevant Valuation Day. Accordingly subscriptions are made at unknown prices on any Business Day (forward pricing).

The subscription price for each class of share must be received by the SICAV in the Reference Currency of the relevant sub-fund as determined in the relevant Annex no later than the period of time specified in the relevant Annex.

The Management Company and/or the SICAV reserve the right to reject any subscription application or to accept it only partially. Moreover, the Board of Directors reserves the right to suspend the issue and sale of shares in each sub-fund at any time and without advance notice.

The Board of Directors is free to accept full or partial subscriptions in kind at its discretion. In this case the capital subscribed in kind must harmonize with the investment policy and restrictions of the particular sub-fund. These investments will also be audited by the auditor assigned by the SICAV. Any associated costs will be payable by the relevant investor.

The Board of Directors is free to waive the minimum initial subscription amount for first time subscriptions as well as the minimum subsequent subscription and holding amount indicated in the relevant Annex of each sub-fund. Should calculation of the net asset value per share for a sub-fund be suspended by the SICAV (cf. Annex III of the Sales Prospectus), no shares shall be issued in this sub-fund during the period of suspension.

Pursuant to international rules and Luxembourg laws and regulations (comprising but not limited to the law of 12 November 2004 on the fight against money laundering and financing of terrorism, as amended) as well as circulars of the supervising authority, obligations have been imposed on all professionals of the financial sector to prevent the use of undertakings for collective investment for money laundering and financing of terrorism purposes. As a result of such provisions, the Transfer Agent of the SICAV must ascertain the identity of the investor unless the application for subscription (or, if applicable, for redemption) has already been verified by an eligible professional subject to identification requirements equivalent to those imposed by Luxembourg laws and regulations. The Transfer Agent of the SICAV may require investors to provide acceptable proof of identity and for investors, who are legal entities, an extract from the registrar of companies or articles of incorporation or other official documentation. In any case, the Transfer Agent of the SICAV may require, at any time, additional documentation to comply with applicable legal and regulatory requirements.

Such information shall be collected for compliance reasons only and shall not be disclosed to unauthorised persons.

In case of delay or failure by an applicant to provide the documents required, the application for subscription (or, if applicable, for redemption) will not be accepted. Neither the Management Company nor the Transfer Agent of the SICAV have any liability for delays or failure to process deals as a result of the applicant providing no or only incomplete documentation.

Shareholders may be requested to provide additional or updated identification documents from time to time pursuant to ongoing client due diligence requirements under relevant laws and regulations.

## ***REPURCHASE OF SHARES***

In accordance with the provisions of the articles of association of the SICAV and subject to the provisions below, every shareholder of the SICAV has the right at any time to ask to repurchase all or part of the shares which he/she holds in

a sub-fund.

Shareholders who request that all or part of their shares be repurchased must send an irrevocable application to this effect to HSBC Continental Europe, Luxembourg as Transfer Agent in writing. This application must contain the following details: the applicant's identity and address, the number of shares to be repurchased, the name of the sub-fund and/or class in which the shares were issued and the name of the person to whom the payment should be made.

The repurchase price can only be paid if the document(s) necessary for the money transfer is/are attached to the repurchase application.

Shares in each sub-fund may be repurchased at the repurchase price calculated as of every Valuation Day on the basis of the net asset value per share of the relevant class of shares.

Shares may be redeemed at the request of the shareholders as of any Valuation Day at a price based on the relevant corresponding net asset value per share and these shareholders may be charged a redemption fee of a maximum of 2% of the redemption amount, unless otherwise provided in the relevant Annex of a sub-fund. Redemption fees (if any) will be paid to authorized intermediaries.

Repurchase applications must be received by HSBC Continental Europe, Luxembourg as Transfer Agent by not later than the time specified in the relevant Annex.

Earlier cut-off times may apply to the submission of orders for those orders placed with distributors in order to ensure that these can be forwarded on to HSBC Continental Europe, Luxembourg as Transfer Agent in time. These cut-off times may be obtained from the respective distributors. The net asset value is calculated and published on the Business Day following the relevant Valuation Day. Accordingly shares are returned for repurchase at unknown prices on any Business Day.

The repurchase price is, as a matter of principle, paid in the Reference Currency of the sub-fund and/or class concerned as determined in the relevant Annex or, at the shareholder's request, in another currency selected by the latter; expenses incurred in connection with the currency exchange will be charged to the shareholder.

The repurchase price of the shares may be above or below the initial value upon purchase or subscription. The repurchase price corresponds to the net asset value per share on the Valuation Day concerned. Payments of redemption proceeds will be made no later than the period of time specified in the relevant Annex for a sub-fund. No shares in a sub-fund will be repurchased as long as calculation of the net asset value per share of this sub-fund is suspended.

Should the applications for repurchase or conversion of shares received on a day on which shares can be repurchased or converted exceed 10% of the net asset value of the sub-fund concerned, the Board of Directors may in addition decide to suspend all or part of the repurchase and conversion applications for a definite period of time and taking the SICAV's interests into consideration; as matter of principle, however, this suspension may not exceed a duration of seven (7) Valuation Days. The repurchase and conversion applications concerned will be given priority for processing over the applications received after the original repurchase date.

In accordance with the articles of association, the SICAV is allowed to repurchase all shares that are owned by a person of the United States of America.

## ***CONVERSION OF SHARES***

In accordance with the provisions of the articles of association and subject to the provisions below, each shareholder may switch from one sub-fund to another sub-fund.

The conversion of shares within a sub-fund or between different sub-funds may take place as of any Valuation Day. If there is no common Valuation Day for any two sub-funds, the conversion will be made on the basis of the net asset value calculated on the next following Valuation Day of each of the sub-funds concerned.

A conversion fee may be charged if and as further described in the relevant Annex.

The conversion application should be sent by the shareholder to HSBC Continental Europe, Luxembourg as Transfer

Agent in time. The procedure and the time periods that are applicable to the repurchase of shares apply by analogy to the conversion of shares.

A conversion application is executed when the prerequisite set out below has been met:

HSBC Continental Europe, Luxembourg as Transfer Agent of the Management Company has received a properly completed conversion application form.

The rate at which all or part of the shares in an original sub-fund and/or class of shares are converted into shares in a new sub-fund and/or class of shares is determined in accordance with the following formula:

where:

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

- A is the number of shares to be allocated in the new sub-fund and/ or class of shares;
- B is the number of shares of the original sub-fund and/ or class of shares to be converted;
- C is the net asset value per share of the original sub-fund and/ or class as of the relevant Valuation Day;
- D is the actual rate of exchange on the day concerned in respect of the reference currency of the original sub-fund and/ or class and the reference currency of the new sub-fund and/ or class;
- E is the net asset value per share of the new sub-fund and/ or class as of the relevant Valuation Day.

The SICAV may charge a conversion commission of a maximum of 1% of the amount to be converted in favour of the distributor(s) and/or sales agent(s)/sub-distributor(s), unless otherwise provided in the relevant Annex of a sub-fund.

No shares will be converted as long as calculation of the net asset value per share of the sub-funds concerned is suspended by the SICAV.

## ***MARKET TIMING & LATE TRADING***

Investors are informed that the Board of Directors is entitled to take adequate measure in order to prevent practices known as "Market-Timing" in relation to investments in the SICAV. The Board of Directors is entitled to reject requests for subscription and conversion in the event that it has knowledge or suspicions of the existence of such practices. In addition, the Board of Directors is authorized to take any further measures deemed appropriate to prevent the above mentioned practices, without prejudice however to the provisions under Luxembourg law.

The Board of Directors will also ensure that the relevant cut-off time for requests for subscription, redemption and conversion are strictly complied with and will therefore take adequate measures to prevent practices known as "Late Trading". In the event of recourse to main distributors, the Board of Directors will ensure that the distributor duly complies with the relevant cut-off time.

## *DIVIDEND POLICY*

The distribution of dividends to the shareholders is not the principle objective of the SICAV's earnings distribution policy.

The income and capital gains generated by each sub-fund or class(es) of shares are capitalized in the sub-fund or class(es) of shares concerned. However, should the payment of a dividend be deemed appropriate in connection with any sub-fund or class(es) of shares, the Directors may propose to the general meeting of shareholders the payment of a dividend from the distributable net investment income and/or from the realized and/or unrealized capital gains after deduction of the realized and/or unrealized capital losses within the limits of the law.

Any dividend announcements will be published in accordance with the provisions of Luxembourg law.

Any dividends remaining unclaimed after five years shall be forfeited and revert to the sub-fund or class(es) of shares out of which they should have been paid.

## *CHARGES AND EXPENSES*

The following costs will be charged to the SICAV:

- costs incurred in connection with the formation of the SICAV, including the cost of services rendered in the incorporation of the SICAV and in obtaining approval by the competent authorities;
- remuneration of the Depositary Bank, the Paying Agent, the Management Company (including the Administrative and Transfer Agent, the Portfolio Managers) and, if any, the remuneration of correspondents as further outlined below;
- operating expenses including but not limited to, the expenses associated with the offering and sale of the SICAV's shares, the costs of buying and selling securities, the cost of holding shareholders' meetings, and postage, telephone, telex and facsimile expenses;
- fees of auditors and legal advisors;
- remuneration of the Directors and reimbursement of their reasonable expenses, if any;
- the costs of preparing, printing and distributing all prospectuses, memoranda, reports and other necessary documents concerning the SICAV;
- the entire registration costs in case a sub fund will be registered in a distribution country. including translation costs, if required;
- brokerage fees and any other fees arising from transactions involving securities in the SICAV's portfolio;
- all taxes, duties and insurance premiums which may be payable on the SICAV's income;
- any registration fees or taxes payable to the supervisory authorities and costs relating to the distribution of dividends;
- extraordinary expenses, in particular those relating to the consultation of experts or other such proceedings as may protect the Shareholders' interests;
- annual fees payable for stock exchange listing, if any;
- subscriptions to professional associations and other organizations in Luxembourg, which the SICAV will decide to join in its own interest and in that of its Shareholders; and
- costs related to risk and compliance management and fund reports.

For the provision of the Management Company Services Agreement, the Management Company may receive from the SICAV, a management company fee, a portfolio management fee and a performance fee as well as an administrative and transfer agent fee, and any other fee linked with any kind of service provided from the Management Company to the SICAV as described in the Annex dedicated to each Sub-Fund and calculated on the respective Sub-Fund's net assets.

For the provision of the Portfolio Investment Management Agreements, the Portfolio Managers may receive from the Management Company, a management fee and a Performance fee as described in the Annex dedicated to each Sub-Fund and calculated on the respective Sub-Fund's net assets.

The Management Company and/or the Portfolio Managers will remunerate out of the portfolio management fee received, amongst other service providers, each investment advisor or sub-investment manager, distributors and recognized intermediaries that it, with the approval of the SICAV, may appoint.

The actual rate of the management fee applied is disclosed in the annual and semi-annual reports of the SICAV available to each investor upon request.

In remuneration of its services, the Depositary Bank will receive from the SICAV remuneration based on a variable and fixed pricing for the different services and transactions provided and calculated on the respective Sub-Fund's net assets. This has a higher impact, if a Sub-Fund has only small assets under management than if there are higher assets. This remuneration is payable monthly in arrears and does not include the costs of appointed sub-depositaries and the correspondent's fees (clearing or banking system) of the Depositary Bank to whom the safekeeping of the SICAV's assets have been entrusted.

The SICAV pays fees to the Depositary Bank for its rendering of services in accordance with normal practice in Luxembourg. Investors may consult the relevant agreement during usual business hours at the registered office of the Management Company. The details of the charges paid by the Sub-Funds are shown in the annual and semi-annual reports of the SICAV available to each investor upon request.

The Administrative and Transfer Agent will receive from the Management Company remuneration based on a variable and fixed pricing for the different services and transactions provided and calculated on the respective Sub-Fund's net assets. If the number of services and transactions increases this creates a higher remuneration. This has a higher impact, if a Sub-Fund has only small assets under management than if there are higher assets. In this case the impact of the remuneration on the average net assets of a Sub-Fund becomes less significant. As the number of services and transactions for each Sub-Fund cannot be predicted, there can be no estimation of the overall remuneration to be borne by the Sub-Funds. This above remuneration will be paid monthly in arrears and may in future, due to the parameters described, become higher or lower. The Management Company pays fees to the Administrative and Transfer Agent for its rendering of services in accordance with normal practice in Luxembourg. Investors may consult the relevant agreement during usual business hours at the registered office of the Management Company. The details of the charges paid by the Sub-Funds are shown in the annual and semi-annual reports of the SICAV available to each investor upon request.

The Management Company is entitled to debit the SICAV for marketing expenses and website development, legal support or other services requested by the SICAV.

Investors will be charged with other costs in connection with the duties and services of intermediation in the payments in case of distribution in other countries.

The SICAV will pay for the various classes of shares different fees calculated on the average net asset value of the classes of shares.

If a new sub-fund is created in the future, the preliminary and incorporation expenses of this sub-fund will in principle be borne by this sub-fund exclusively and amortised over a 5 year period, as of the aforesaid Sub-Fund launching date.

If a liability of the SICAV cannot be assigned to a specific sub-fund, the liability will be allocated to all sub-funds in proportion to the respective net asset value or in some other way, as decided by the Board of Directors conscientiously and to the best of its knowledge.

The expenses are settled first out of income, and subsequently out of realized or unrealized price gains.

When a sub-fund is liquidated, any setting-up costs that have not yet been amortized will be charged to the sub-fund being liquidated.

In those sub-funds of the SICAV whose investment policy allows them to invest in other existing UCIs or UCITS there may be charges at the level of the UCIs or UCITS in question as well of the relevant sub-fund of the SICAV. The total charges to be made at the level of the UCITS and/or UCIs and of the sub-fund of the SICAV may not amount to more than the percentage listed hereunder calculated on the average assets of each sub-fund:

MULTI CHALLENGE SICAV – Globes Portfolio 30	EUR	3.50% p.a.
MULTI CHALLENGE SICAV – Globes Portfolio 60	EUR	3.50% p.a.
MULTI CHALLENGE SICAV – Flex	EUR	3.50% p.a.
MULTI CHALLENGE SICAV – Swan	EUR	3.50% p.a.

In the sub-funds that may invest in other UCIs or UCITS under the terms of their investment policies, charges may be incurred both at the level of the relevant investment fund as well as at the level of the sub-fund. In the case of investments in units of funds managed directly or indirectly by the Management Company or its delegated Portfolio Managers and/or the SICAV itself or another company related to them by common management or control, or by a substantial direct or indirect holding, the sub-fund may only be charged with a reduced portfolio management fee (the reduction will correspond to 0.25% p.a.) The Management Company may, moreover, not charge the sub-fund making the investment with any of the related target fund's issuing or redemption commissions.

## **TAXATION OF THE SICAV AND ITS SHAREHOLDERS**

### **Taxation of the SICAV in Luxembourg**

Under current law and practice, the SICAV is not liable to any Luxembourg income tax, nor are dividends paid by the SICAV liable to any Luxembourg withholding tax.

However, the SICAV is liable to an annual tax ("taxe d'abonnement"), payable quarterly, of 0.05% of the net asset value of the Classes of shares (should there be a Class of shares dedicated to institutional investors within the meaning of applicable Luxembourg laws and regulations, then the percentage of the tax will be 0.01% for this specific Class).

The "taxe d'abonnement" is not applicable in respect of assets invested (if any) in Luxembourg UCIs, which are themselves subject to such tax. No stamp duty or other tax is payable in Luxembourg on the issue of shares in the SICAV.

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

The above information is based on the present legal situation and administrative practice and is subject to alteration.

### **Taxation of the shareholders**

Investors should consult their professional advisors on the possible tax or other consequences of buying, holding, transferring or selling the SICAV's shares under the laws of their countries of citizenship, residence or domicile.

Under existing laws of Luxembourg and except as provided for by the law implementing the Savings Directive (as detailed below), shareholders are (with the exception of shareholders domiciled, resident or having a permanent establishment in Luxembourg) not subject to capital gains, income, withholding or other tax in Luxembourg.

The law passed by parliament on 21 June 2005 (the "Law") has implemented into Luxembourg law, the Council Directive 2003/48/EC on the taxation of savings income in the form of interest payments (referred to as Savings Directive).

Dividends, if any, distributed by a sub-fund of the SICAV will be subject to the Savings Directive if more than 15% of the relevant sub-fund's assets are invested in debt claims (as defined in the Law). Proceeds realised by shareholders on the disposal of shares will be subject to the Savings Directive if more than 25% of the relevant sub-fund's assets are invested in debt claims.

Under the Law payments of interest or similar income made or ascribed by a paying agent established in Luxembourg to or for the immediate benefit of an individual or certain residual entities as defined by the Law, who as a result of an identification procedure implemented by the paying agent are identified as residents or are deemed to be residents of an EU Member State other than Luxembourg, the Swiss Confederation, dependant or associated territories in the Caribbean, the Channel Islands, the Isle of Man, the Principality of Monaco, the Principality of Liechtenstein, the Principality of Andorra and the Republic of San Marino, will be subject to a withholding tax unless the relevant beneficiary has adequately instructed the relevant paying agent in Luxembourg to provide details of the relevant payments of interest or similar income to the fiscal authorities of his/her country of residence or deemed residence or has provided a tax certificate from his/her fiscal authority in the format required by the Law to the relevant paying agent.

Pursuant to the Law, the applicable withholding tax rate is 35%.

The SICAV reserves the right to reject any application for shares if the information provided by any prospective investor does not meet the standards required by the Law.

***The foregoing, which is only a summary of the implications of the Savings Directive and the Law, is based on the current interpretation thereof and does not purport to be complete in all respects. It does not constitute investment or tax advice and investors should therefore seek advice from their financial or tax adviser on the full implications for themselves of the Savings Directive and the Law.***

## **FOREIGN ACCOUNT TAX COMPLIANCE ACT ("FATCA")**

Under an Intergovernmental Agreement ("IGA") concluded between Luxembourg and the United States of America ("U.S."), the SICAV will be classified as a Non-Reporting Financial Institution for the purposes of FATCA. The main purpose of the legislation is to require Financial Institutions to identify and report the financial accounts of "Specified U.S. Persons", as defined by the IGA. In order to do so, shareholders may be required to provide further information regarding themselves upon request. The SICAV will report the financial accounts held by Specified U.S. Persons to Luxembourg tax authorities, who will then provide such information to the U.S. Internal Revenue Services. Any shareholder refusing to provide the requisite information will also be reported.

Prospective investors should consult their own tax advisor with regard to the U.S. federal, state, local and non-U.S. tax reporting and certification requirements associated with an investment in the SICAV.

### **"Specified U.S. Person" for FATCA purposes**

The term "Specified U.S. Person" means a U.S. citizen or resident individual, a partnership or corporation organised in the U.S. or under the laws of the U.S or any State thereof, a trust if i) a court within the U.S would have authority under applicable law to render orders or judgments concerning substantially all issues regarding administration of the trust, and ii) one or more Specified U.S. Persons have the authority to control all substantial decisions of the trust, or an estate of a decedent that is a citizen or resident of the U.S. This section shall be interpreted in accordance with the U.S. Internal Revenue Code.

## **COMMON REPORTING AND DUE DILIGENCE STANDARD**

The Common Reporting and Due Diligence Standard (CRS) has been developed by the OECD in order to introduce a global standard for the automatic exchange of financial account information. The CRS is a component of a global standard for automatic exchange of financial account information developed by the OECD. The CRS provides for the reporting and due diligence rules to be observed when the automatic exchange of financial account information applies.

Council Directive 2014/107/EU amending Directive 2011/16/EU as regards mandatory automatic exchange of information in the field of taxation (the "Euro-CRS Directive") was adopted on 9 December 2014 in order to implement the CRS among the Member States of the European Union. The Euro-CRS Directive was implemented into Luxembourg law by the law of 18 December 2015 on the automatic exchange of financial account information in the field of taxation (the "CRS Law").

The CRS Law requires the financial institutions to provide the jurisdictions in which individuals and entities are resident with information on their financial accounts. Such information includes interest, dividends and similar types of income as well as capital gains and account balances. Failure to provide the requested information could lead to penalties as determined in the domestic law of the reporting financial institutions.

The automatic exchange of financial account information applies under the CRS to the countries which have signed the Multilateral Competent Authority Agreement on automatic exchange of financial account information ("MCAA"). The MCAA was signed on 29 October 2014 by Luxembourg, together with 50 other jurisdictions.

The Management Company will perform necessary due diligence and monitoring of investors and report, on an annual basis, the financial account information to the Luxembourg tax authorities, which will then transmit the information to the jurisdictions in which the individuals and entities concerned are residents

## ***INFORMATION TO SHAREHOLDERS***

Notices convening general meetings of shareholders, including meetings of shareholders which decide on amendments to the articles of association or on the winding up and liquidation of the SICAV, are published, in accordance with the provisions of Luxembourg law.

If the articles of association are amended, a coordinated version will be filed with the Register of Trade and Companies of Luxembourg in Luxembourg.

The SICAV shall publish every year a detailed report of its business activity and the management of its assets. This report shall contain the balance sheet and profit and loss account, a detailed statement of assets of each sub-fund, the SICAV's consolidated accounts covering all the sub-funds and the auditor's report. It shall also contain details on the underlying assets focused on by the respective sub-fund through the use of derivative financial instruments, the counterparties to these derivative transactions, as well as the collateral (and its scope) provided in favour of the sub-fund by its counterparties, in order to reduce credit risk.

In addition, after the end of each half-year the SICAV shall publish a report containing, for each sub-fund and for the SICAV as a whole, in particular the breakdown of assets, the number of outstanding shares and the number of shares issued and repurchased since the last publication.

These documents may be obtained free of charge by any interested person at the SICAV's registered office and at the registered office of the distributor(s) and/or sales agents/sub-distributor(s) and representatives.

The SICAV's financial year begins on 1 January of each calendar year and ends on 31 December of the same year.

The SICAV's annual consolidated balance sheet, in the form of a summary of all sub-funds, is drawn up in EUR, the currency of the share capital.

The annual general meeting of shareholders is held in Luxembourg at the venue indicated in the notice of meeting, on the third Monday of April at 2:00 p.m. If this day is a public or bank holiday in Luxembourg, the annual general meeting of shareholders will be held on the next banking day.

## ANNEX I: INVESTMENT RESTRICTIONS

The SICAV's assets are subject to the risks and fluctuations characteristic of securities investments, so that no assurance can be given that the desired investment objective will actually be achieved and that the investments made by the SICAV will appreciate.

The Board of Directors shall define the investment policy for each sub-fund in accordance with the principle of risk spreading. Except to the extent that more restrictive rules are provided for in connection with a specific sub-fund, the "General Principles" listed below apply to all the SICAV's sub-funds.

### General Principles

In general, the investment policy to be pursued by each sub-fund is governed by the following rules:

#### 1. The SICAV's investments consist of:

1.1 The SICAV may invest in:

- a) securities and money market instruments which are listed or traded on a regulated market in a Member State, as defined in Article 1 no. 13) of the Law of 2010;
- b) securities and money market instruments which are listed or traded on a securities exchange or another regulated market which is recognised, open to the public and operating in a due and orderly fashion in a European, American, Asian, African or Australasian country (hereinafter referred to as an "approved country");
- c) newly issued securities and money market instruments, provided that the terms of issue contain a clause that an application will be made for an official listing on one of the securities exchanges or a licence to trade on one of the regulated markets mentioned under 1.1 a) or 1.1 b), and that this listing/licence to trade is to be granted within one year of the issue of the securities;
- d) sight deposits or deposits at notice at credit institutions with a term of not more than 12 months, provided the institution concerned has its head office in a Member State, or – if the institution's head office is located in a non-Member State – it is subject to supervisory regulations which the Luxembourg supervisory authority deems equivalent to those under Community law;
- e) money market instruments as defined under "Investment policy", which are not traded on a regulated market, provided that the issuance or issuer of these instruments is already governed by rules providing protection for investors and investments and on condition that such instruments are:
  - o issued or guaranteed by a state, regional or local body of an approved state or by international organisations with public-law character in which one or more Member States are members;
  - o issued by an undertaking whose securities are traded on the regulated markets mentioned in a) and b);
  - o issued or guaranteed by an institution that is subject to supervision in accordance with the criteria laid down by Community law or by an institution that is subject to supervision that, in the opinion of the Luxembourg supervisory authority, is at least as stringent as that provided for by Community law and complies with it; or
  - o issued by other issuers belonging to a category approved by the Luxembourg supervisory authority, provided that investor protection rules apply to investments in such instruments, which are equivalent to those of the first, second or third listed point above and provided the issuers constitute either a company with equity capital ("*capital et réserves*") amounting to at least 10 million euros (EUR 10,000,000), which prepares its annual accounts under the provisions of the Fourth Council Directive 78/660/EEC, or an entity within a group encompassing one or more listed companies and responsible for its financing, or an entity which is to fund the underlying obligations with securities for obligations by the use of a credit line made available by a bank;

- f) shares of other undertakings for collective investment in securities (UCITS) and/or open-ended undertakings for collective investment (UCI). Such UCIs must satisfy the requirements laid down in the UCITS Directive and be domiciled in a Member State or not provided that
- o such UCIs have been approved in accordance with statutory rules subjecting them to supervision that, in the opinion of the Luxembourg supervisory authority, is equivalent to that which applies under Community law, and that adequate provision exists for ensuring cooperation between authorities; this is currently the situation among all member states of the European Union, Japan, Hong Kong, USA, Canada, Switzerland and Norway,
  - o the level of protection afforded holders of shares in the other UCIs is equivalent to the level of protection afforded holders of shares in UCITS and in particular rules apply to the separate holding of assets, borrowing, lending and the short-selling of securities and money market instruments that are equivalent to the requirements set forth in the UCITS Directive,
  - o the business operations of the other UCIs are the subject of annual and semi-annual reports that permit an assessment to be formed of the assets and liabilities, income and transactions arising during the reporting period,
  - o the UCITS or other UCI in which shares are to be acquired may invest a maximum 10% of its assets in the shares of other UCITS or UCIs in accordance with its formation documents;
- g) derivative financial instruments ("derivatives"), i.e. in particular CFDs, options, futures including equivalent cash instruments, which are traded at one of the stock exchanges or regular markets listed in 1.1 a) and b) above, or derivatives which are not traded on a stock exchange or regulated market ("OTC derivatives"), provided that
- o the use of derivatives is in accordance with the investment purpose and investment policy of the respective sub-fund, and is suited towards achieving these,
  - o the underlying securities constitute instruments as defined by this 1.1 a) and b) paragraph or are financial indices, interest rates, bonds, exchange rates or currencies in which the SICAV's investment policy allows it to invest directly or through other existing UCIs or UCITS,
  - o the sub-funds ensure, through adequate diversification of the underlying assets, that the diversification requirements applicable to them and listed in the section entitled "Risk diversification" are adhered to;
  - o in transactions concerning OTC derivatives, the counterparties are institutions which are subject to constant supervision and are in categories approved by the Luxembourg supervisory authority and have been specially approved by the Board of Directors of the SICAV,
  - o and the OTC derivatives are subject to reliable and verifiable valuation on a daily basis and can be sold, liquidated or settled at any time by means of a back-to-back transaction at the appropriate market price at the instigation of the SICAV,
  - o the respective counterparty is not granted discretion regarding the composition of the portfolio managed by the respective sub-fund (e.g. in the case of a total return swap or a derivative financial instrument with similar characteristics) or the underlying of the respective OTC derivative.
- 1.2 Contrary to the investment restrictions laid down in para. 1.1, each sub-fund may invest up to 10% of its net assets in securities and money market instruments other than those named in 1.1;
- 1.3 The Management Company must ensure that the overall risk associated with derivatives does not exceed the total net value of the SICAV portfolio. As part of its investment strategy, each sub-fund, within the limits set out in 2.2 and 2.3, may invest in derivatives provided that the overall risk of the underlying assets does not exceed the investment limits cited in point 2 below;
- 1.4 Each sub-fund may hold liquid assets on an ancillary basis; such restriction may exceptionally and temporarily be exceeded if the Board of Directors considers this to be in the best interest of the shareholders.

## 2. Risk diversification

- 2.1 In accordance with the principle of risk diversification, the SICAV is not permitted to invest more than 10% of the net assets of a sub-fund in securities and money market instruments from a single issuer. The SICAV may not invest more than 20% of the net assets in deposits with one and the same institution. In transactions by a sub-fund in OTC derivatives, the risk of loss must not exceed 10% of the assets of the sub-fund concerned; if the counterparty is a credit institution as defined in 1.1 d), the maximum allowable risk of loss reduces to 5% in transactions with other counterparties. The total value of all positions in the securities and money market instruments of those institutions accounting for more than 5% of the net assets of a sub-fund may not exceed 40% of the net assets of the respective sub-fund. This restriction does not apply to deposits or OTC derivatives involving financial institutions which are subject to supervision.
- 2.2 Regardless of the maximum limits set out in 2.1, each sub-fund may not invest more than 20% of its net assets in a combination of
- securities and money market instruments issued by an institution,
  - deposits with this institution and/or
  - expose itself to risks from OTC derivatives issued in relation to this institution.
- 2.3 Nonetheless, contrary to the above:
- a) The limit of 10% mentioned in 2.1 can be raised to a maximum of 25% for various debt instruments issued by credit institutions domiciled in a Member State and subject, in that particular country, to special legislative supervision from public authorities that would ensure the protection of investors. In particular, funds originating from the issue of such debt instruments must, in accordance with the law, be invested in assets which provide sufficient cover for the obligations arising therefrom during the entire term of the debt instruments and, in the event of insolvency of the issuer, provide a preference right in respect of the payment of capital and interest. Furthermore, the total value of the investments by a sub-fund investing more than 5% of its net assets in such debt instruments issued by one and the same issuer- should not exceed 80% of the net assets of that sub-fund.
- b) The aforementioned limit of 10% can be raised to a maximum of 35% for securities or money market instruments that are issued or guaranteed by a Member State or its central, regional and local authorities, by another approved country, or by international organisations with public-law character of which one or more Member States are members.  
Securities which come under the special ruling given in 2.3 a) and b) are not counted when calculating the 40% risk diversification ceiling mentioned above.
- c) The limits set out in 2.1, 2.2, 2.3 a) and b) may not be accumulated; therefore the investments listed in the said paragraphs made in securities or money market instruments of one and the same issuer or in deposits with the said institution or in its derivatives may not exceed 35% of the net assets of a given sub-fund.
- d) Companies which belong to the same group of companies in that they prepare their consolidated accounts under the rules of Directive 83/349/EEC (1) or according to recognised international accounting principles, have to be treated as a single issuer for the calculation of the investment limits set out in this Article. However, investments by a sub-fund in securities and money market instruments of one and the same group of companies may together make up to 20% of the assets of the sub-fund concerned.
- e) **The SICAV is authorised, in the interests of risk diversification, to invest up to 100% of the net assets of a sub-fund in securities and money market instruments from various offerings that are issued or guaranteed by a Member State or its central, regional and local authorities, by a country accepted by the Luxembourg supervisory authority (being at the date of this Sales Prospectus OECD member states, Singapore, Brazil, Russia, Indonesia and South Africa) or by international organisations with public-law character in which one or more EU nations are members. These securities or money market instruments must be divided into at least six different issues, with securities or money market instruments from one and the same issue not exceeding 30% of the total net assets of a sub-fund.**
- 2.4 The following provisions apply regarding investment in other UCITS or other UCIs:
- a) The SICAV may invest a maximum 20% of a sub-fund's net assets in shares in one and the same UCITS or UCI. Each sub-fund of a UCI with several sub-funds is treated for the purposes of this investment limit as an independent issuer, provided that separation of the sub-funds' liability with regard to third parties is ensured.

- b) Investments in shares/units of UCIs other than UCITS may not total more than 30% of the net assets of the sub-fund. The investment values of the UCITS or other UCI in which investment is made are not included in the upper limits outlined in sections 2.1., 2.2. and 2.3.
- c) If a sub-fund acquires shares in other UCITS and/or other UCIs which directly or because of a transfer are managed by the Management Company and/or the Sicav itself or another company to which they are affiliated by virtue of common management or majority holding or a substantial direct or indirect investment, neither Management Company may make any charge for the subscription or redemption of shares in this other UCITS or UCI by the sub-fund.
- d) For sub-funds which according to their investment policies invest a substantial portion of their assets in shares of other UCITS and/or other UCIs the maximum administration charges made by the sub-fund itself or by the other UCITS and/or other UCI in which it intends to invest are described in the chapter "Charges and Expenses".

If the limits mentioned under 1 and 2 are exceeded unintentionally or due to the exercise of subscription rights, the SICAV must attach top priority in its sales of securities to normalising the situation while, at the same time, taking the best interests of the shareholders into account.

Provided that they continue to observe the principles of diversification, newly established sub-funds may deviate from the specific risk diversification restrictions mentioned above for a period of six months after being approved by the authorities.

### **3 Investment restrictions**

The SICAV is prohibited from:

- 3.1 acquiring securities whose subsequent sale is subject to any restrictions arising from contractual agreements;
- 3.2 acquiring equities with voting rights that would enable the SICAV, possibly in collaboration with other funds under its supervision, to exert a significant influence on the management of the borrower in question;
- 3.3 acquiring more than
  - o 10% of non-voting equities of one and the same institution,
  - o 10% of debt instruments issued by one and the same institution,
  - o 25% of units of one and the same undertaking for collective investment, or
  - o 10% of money market instruments of one and the same issuer.

In the latter three cases mentioned above, the restrictions on acquiring securities need not be observed if the gross amount of the debt instruments or money market instruments and the net amount of the issued units cannot be determined at the time of acquisition.

Exempt from the provisions of 3.2 and 3.3 are securities and money market instruments which, in accordance with Article 48, para. 3 of the Law of 2010, are issued or guaranteed by a Member State or its central, regional and local authorities, by another approved country, or which are issued by international organisations with public-law character of which one or more EU countries are members;

- 3.4 selling securities short;
- 3.5 acquiring precious metals nor related certificates;
- 3.6 investing in real estate and purchasing or selling commodities or commodities contracts;
- 3.7 borrowing on behalf of a particular sub-fund, unless:
  - o the borrowing is in the form of a back-to-back loan for the purchase of foreign currency;
  - o the loan is only temporary and does not exceed 10% of the net assets of the sub-fund in question;
- 3.8 granting credits or acting as guarantor for third parties. This restriction does not prevent the acquisition of securities, money market instruments or the other instruments listed in 1.1 f) if not fully paid up.

The SICAV is authorised to introduce further investment restrictions at any time in the interests of the shareholders provided these are necessary to ensure compliance with the laws and regulations of those countries in which its shares are offered and sold.

#### **4 Exceptions from investment restrictions indicated under 3 above.**

The SICAV is notwithstanding the prohibited investments outlined under point 3 above authorized to invest up to 10 % of the respective sub-funds net assets in:

- certificates whose underlying are single precious metals and that meet the requirements of securities as determined in Article 2 of EC-Directive 2007/16/EC.
- certificates whose underlying are single commodities or commodity Indices and that meet the requirements of securities as determined in Article 2 of EC-Directive 2007/16/EC.

## ***ANNEX II: TECHNIQUES AND INSTRUMENTS RELATING TO TRANSFERABLE SECURITIES OR USED TO HEDGE CURRENCY RISKS***

### **1. Special techniques and instruments relating to transferable securities and money market instruments**

The SICAV is entitled to employ techniques and instruments which feature securities and money market instruments and currencies, provided such techniques and instruments are used in the interests of efficient portfolio management (the "techniques") subject to the conditions and limits defined by the Luxembourg supervisory authority. If such transactions relate to the use of derivatives, then the terms and limits must accord with the provisions of the Law of 2010. The use of these techniques and instruments must be in accordance with the best interests of the investors.

The SICAV may under no circumstances deviate from its investment objectives for these transactions. Equally, the use of these techniques may not cause the risk level of the sub-fund in question to increase significantly with regard to its original risk level (i.e. without the use of these techniques).

The risks inherent to the use of these techniques are essentially comparable to the risks associated with the use of derivatives (in particular, counterparty risk). For this reason, reference is made here to the information contained in the above section entitled "Investment Risks". The SICAV ensures that it or its appointed service providers will monitor and manage the risks incurred through the use of these techniques, particularly counterparty risk, as part of the risk management procedure. The monitoring of potential conflicts of interest arising from transactions with companies associated with the SICAV is primarily carried out through reviewing contracts and corresponding processes on a regular basis.

The SICAV also ensures that, at any time, it can cancel any contract entered into within the framework of the use of the techniques and instruments for the efficient management of the portfolio and that the securities and/or liquid funds to the respective counterparty can be reclaimed by the SICAV. In addition, the liquid funds should include the interest incurred up to the time of being reclaimed.

Furthermore, the SICAV ensures that, despite the use of these techniques and instruments, the investors' redemption applications can be processed at any time.

#### **General provisions related to SFTs and TRS**

The SICAV may, for the purpose of efficient portfolio management of its assets or for hedging purposes, under the conditions and within the limits laid down by law, regulation and administrative practice and as described below, employ securities financing transactions (SFTs) and Total Return Swap (TRS). The use and extent of use of such techniques and instruments will be set out in the description of each Sub-Fund.

When entering into securities financing transaction, the SICAV shall comply with applicable restrictions and in particular with ESMA guidelines on exchange traded funds ("ETFs") and other UCITS issues as described in CSSF circular 14/592 and with EU Regulation 2015/2365 on transparency of securities financing transactions and of reuse of 25 November 2015 ("SFTR").

The assets that may be subject to SFTs and TRS, the maximum proportion and current expected proportion of assets under management that can be subject these instruments are detailed in the description of each Sub-Fund. The counterparties to the SFTs and TRS will be selected on the basis of very specific criteria taking into account notably their legal status, country of origin, and minimum credit rating.

The SICAV will therefore only enter into SFTs and TRS with such counterparties that are leading financial institutions specialized in this type of transactions and located in a Member State of the OECD with a minimum rating of investment grade (i.e. BBB- or higher, as measured by an independent rating agency such as Standard & Poor's). These counterparties shall be subject to prudential supervision rules considered by the CSSF as equivalent to those prescribed by EU law and approved by the board of directors of the Management Company. Counterparties do not have a discretionary power on the composition and on the management of the investment portfolio of the SICAV or on the underlying assets of the derivative financial instruments.

The SICAV will collateralize its SFTs pursuant to the provisions set forth hereunder in section "Collateral Management".

The risks linked to the use of SFTs and TRS as well as risks linked to collateral management, such as operational, liquidity, counterparty, custody and legal risks and, where applicable, the risks arising from its reuse are further described in section "Investment Risk".

Assets subject to SFTs will be safe-kept by the Depositary. Investor's attention is drawn to the fact that TRS are currently not held in custody by the Depositary nonetheless in accordance with the UCITS V Directive; the depositary shall verify the ownership of the TRS by the SICAV, maintain a record of those assets and keep it up to date.

All revenues arising from SFTs and TRS, net of direct and indirect operational costs and fees, will be returned to the SICAV.

Nevertheless, agents and other intermediaries of the SICAV providing services in connection with SFTs and TRS may be remunerated through fees that are expressed as a percentage of gross revenues earned by the SICAV through the use of such techniques (hereafter referred to as operational costs).

These operational costs may reach a maximum of 30% of revenues arising from efficient portfolio management techniques and do not include hidden revenues.

The agents and other intermediaries of the SICAV are not related parties to the SICAV, the Portfolio Managers or the Management Company.

Information on direct and indirect operational costs and fees that may be incurred in this respect as well as the identity of the entities to which such costs and fees are paid – as well as any relationship they may have with the Depositary Bank or Investment Manager – will be available in the annual report of the SICAV.

### **Securities lending**

Within the framework of the use of techniques and instruments for the efficient management of the portfolio, the SICAV may lend portions of its securities portfolio to third parties ("**securities lending**"). Securities lending are only allowable provided (i) they are economically appropriate in that they are realised in a cost-effective manner, (ii) they are entered into to reduce risks, reduce costs and/or generate additional capital or income for a Sub-Fund in consistence with the risk profile and risk diversification rules applying to such Sub-Fund, and (iii) the risks are adequately captured by the risk management process of the SICAV.

The SICAV will respect all rules established by the CSSF in relation to the transactions carried out under CSSF-Circular 08/356 and any additional laws, regulations and provisions, including CSSF-Circular 14/592, as further amended and supplemented which may apply to such transactions.

The SICAV's involvement in such transactions is, however, subject to the additional following rules:

- (i) The counterparty to these transactions must be subject to prudential supervision rules considered by the CSSF as equivalent to those prescribed by EU law;
- (ii) The SICAV will ensure that the volume of securities lending transactions is limited to an appropriate level and that it will be able all times (i) to request the restitution of the securities lent or (ii) to terminate any securities lending transaction into which it has entered, in such a way that it can meet its redemption obligations at all times and so that such transactions do not compromise the management of the Fund's assets in compliance with its investment policy.
- (iii) The risk exposure to a single counterparty of the UCITS arising from OTC financial derivative transactions and efficient portfolio management shall be combined when calculating the counterparty risk limits and will not exceed 10% of the assets of the concerned Sub-Fund when the counterparty is a credit institution referred to Article 41, paragraph (1) (f) of the Law of 2010 or 5% of the concerned Sub-Fund's assets in other cases.

In general, securities lending may only be affected via recognised clearing houses such as Clearstream International or Euroclear, or through the intermediation of first-class financial institutions that are specialized in this type of activity and by applying the procedural manner specified by them. In the case of securities lending transactions, the

SICAV must, in principle, receive collateral, the value of which must at least correspond to the total value of the securities lent out and any accrued interest thereon. This collateral must be issued in a form of financial collateral as permitted by the provisions of Luxembourg law. Such collateral is not required if the securities lending transaction is effected via Clearstream International or Euroclear or another organisation which guarantees that the value of the securities lent out will be refunded. The provisions of the section entitled "Collateral management" shall apply accordingly to the management of collateral that was left to the SICAV within the scope of securities lending.

Lending transactions may not be carried out on more than 50% of the aggregate market value of the securities in the portfolio, and may not extend beyond a period of 30 days.

Service providers that provide services to the SICAV in the field of securities lending have the right to receive a fee in return for their services that is in line with the market standards. The amount of this fee is reviewed and adapted, where appropriate, by an independent body on an annual basis. The recipients of these and other direct and indirect fees, the amounts of the respective fees, as well as the findings as to whether the fee recipients are associated with the SICAV and/or Depository can be found in the respective annual or semi-annual report.

Furthermore, the SICAV has drawn up internal framework agreements regarding securities lending. These framework agreements contain, among other things, the relevant definitions, the description of the principles and standards of the contractual management of the securities lending transaction, the quality of the collateral, the approved counterparties, the risk management, the fees to be paid to third parties and fees to be received by the SICAV, as well as the information to be published in the annual and semi-annual reports.

### **Repurchase agreements and reverse repurchase agreements**

The SICAV may, for any sub fund, also engage in repurchase transactions ("**repurchase agreements**" or "**reverse repurchase agreements**") involving the sale/purchase of securities where agreements have been reached to buy back/sell back the sold/bought securities at a (higher) price and within a set time.

All repurchase transactions are subject to the following conditions:

- Securities may only be sold/purchased under a repurchase agreement if the counterparty is a prime financial institution specialising in this kind of transaction.
- As long as the repurchase agreement is valid, the securities bought cannot be sold before the right to repurchase the securities has been exercised or the repurchase period has expired.
- Securities that serve as the underlyings of derivative financial instruments, that are lent or that have been taken under terms of reverse repurchase agreements may not be sold under the terms of repurchase agreements.

### **Total Return Swaps**

When the investment policy of a Sub-Fund provides that the latter may invest in total return swaps and/or other derivative financial instruments that display similar characteristics, these investments will be made in compliance with the investment policy of such Sub-Fund.

When entering into Total Return Swaps ("TRS") arrangements, which for sake of clarity, also need to comply with the provisions applicable to TRS under the SFTR, the SICAV must respect the limits of diversification referred to in Articles 43, 44, 45, 46 and 48 of the Law of 2010. Likewise, in accordance with Article 42 (3) of the Law of 2010 and Article 48 (5) of CSSF Regulation 10-4, the SICAV must ensure that the underlying exposures of the TRS (respectively other similar financial instrument) are taken into account in the calculation of the investment limits laid down in Article 43 of the Law of 2010.

Unless the investment policy of a Sub-Fund provides otherwise, such total return swaps and other derivative financial instruments that display the same characteristics may have underlyings such as currencies, interest rates, transferable securities, a basket of transferable securities, indexes, or undertakings for collective investment.

- The SICAV may not enter into swap transactions unless it ensures that the level of its exposure to the swaps is such that it is able, at all times, to have sufficient liquid assets available to meet its redemption obligations and the commitments arising out of such transactions
- The counterparties will be leading financial institutions specialised in this type of transaction and subject to prudential supervision. These counterparties do not have discretionary power over the composition or management of the investment portfolio of the Sub-Fund or over the underlying assets of the derivative financial instruments.

- Combined risk exposure to a single counterparty may not exceed 10% of the respective sub-fund assets when the counterparty is a credit institution referred to in article 41 paragraph (1) (f) of the Law of 2010 or 5% of its assets in any other cases.
- The rebalancing frequency for an index that is the underlying asset for a financial derivative is determined by the provider of the index in question. The rebalancing of said index shall not give rise to any costs for the Sub-Fund in question.

The total return swaps and other derivative financial instruments that display the same characteristics shall not confer to the SICAV a right of action against the counterparty in the swap or in the derivative financial instrument, and any eventual insolvency of the counterparty may make it impossible for the payments envisioned to be received.

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

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

The total return swap transactions to be entered into will be marked to market daily using the market value of the underlying assets used for the transaction in accordance with the terms of the swap agreement.

Typically investments in total return swap transactions will be made in order to adjust regional exposures, limit settlement and custodian risks as well as repatriation risk in certain markets and to avoid costs and expenses related to direct investments or sale of assets in certain jurisdictions as well as foreign exchange restrictions.

## **2. Techniques and instruments for hedging currency risks**

In order to protect its current and future assets and liabilities against exchange-rate fluctuations, the SICAV may conduct transactions consisting of buying and selling forward currency contracts, of buying or writing call or put options on currencies, of forward buying or selling of currencies or of currency swaps by private contract, provided that such transactions are conducted (i) on an exchange or (ii) on a Regulated Market or (iii) "over-the-counter" ("OTC") with market makers that are first-rate financial institutions and specialize in this type of transaction and, as applicable, which have an excellent credit rating and are market operators on the OTC options markets.

The object of the above-mentioned transactions presupposes a close match between the intended transaction and the assets or liabilities to be hedged. This implies that, as a matter of principle, transactions in a particular currency (including a currency whose value matches the currency of the sub-fund concerned, in the case of cross-currency hedging) do not exceed the total amount of such assets and liabilities denominated in the same currency and also that their term does not exceed the period of time for which such assets are held or such liabilities are (to be) entered into.

## **3. Further techniques and instruments**

The above-mentioned techniques and instruments may be amended by the SICAV if new techniques and instruments are developed and offered on the financial market provided that they are in line with the respective sub-fund's investment policy and restrictions and in compliance with the Law of 2010.

## **4. Disclosure to Investors**

In connection with the use of techniques and instruments the SICAV, will, in its financial reports, disclose the following information:

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

## **ANNEX III: CALCULATION OF THE NET ASSET VALUE**

### **1. Calculation and publication of the net asset value per share**

The net asset value per share of each class is calculated for each sub-fund under the responsibility of the Board of Directors in the currency of the respective sub-fund ("Reference Currency" of the sub-fund) as of every Valuation Day except for the cases specified under "2. Temporary suspension of the calculation of the net asset value per share and of the issue, repurchase and conversion of shares". The net asset value is calculated in conformity with the valuation rules and guidelines laid down in the articles of association and decreed by the Board of Directors.

The net asset value of the shares of each class will be computed as follows: by dividing the net assets attributable to each class of each sub-fund by the number of shares of such class of a sub-fund then outstanding. The net assets of each class of each sub-fund are made up of the value of the assets attributable to such class within each sub-fund less the total liabilities attributable to such class calculated at such time as the Board of Directors shall have set for such purpose.

The value of the assets held by each sub-fund is calculated as follows:

- a) Transferable securities and other investments listed on a stock exchange are valued at the last available price on the relevant Valuation Day. If the same transferable security or investment is quoted on several stock exchanges, the last available price on the stock exchange that represents the major market for this security will apply.  
In the case of transferable securities and other investments where the trade on the stock market is thin but which are traded between securities dealers on a secondary market using usual market price formation methods, the Management Company and/or the SICAV can use the prices on this secondary market as the basis for their valuation of these transferable securities and investments. Transferable securities and other investments that are not listed on a stock exchange, but which are traded on another regulated market which is recognized, open to the public and operating regularly, are valued at the last available price on this market on the relevant Valuation Day.
- b) Transferable securities and other investments that are not listed on a stock exchange are valued at the last available price; if this is not available, the Management Company and/or the SICAV values these securities according to other principles of its choosing on the basis of the likely sales prices as estimated in good faith.
- c) In the case of money market instruments, the valuation price is gradually adjusted to the redemption price, based on the net acquisition price and retaining the ensuing yield. In the event of a significant change in market conditions, the basis for the valuation of different investments will be brought into line with the new market yields.
- d) Transferable securities and other investments that are denominated in a currency other than the Reference Currency of the relevant sub-fund and which are not hedged by means of currency transactions are valued at mid closing spot rate. If such rate is not available, the conversion rate shall be determined in good faith according to procedures determined by the Board of Directors.
- e) The value of any cash on hand or on deposit, bills, demand notes and accounts receivable, prepaid expenses, dividends and interest declared or accrued and not yet received shall be calculated at their nominal value, plus any accrued interest.
- f) The value of swap transactions is calculated by the swap counterparty, on the basis of the net present value of all cash flows, both inflows and outflows; this is a valuation method recognized by the Management Company and/or the SICAV and checked by the auditors.
- g) The financial derivative instruments which are not listed on any official stock exchange or traded on any other organised market will be valued in accordance with applicable laws and market practice as determined by the Board of Directors.
- h) Shares or units in underlying open-ended investment funds shall be valued at their last available net asset value reduced by any applicable charges.

The Board of Directors may, at its discretion, employ any other valuation method if it is of the opinion that such a valuation reflects more accurately the probable realization value of an asset held by the SICAV.

The latest net asset value per share and the issue, repurchase and conversion prices of the shares may be obtained on request for each sub-fund of the SICAV from the Management Company's and/or Administrative Agent's registered office during business hours.

## **2. Temporary suspension of the calculation of the net asset value per share and of the issue, repurchase and conversion of shares**

The SICAV may, for each sub-fund, suspend the calculation of the net asset value, the issue, repurchase and conversion of shares of one class into those of another class of share under the circumstances described below:

(a) when one or more of the stock exchanges or other markets on which a substantial portion of the SICAV's assets attributable to such sub-fund is regularly quoted or traded is closed for a reason other than general public holidays, or when transactions thereon are suspended or restricted, provided that this closure, restriction or suspension affects the valuation of the SICAV's assets quoted or traded thereon;

(b) when, in the Board of Director's opinion, an emergency situation exists on account of which the SICAV is unable to dispose of invested assets attributable to a particular sub-fund or if it cannot determine the value of such invested assets; or

(c) during any breakdown in the means of communication or calculation normally used to determine the price or value of any investments of such sub-fund or the prices on a stock exchange or another market in respect of the assets attributable to such sub-fund; or

(d) as long as the SICAV is unable to raise sufficient funds to effect payments for the repurchase of shares of such sub-fund or as long as the transfer of funds connected with the acquisition of invested assets or with payments for the repurchase of shares cannot, in the Board of Director's opinion, be effected at normal exchange rates; or

(e) when for any other reason the value of an invested asset of the SICAV attributable to such sub-fund cannot be established or determined with the necessary speed or accuracy; or

(f) in the event of the publication (i) of the convening notice to a general meeting of shareholders at which a resolution to wind up the SICAV or a sub-fund is to be proposed, or of the decision of the Board of Directors to wind up one or more sub-funds, or (ii) to the extent that such a suspension is justified for the protection of the shareholders, of the notice of the general meeting of shareholders at which the merger of the SICAV or a sub-fund is to be proposed, or of the decision of the Board of Directors to merge one or more sub-funds.

In conformity with the legal requirements and if the SICAV deems it appropriate, such a suspension shall be published and notified to shareholders who have filed an application for subscription, repurchase or conversion of shares whose net asset value calculation has been suspended.

During the period of suspension of calculation of the net asset value applications for subscription, repurchase or conversion of shares may be withdrawn if such withdrawal is received by the SICAV before this period of suspension ends.

Suspension in any sub-fund shall have no effect upon the calculation of the net asset value or the issue, repurchase or conversion prices of any other sub-fund which is not suspended.

The notification of such a suspension and its termination shall be published in any newspaper named by the Board of Directors and shall be notified by the SICAV to the shareholders who have filed applications for subscription, repurchase or conversion of shares and who are affected by suspension of the net asset value calculation.

## ANNEX IV: GENERAL INFORMATION

### 1. The SICAV

MULTI CHALLENGE SICAV (the "SICAV") is an investment company qualifying as a "*société d'investissement à capital variable, SICAV*" which was established for an indefinite period of time on 10 February 2012 in the form of a joint-stock company under Luxembourg law, in accordance with the provisions of the 1915 Law and of the Law of 2010 as amended from time to time.

Its registered office is at 56, Grand-Rue, L-1660 Luxembourg; the SICAV has been entered in the Luxembourg Register of Trades and Companies under the number B 166868.

The articles of association have been published for the first time in the *Mémorial C, Recueil des sociétés et associations* ("Mémorial") dated 28 February 2012. Any interested person may inspect and obtain a copy of the coordinated articles of association at the Register of Trade and Companies of Luxembourg in Luxembourg.

The SICAV's Management Company is in Luxembourg.

When the SICAV was established, its initial capital amounted to EUR 300,000 (three hundred thousand Euro) and was represented by 300 (three hundred) fully paid-up shares with no face value.

The SICAV's minimum capital amounts to EUR 1,250,000. It is represented by fully paid-up shares with no face value.

The SICAV is a single legal entity. With respect to the shareholders, each sub-fund is regarded as being separate from the others. The assets of a sub-fund can only be used to offset the liabilities which the sub-fund concerned has assumed.

In accordance with the articles of association, shares may be issued in various sub-funds of the SICAV at the Board of Directors' discretion. Separate portfolios of assets are constituted for each sub-fund and invested in keeping with the investment objectives of the sub-fund concerned. The SICAV has therefore been established as an umbrella fund and allows the investor to choose between different investments objectives and to invest accordingly in one or more of the sub-funds constituting the SICAV's assets. At present shares are issued in the following sub-funds:

**MULTI CHALLENGE SICAV – Globes Portfolio 30**  
**MULTI CHALLENGE SICAV – Globes Portfolio 60**  
**MULTI CHALLENGE SICAV – Flex**  
**MULTI CHALLENGE SICAV – Swan**

The sub-funds will be consolidated in EUR.

The Board of Directors may decide at any time that the SICAV will issue shares in further sub-funds.

When launching new sub-funds, the Sales Prospectus shall be supplemented in the necessary manner with detailed information about the new sub-funds.

The Board of Directors reserves the right to issue various classes of shares for each sub-fund. These may differ from one another, particularly in respect of dividend policy and commission structure.

The share capital corresponds at all times to the aggregate value of the net assets of all the sub-funds.

### 2. Winding up and liquidation of the SICAV

The SICAV may be wound up at any time by a decision of the general meeting of shareholders, which must be taken in accordance with the requirements applicable in relation to an amendment to the articles of association.

If the amount of the SICAV's capital falls below two thirds of the minimum capital required by Article 5 of the articles of association, the Board of Directors shall refer the winding up of the SICAV to the meeting of

shareholders. The meeting of shareholders shall decide by a simple majority of the shares represented at the meeting, without any quorum requirements.

If the amount of the SICAV's capital falls below one quarter of the minimum capital required by Article 5 of the articles of association, the Board of Directors shall refer the winding up of the SICAV to a meeting of shareholders; the latter shall take the decision without any quorum requirement and winding up may be declared by shareholders holding one quarter of the shares represented at the meeting.

The meeting shall be convened in such a way that it is held within 40 days of the day on which it was ascertained that the net assets had fallen below two thirds or, as the case may be, one quarter of the statutory minimum capital.

Liquidation is carried out by one or more liquidators who may be physical persons or corporate entities and who are appointed with the approval of the supervisory authority by the meeting of shareholders, which also determines their powers and remuneration.

The net proceeds from the liquidation of each sub-fund are paid out by the liquidators to the shareholders of that sub-fund in proportion to the net asset value per share.

If the SICAV is liquidated voluntarily or on account of a court decision, this liquidation shall be carried out in accordance with the provisions of the Law of 2010. This law specifies the measures that have to be taken in order to allow the shareholders to participate in the distribution of the proceeds of liquidation and it provides that any amount remaining unclaimed by a shareholder after completion of liquidation shall be deposited with the *Caisse de Consignation*. Any amounts deposited in this manner and remaining unclaimed within the statutory limitation period shall be forfeited.

### **3. Closure and merger of sub-funds**

#### **a) Closure of sub-funds**

If for any reason the value of a sub-fund's assets falls below an amount which the Board of Directors deems to be a minimum level for economically efficient management of the sub-fund, or if there is a change in the economic or political situation which might affect the sub-fund concerned and have material adverse consequences for that sub-fund's investments, the Board of Directors may compulsorily redeem all the shares of the class(es) of shares concerned in that sub-fund. It may do so at the net asset value per share (taking into account the actual realisation prices and expenses connected with the realization of the invested assets), as determined on the Valuation Day on which this Board of Directors' decision shall take effect. The SICAV shall inform the shareholders of the sub-fund or class(es) of shares concerned before the compulsory repurchase procedure comes into effect. The relevant notification shall state the reasons and procedure for repurchase. Owners of registered shares will be notified in writing. If no other decision is taken in the shareholders' interests or relating to equal treatment of shareholders, the shareholders of the sub-fund or class(es) of shares concerned may, continue to request for their shares to be repurchased or converted free of charge (taking into account the actual realization prices and expenses of realizing the invested assets) before the date on which the compulsory repurchase comes into effect.

Notwithstanding the powers conferred on the Board of Directors in the preceding paragraph, the general meeting of shareholders of any one or all class(es) of shares issued in any sub-fund may, upon a proposal from the Board of Directors, redeem all the shares issued in such class(es) of the sub-fund and refund to the shareholders the net asset value of their shares (taking into account the actual realisation prices of investments and realisation expenses), as calculated on the Valuation Day on which such decision shall take effect.

No quorum requirements apply for such general meeting of shareholders and the decisions may be taken by a simple majority of the shares present or represented at this meeting.

Assets which may not be distributed to their owners upon the implementation of the redemption will be deposited with the *Caisse de Consignation* on behalf of the persons entitled thereto.

All the shares taken back in this manner will be cancelled.

## **b) Merger of sub-funds**

Under the same above-mentioned circumstances the Board of Directors may also decide to rename the shares of the class(es) concerned as shares of one or more new classes (if necessary, after a split or consolidation and after payment – to the shareholders – of all amounts corresponding to a fraction of a share). This decision shall be published in the same manner as described under a) (the publication shall list, inter alia, the characteristics of the New Sub-Fund); publication must take place one month before the split comes into effect in order to allow the shareholders who so wish to have their shares repurchased free of charge or converted free of charge during this period.

Any merger of a sub-fund with another sub-fund of the SICAV or with another UCITS (whether subject to Luxembourg or not) shall be decided by the Board of Directors unless the Board of Directors decides to submit the decision for a merger to a meeting of shareholders of the sub-fund concerned, and provisions on mergers of UCITS set forth in the Law of 2010 and any implementing regulation shall apply. No quorum is required for this meeting and decisions are taken by the simple majority of the votes cast. In case of a merger of one or more sub-fund(s) where, as a result, the SICAV ceases to exist, the merger shall be decided by a meeting of shareholders resolving in accordance with the quorum and majority requirements for changing the articles of association of the SICAV.

## *ANNEX V: AVAILABLE DOCUMENTS*

Copies of the documents described below may be inspected during business hours on every Business Day at the SICAV's registered office:

- (i) The SICAV's articles of association (available in copy).
- (ii) The SICAV's Prospectus.
- (iii) The agreements between the Management Company and the SICAV.
- (iv) The agreement on custody and paying agent services as per the "Depository Bank and Paying Agent" section.
- (v) The agreement between the SICAV and the main distributor, sales agents/distributors.
- (vi) The agreements with the Portfolio Managers as per the "Portfolio Manager" section.
- (vii) The agreement on central administration services between the Management Company, the SICAV and the Administrative Agent.
- (viii) Annual and semi-annual reports as per the "Information to Shareholders" section (available in copy).

## ***ANNEX VI RISK MANAGEMENT PROCEDURES***

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

Unless otherwise provided for any sub-fund in the relevant Annex, the commitment approach is used to monitor and measure the global exposure of each sub-fund.

This approach measures the global exposure related solely to positions on financial derivative instruments under consideration of netting or hedging.

The risk management procedure shall also be applied within the scope of collateral management (see sub-section "Collateral management" above) and the techniques and instruments for the efficient management of the portfolio (see Annex II "Techniques and Instruments relating to transferable securities or used to hedge currency risks", Section "Special techniques and instruments relating to transferable securities and money market instruments").

### **Leverage**

Leverage is defined pursuant to the applicable ESMA guidelines and CSSF circular 11/512 as the total of the nominal values of the derivatives used by the respective sub-fund. According to the definition, leverage may result in artificially increased leverage amounts, as some derivatives that can be used for hedging purposes may be included in the calculation. Consequently, this information does not necessarily reflect the precise actual leverage risk that the investor is exposed to.

Where applicable, the expected leverage is expressed as a ratio between the total of the nominal value and the net asset value of the respective sub-fund and is based on historical data. For sub-funds which have not yet been launched, the expected leverage value will be calculated on the basis of a model portfolio or on the investments of a comparable sub-fund. Greater leverage amounts may be attained for all sub-funds, under certain circumstances.

*ANNEX VII SUB-FUNDS DETAILS*

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## MULTI CHALLENGE SICAV – GLOBES PORTFOLIO 3o (the "Sub-Fund")

### Investment objective and policy

The Sub-Fund investment objectives consist in achieving optimal investment returns while giving due consideration to capital security and the liquidity of the net assets.

The assets of the sub fund are invested following the principle of risk diversification within the limits set forth and as described in Annex I, Section 2.

This Sub-Fund invests worldwide in the global financial markets on a broadly diversified basis in equities and equity rights, debt securities and claims, all types of asset-backed securities, convertible bonds, convertible notes, warrant bonds and securities warrants, as well as all eligible assets as defined in Annex 1, Section 1, 3 and 4. On a consolidated basis a minimum of:

- (a) 0% and a maximum of 30% of the Sub-Fund's NAV can be invested directly or indirectly in equities and equity rights;
- (b) 50% and a maximum of 100% of the Sub-Fund's NAV can be, directly or indirectly, invested in bonds, notes and other fixed- income and floating-rate secured or unsecured investments (including floating rate notes, zero bonds, convertible and warrant issues whose warrants entitle the holder to subscribe securities) issued by public authorities, semi- public enterprises or private borrowers, as well as in similar securities;
- (c) 0% and a maximum of 20% can be invested in all types of asset-backed securities (ABS), certificate of commodities and commodities indices and in alternative investment strategies only; and
- (d) 0% and a maximum of 10% of the Sub-Fund's NAV can be invested in contingent convertible bonds (equity conversion or write-down).

The Sub- Fund aims also to invest in investment funds that pursue an absolute return strategy. This asset class can also include other types of investments that are de-correlated from equity and bonds, or that cannot be classified as equity or bond investments. In case of certificates whose underlying is single commodities or commodity indices they must meet the requirements of securities as determined in Article 2 of EC-Directive 2007/16/EC. Direct investments in commodities are forbidden but can be made through financial indices or underlined instruments with no embedded derivatives, via target funds or via replicating a commodity index. Investors should refer to page 9 of the Prospectus with respect to the specific risks related to investments in contingent convertible bonds.

### Indirect investment through UCIs and UCITS

To obtain an exposure to the assets referred to above, this Sub-Fund may invest either directly or through existing UCITS, UCIs or ETFs. To achieve diversification of all investments by markets, sectors, issuers, ratings and companies this Sub-fund may invest up to 100% of its net assets in UCITS and UCIs compliant to the provisions of the article 41 (1) e) of the Law 2010. The selection of the investment will be based on a steady analysis of the target funds without any limitation of category or type of fund.

The maximum level of the management fees that may be charged by the target UCITS and/or other UCIs in which the Sub-Fund intends to invest shall not exceed 3% (three percent) per annum of the net assets of the relevant target UCITS or UCI.

### Use of derivatives and securities financing transactions

Within the framework of the above-mentioned investment policy this Sub-Fund may buy and sell futures and options, enter into swap transactions (swaps or credit default swaps) on financial instruments and conduct transactions involving options on securities for both investment and hedging purposes.

The markets in options, futures and swaps are volatile; both the opportunity to achieve gains as well as the risk of suffering losses are higher than with investments in securities. These techniques and instruments will be employed within the limits set forth and as described in Annex 1, and only if they are compatible with the investment policy of the Sub-Fund and do not adversely affect its quality. The same applies to warrants entitling the holder to subscribe to securities.

For the time being the Sub-Fund will not use Total Return Swap, repurchase transactions, securities or commodities lending and securities or commodities borrowings, buy-sell back transactions or sell-buy back transactions nor into margin lending transactions. Should the Sub-Fund use such techniques and instruments in the future, the Sub-Fund will comply with applicable regulations and in particular CSSF Circular 14/592 relating to ESMA Guidelines on ETFs and other UCITS issues and Regulation (EU) 2015/2365 of 25 November 2015.

## **Currency exposure**

The Sub-Fund may invest in deposits with credit institutions in all currencies deemed best suited for good performance provided that the principle of risk spreading is followed.

The currency designation of the Sub-Fund refers only to the currency in which the net asset value of the Sub-Fund is calculated and not to its investment currency. Investments of the Sub-Fund are made in the currencies deemed best suited for good performance and are actively managed in respect of the currency of account.

## **Benchmark**

For the avoidance of doubt, the Sub-Fund is discretionarily and actively managed and no benchmark is used in the context of the management of the Sub-Fund's assets (either as a reference or otherwise).

## **Profile of the typical investor**

The sub fund is suitable for investors that have a moderate focus on capital preservation with concentration on real medium-term capital growth. Moderate fluctuations in the value of the portfolio are tolerated over the investment horizon of six years.

## **Reference Currency**

The reference currency of this Sub-Fund is the EUR.

## **Classes of shares**

Class A shares is a capitalizing class and available for retail investors. The currency of this class is EUR.

Class I shares is a capitalizing class and available for institutional investors as defined from time to time by the competent Supervisory Authority in Luxembourg including investors who have signed a discretionary asset management mandate with a credit institution or other professional of the financial sector. The currency of this class is EUR.

The reference currency of the shares of "Class A (CHF hedged)" and "Class I (CHF hedged)" is the CHF but CHF is only the currency in which the performance of the sub-fund is calculated. The CHF is also the currency in which subscriptions and redemptions are settled, possible distributions are made.

Shares of Class A (CHF hedged) and "Class I (CHF hedged)" will be hedged against the EUR.

The reference currency of the shares of "Class A (USD hedged)" and "Class I (USD hedged)" is the USD but USD is only the currency in which the performance of the sub-fund is calculated. The USD is also the currency in which subscriptions and redemptions are settled, possible distributions are made.

Shares of Class A (USD hedged) and "Class I (USD hedged)" will be hedged against the EUR.

The Sub-Fund entails investments in foreign exchange transactions and currency forwards made for the account of the CHF and USD denominated shares of Class A and/or Class I in order to hedge the Class A and/or Class I sub-fund net asset value which is calculated in EUR against the CHF and USD respectively. Although it will not be possible to hedge the full net asset value of the Class A and/or Class I (CHF hedged) and Class A and/or Class I (USD hedged) against currency fluctuations of the EUR against the CHF and USD, the sub-fund intends, under normal conditions to use the above transactions to secure a currency hedge for EUR in CHF and in USD equivalent to a percentage between 95% and 105% of the net asset value. Changes in the value of the hedged sections of the portfolio and the volume of the subscription and redemption requests for Class A and/or Class I (CHF hedged) and Class A and/or Class I (USD hedged) shares may, however, result in the level of currency hedging temporarily surpassing the stated limit.

The minimum initial subscription amount for first-time subscriptions in class I is EUR 1,000.

## **NAV Calculation**

Daily.

## **Subscriptions**

Subscription applications which have been received by HSBC Continental Europe, Luxembourg as Transfer Agent not later than 2:00 p.m. (Luxembourg time) on the Valuation Day will be settled, if accepted, at the subscription price of that Valuation Day. Any applications received after 2:00 p.m. (Luxembourg time) on the Valuation Day will be settled, if accepted, at the subscription price of the next Valuation Day.

The subscription price must be received by HSBC Continental Europe, Luxembourg as Transfer Agent within three (3) Business Days of the date on which the subscription applications were duly received by the Administrative and

Transfer Agent.

### **Redemptions**

Repurchase applications have to be received by HSBC Continental Europe, Luxembourg as Transfer Agent not later than 2:00 p.m. (Luxembourg time) on the Valuation Day and will be settled, if accepted, at the repurchase price of that Valuation Day.

Any applications received after 2:00 p.m. (Luxembourg time) on the Valuation Day will be settled, if accepted, at the repurchase price of the next Valuation Day.

The repurchase price will, as a matter of principle, be paid in Luxembourg not later than three (3) Business Days after the relevant Valuation Day.

### **Fees**

The Sub-Fund may charge investors up to the following fees:

Subscription fees: Maximum 2% of the net asset value of the shares subscribed.

Redemption fee: Maximum 2% of the net asset value of the shares redeemed.

Conversion fee: None.

### **Portfolio Management fee**

The Management Company is entitled to receive from the SICAV a fee up to 2% p.a. payable monthly based on the average NAV per class of the Sub-Fund during the month in question. Part of such fee may be paid to distributors in the amount as stated in the relevant distribution agreement.

### **Administrative and Transfer Agent fee**

The Management Company is entitled to receive from the SICAV a fee of up to 0.1% p.-a. of the net assets based on the average NAV per class of the Sub-Fund during the month in question, subject to an annual minimum of EUR 26,500.

### **Supervision fee**

The Management Company is entitled to receive from the SICAV for its services a fee up to 0.15% p.a. of the net assets based on the average NAV per class of the Sub-Fund during the month in question, subject to an annual minimum of EUR 12,500.

### **Depositary fee**

The Depositary Bank is entitled to receive from the SICAV a fee of up to 0.085% p.-a. of the net assets based on the average NAV per class of the Sub-Fund during the month in question, subject to an annual minimum of EUR 25,000.

**MULTI CHALLENGE SICAV – GLOBES PORTFOLIO 6o**  
**(the "Sub-Fund")**

**Investment objective and policy**

The Sub-Fund objective is to seek the best combination of interest income and capital growth in relation to the reference currency. The assets of the sub fund are invested following the principle of risk diversification within the limits set forth and as described in Annex I, Section 2.

This Sub-Fund invests worldwide in the global financial markets on a broadly diversified basis in equities and equity rights, debt securities and claims, all types of asset-backed securities, convertible bonds, convertible notes, warrant bonds and securities warrants, as well as all eligible assets as defined in Annex 1, Section 1, 3 and 4. On a consolidated basis a minimum of:

- (a) 0% and a maximum of 60% of the Sub-Fund's NAV can be invested directly or indirectly in equities and equity rights;
- (b) 30% and a maximum of 90% of the Sub-Fund's NAV can be, directly or indirectly, invested in bonds, notes and other fixed-income and floating-rate secured or unsecured investments (including floating rate notes, zero bonds, convertible and warrant issues whose warrants entitle the holder to subscribe securities) issued by public authorities, semi-public enterprises or private borrowers, as well as in similar securities;
- (c) 0% and a maximum of 20% of the Sub-Fund's NAV can be invested in all types of asset-backed securities (ABS), certificate of commodities and commodities indices and in alternative investment strategies only, and
- (d) 0% and a maximum of 10% of the Sub-Fund's NAV can be invested in contingent convertible bonds (equity conversion or write-down).

The Sub-Fund aims also to invest in investment funds that pursue an absolute return strategy. This asset class can also include other types of investments that are de-correlated from equity and bonds, or that cannot be classified as equity or bond investments. In case of certificates whose underlying is single commodities or commodity indices they must meet the requirements of securities as determined in Article 2 of EC-Directive 2007/16/EC. Direct investments in commodities are forbidden but can be made through financial indices or underlined instruments with no embedded derivatives, via target funds or via replicating a commodity index. Investors should refer to page 9 of the Prospectus with respect to the specific risks related to investments in contingent convertible bonds.

**Indirect investment through UCIs and UCITS**

To obtain an exposure to the assets referred to above, the Sub-Fund may invest directly or through existing UCITS, UCIs or ETFs. To achieve diversification of all investments by markets, sectors, issuers, ratings and companies this Sub-fund may invest up to 100% of its net assets in UCITS and UCIs compliant to the provisions of the article 41 (1) e) of the Law 2010. The selection of the investment will be based on a steady analysis of the target funds without any limitation of category or type of fund.

The maximum level of the management fees that may be charged by the target UCITS and/or other UCIs in which the Sub-Fund intends to invest shall not exceed 3% (three percent) per annum of the net assets of the relevant target UCITS or UCI.

**Use of derivatives and securities financing transactions**

Within the framework of the above-mentioned investment policy this Sub-Fund may buy and sell futures and options, enter into swap transactions (swaps and credit default swaps) on financial instruments and conduct transactions involving options on securities for both investment and hedging purposes. The markets in options, futures and swaps are volatile; both the opportunity to achieve gains as well as the risk of suffering losses are higher than with investments in securities. These techniques and instruments will be employed within the limits set forth and as described in Annex 1, and only if they are compatible with the investment policy of the Sub-Fund and do not adversely affect its quality. The same applies to warrants entitling the holder to subscribe to securities.

For the time being the Sub-Fund will not use Total Return Swap, repurchase transactions, securities or commodities lending and securities or commodities borrowings, buy-sell back transactions or sell-buy back transactions nor into margin lending transactions. Should the Sub-Fund use such techniques and instruments in the future, the Sub-Fund will comply with applicable regulations and in particular CSSF Circular 14/592 relating to ESMA Guidelines on ETFs and other UCITS issues and Regulation (EU) 2015/2365 of 25 November 2015.

**Currency exposure**

The Sub-Fund may invest in deposits with credit institutions in all currencies deemed best suited for good performance provided that the principle of risk spreading is followed.

The currency designation of the Sub-Fund refers only to the currency in which the net asset value of the Sub-Fund is calculated and not to its investment currency. Investments of the Sub-Fund are made in the currencies deemed best suited for good performance and are actively managed in respect of the currency of account.

#### **Benchmark**

For the avoidance of doubt, the Sub-Fund is discretionarily and actively managed and no benchmark is used in the context of the management of the Sub-Fund's assets (either as a reference or otherwise).

#### **Profile of the typical investor**

The sub fund is suitable for investors that have weak focus on capital preservation, with strong concentration on real medium-term capital growth. Significant fluctuations in the value of the assets are tolerated over a several years' time horizon.

#### **Reference Currency**

The reference currency of this Sub-Fund is the EUR.

#### **Classes of shares**

Class A shares is a capitalizing class and available for retail investors. The currency of this class is EUR.

Class I shares is a capitalizing class and available for institutional investors as defined from time to time by the competent Supervisory Authority in Luxembourg including investors who have signed a discretionary asset management mandate with a credit institution or other professional of the financial sector. The currency of this class is EUR.

The reference currency of the shares of "Class A (CHF hedged)" and "Class I (CHF hedged)" is the CHF but CHF is only the currency in which the performance of the sub-fund is calculated. The CHF is also the currency in which subscriptions and redemptions are settled, possible distributions are made.

Shares of Class A (CHF hedged) and "Class I (CHF hedged)" will be hedged against the EUR.

The reference currency of the shares of "Class A (USD hedged)" and "Class I (USD hedged)" is the USD but USD is only the currency in which the performance of the sub-fund is calculated. The USD is also the currency in which subscriptions and redemptions are settled, possible distributions are made.

Shares of Class A (USD hedged) and "Class I (USD hedged)" will be hedged against the EUR.

The Sub-Fund entails investments in foreign exchange transactions and currency forwards made for the account of the CHF and USD denominated shares of Class A and/or Class I in order to hedge the Class A and/or Class I sub-fund net asset value which is calculated in EUR against the CHF and USD respectively. Although it will not be possible to hedge the full net asset value of the Class A and/or Class I (CHF hedged) and Class A and/or Class I (USD hedged) against currency fluctuations of the EUR against the CHF and USD, the sub-fund intends, under normal conditions to use the above transactions to secure a currency hedge for EUR in CHF and in USD equivalent to a percentage between 95% and 105% of the net asset value. Changes in the value of the hedged sections of the portfolio and the volume of the subscription and redemption requests for Class A and/or Class I (CHF hedged) and Class A and/or Class I (USD hedged) shares may, however, result in the level of currency hedging temporarily surpassing the stated limits.

The minimum initial subscription amount for first-time subscriptions in class I is EUR 1,000.

#### **NAV Calculation**

Daily.

#### **Subscriptions**

Subscription applications which have been received by HSBC Continental Europe, Luxembourg as Transfer Agent not later than 2:00 p.m. (Luxembourg time) on the Valuation Day will be settled, if accepted, at the subscription price of that Valuation Day. Any applications received after 2:00 p.m. (Luxembourg time) on the Valuation Day will be settled, if accepted, at the subscription price of the next Valuation Day.

The subscription price must be received by HSBC Continental Europe, Luxembourg as Transfer Agent within three (3) Business Days of the date on which the subscription applications were duly received by the Administrative and Transfer Agent.

#### **Redemptions**

Repurchase applications have to be received by HSBC Continental Europe, Luxembourg as Transfer Agent not later

than 2:00 p.m. (Luxembourg time) on the Valuation Day and will be settled, if accepted, at the repurchase price of that Valuation Day.

Any applications received after 2:00 p.m. (Luxembourg time) on the Valuation Day will be settled, if accepted, at the repurchase price of the next Valuation Day.

The repurchase price will, as a matter of principle, be paid in Luxembourg not later than three (3) Business Days after the relevant Valuation Day.

### **Fees**

The Sub-Fund may charge investors up to the following fees:

Subscription fees: Maximum 2% of the net asset value of the shares subscribed.

Redemption fee: Maximum 2% of the net asset value of the shares redeemed.

Conversion fee: None.

### **Portfolio Management fee**

The Management Company is entitled to receive from the SICAV a fee up to 2% p.a. payable monthly based on the average NAV per class of the Sub-Fund during the month in question. Part of such fee may be paid to distributors in the amount as stated in the relevant distribution agreement.

### **Administrative and Transfer Agent fee**

The Management Company is entitled to receive from the SICAV a fee of up to 0.1% p.a. of the net assets based on the average NAV per class of the Sub-Fund during the month in question, subject to an annual minimum of EUR 26,500.

### **Supervision fee**

The Management Company is entitled to receive from the SICAV for its services a fee up to 0.15% p.a. of the net assets based on the average NAV per class of the Sub-Fund during the month in question, subject to an annual minimum of EUR 12,500.

### **Depositary fee**

The Depositary Bank is entitled to receive from the SICAV a fee of up to 0.085% p.a. of the net assets based on the average NAV per class of the Sub-Fund during the month in question, subject to an annual minimum of EUR 25,000.

## MULTI CHALLENGE SICAV – FLEX (the "Sub-Fund")

### Investment objective and policy

The Sub-Fund objective is to seek the best combination of interest income and capital growth in relation to the reference currency defined hereafter.

The Sub-Fund invests worldwide in the global financial markets on a broadly diversified basis in equities and equity rights, bonds and debt securities. The Sub-Fund will invest, directly or indirectly through UCITS or other UCIs:

- (a) a minimum of 50% of its NAV in debt instruments such as bonds, notes and other fixed-income and floating-rate secured or unsecured investments (including floating rate notes, zero bonds, convertible) issued by public authorities, semi- public enterprises or private borrowers;
- (b) a maximum of 50% of its NAV in equities and equity rights (including warrants) as well as other instruments such as contingent convertible bonds (subject to the below);
- (c) a maximum of 10% of its NAV in debt securities issued by issuers which do not have a rating;
- (d) a maximum of 5% of its NAV in securities which are defaulting or in distress at the time of their purchase;
- (e) a maximum of 10% of its NAV in asset-backed securities (ABS) or mortgage- backed securities (MBS).

All securities in which the Sub-Fund invests (directly or indirectly) as per the above shall be Transferable Securities or Money Market Instruments within the meaning of Article 41 of the Law of 2010. The average rating of:

- (i) high yield bonds in which the Sub-Fund invests indirectly through UCIs (as opposed to direct investments as set out below); and
- (ii) all bonds held in the Sub-Fund's portfolio (including, for the avoidance of doubt, high yield bonds, whether held directly (as set out below) or indirectly by the Sub-Fund);

shall be in aggregate at least "BB" or equivalent (as measured by an independent rating agency such as Standard & Poor's, Moody's or Fitch, or deemed equivalent by the Management Company).

Investors should note that warrants involve higher risks owing to their greater volatility and should refer to page 9 of the Prospectus with respect to the specific risks related to investments in contingent convertible bonds. The Sub-Fund may hold liquid assets on an ancillary basis.

### Indirect investment through UCIs and UCITS

To obtain an exposure to the assets referred to above, the Sub-Fund may invest up to 100% of its assets on a consolidated basis in units/shares of UCITS or other UCI under the condition that the investment policy of each of these UCITS or other UCI allows the Sub-Fund to conform to the above mentioned investment policy. This investment option and the associated costs are described in the section "Investment in UCI and UCITS". The maximum level of the management fees that may be charged by the target UCITS and/or other UCIs in which the Sub-Fund intends to invest shall not exceed 3% (three percent) per annum of the net assets of the relevant target UCITS or UCI.

### Additional investment limitations

The Sub-Fund may not invest more than

- 20% of its NAV in UCITS or other UCI investing in commodities on the condition these UCITS or other UCI gain exposure to commodities exclusively via derivative instruments on commodity indices, pursuant to Article 9 of the Grand-Ducal Regulation of 2008;
- 20% of its NAV in contingent convertible bonds (equity conversion or write-down);
- 20% of its NAV in direct investments in high yield bonds.

### Use of derivatives and securities financing transactions

The Sub-Fund may use financial instruments for hedging, in particular the currency risk. It may also use financial instruments for efficient portfolio management purposes with the objective of enhancing the return. These operations shall not cause the Sub-Fund to diverge from its investment objective.

For the time being the Sub-Fund will not use Total Return Swap, repurchase transactions, securities or commodities lending and securities or commodities borrowings, buy-sell back transactions or sell-buy back transactions nor into margin lending transactions. Should the Sub-Fund use such techniques and instruments in the future, the Sub-Fund will comply with applicable regulations and in particular CSSF Circular 14/592 relating to ESMA Guidelines on ETFs and other UCITS issues and Regulation (EU) 2015/2365 of 25 November 2015.

### Benchmark

For the avoidance of doubt, the Sub-Fund is discretionarily and actively managed and no benchmark is used in the context of the management of the Sub-Fund's assets (either as a reference or otherwise).

### **Profile of the typical investor**

The Sub Fund is suitable for investors that have a moderate focus on capital preservation with concentration on real medium-term capital growth. Moderate fluctuations in the value of the portfolio are tolerated over the investment horizon of six years.

### **Reference Currency**

The reference currency of this Sub-Fund is the EUR.

### **Classes of shares**

Class A shares is a capitalizing class and available for retail investors. The currency of this class is EUR.

Class I shares is a capitalizing class and available for institutional investors. The currency of this class is EUR.

The minimum initial subscription amount for first-time subscriptions in class A is EUR 1.000.

The minimum initial subscription amount for first-time subscriptions in class I is EUR 5.000.

### **NAV Calculation**

Daily.

### **Subscriptions**

Subscription applications which have been received by HSBC Continental Europe, Luxembourg as Transfer agent not later than 2:00 p.m. (Luxembourg time) on the Valuation Day will be settled, if accepted, at the subscription price of that Valuation Day. Any applications received after 2:00 p.m. (Luxembourg time) on the Valuation Day will be settled, if accepted, at the subscription price of the next Valuation Day.

The subscription price must be received by HSBC Continental Europe, Luxembourg as Transfer Agent within three (3) Business Days of the date on which the subscription applications were duly received by the Administrative and Transfer Agent.

### **Redemptions**

Repurchase applications have to be received by HSBC Continental Europe, Luxembourg as Transfer Agent not later than 2:00 p.m. (Luxembourg time) on the Valuation Day and will be settled, if accepted, at the repurchase price of that Valuation Day.

Any applications received after 2:00 p.m. (Luxembourg time) on the Valuation Day will be settled, if accepted, at the repurchase price of the next Valuation Day.

The repurchase price will, as a matter of principle, be paid in Luxembourg not later than four (4) Business Days after the relevant Valuation Day.

### **Initial Offering Period**

Class A: the initial subscription period is from April 22, 2015 to May 6, 2015 with first payment value on May 6, 2015.

Initial subscription price: EUR 100.

The first NAV of Class A will be dated May 6, 2015.

### **Fees**

The Sub-Fund may charge investors up to the following fees:

Subscription fees: Maximum 2% of the net asset value of the shares subscribed.

Redemption fee: Maximum 2% of the net asset value of the shares subscribed.

Conversion fee: None.

### **Portfolio Management fee**

The Management Company is entitled to receive from the SICAV a fee up to 2% p.a. for Class A; this fee is payable monthly based on the average NAV per class of the Sub-Fund during the month in question. Part of such fee may be paid to distributors in the amount as stated in the relevant distribution agreement.

**Administrative and Transfer Agent fee**

The Management Company is entitled to receive from the SICAV a fee of up to 0.14 p.a. of the net assets based on the average NAV per class of the Sub-Fund during the month in question, subject to an annual minimum of EUR 26,500.

**Supervision fee**

The Management Company is entitled to receive from the SICAV for its services a fee up to 0.15% p.a. of the net assets based on the average NAV per class of the Sub-Fund during the month in question, subject to an annual minimum of EUR 12.500.

**Depositary fee**

The Depositary Bank is entitled to receive from the SICAV a fee up to 0.10% p.a. of the net assets based on the average NAV per class of the Sub-Fund during the month in question, subject to an annual minimum of EUR 25.000.

**MULTI CHALLENGE SICAV – SWAN**  
**(the "Sub-Fund")**

**Investment objective and policy**

The long-term investment objective is to achieve a relatively high level of current income and capital appreciation by mainly investing worldwide in a broad diversified bond portfolio and partially in equities.

To achieve its investment objective, the Sub-Fund shall:

- (a) invest at least two third of its NAV in cash and in listed debt instruments/securities (including bonds, notes, similar fixed-income and floating-rate securities, zero coupon bonds, convertible and warrant issues whose warrants entitle the holder to subscribe securities) issued by public authorities, semi-public enterprises or private borrowers;
- (b) invest up to one third of its NAV in shares, other equity securities and dividend right certificates acquired through the exercise of conversion and subscription rights or warrants, warrants on securities, exchange traded funds (ETFs), UCIs or UCITS and instruments giving exposure to commodities.

**Specific investment limitations**

- The Sub-Fund may not invest more than 40% of its NAV in debt securities with a lower borrower quality and below investment grade. Income from the non-investment grade securities is higher than that earned from first-class bonds, but also a higher risk of insolvency.
- The Sub-Fund may not invest more than 5% of its NAV in securities with no rating.
- The Sub-Fund may not invest more than 10% of its NAV in contingent convertible bonds (equity conversion or write-down).
- The Sub-Fund may not invest more than 10% of its NAV in asset-backed securities (ABS) or mortgage-backed securities (MBS).
- The Sub-Fund may invest up to 10% of its assets in UCITS/UCIs investing mainly in commodity indices.
- The Sub-Fund may invest up to 10% of its assets in certificates whose underlying are commodity indices or in securities physically backed by precious metals provided that they are eligible investments for a UCITS pursuant to the Law of 2010 and its implementing legislation (including the Grand-Ducal Regulation of 2008) and do not embed derivatives.

Investors should note that warrants involve higher risks owing to their greater volatility and should refer to page 9 of the Prospectus with respect to the specific risks related to investments in contingent convertible bonds.

**Investment in UCI and UCITS**

The sub-fund may also invest in UCI and/or UCITS managed by the Management Company or by a company with which it is associated through common management or control or through a direct or indirect stake in more than 10% of the capital or voting rights.

**Derivatives and securities financing transactions**

The Management Company may employ techniques and instruments that have securities and money market instruments as the underlying in the context of the orderly management of the assets of the sub-fund.

For the time being, the Sub-Fund will not use Total Return Swap, repurchase transactions, securities or commodities lending and securities or commodities borrowings, buy-sell back transactions or sell-buy back transactions nor into margin lending transactions. Should the Sub-Fund use such techniques and instruments in the future, the Sub-Fund will comply with applicable regulations and in particular CSSF Circular 14/592 relating to ESMA Guidelines on ETFs and other UCITS issues and Regulation (EU) 2015/2365 of 25 November 2015.

**Benchmark**

For the avoidance of doubt, the Sub-Fund is discretionarily and actively managed and no benchmark is used in the context of the management of the Sub-Fund's assets (either as a reference or otherwise).

**Profile of the typical investor**

This sub-fund is suitable for investors who seek to achieve a relatively high level of current income and capital appreciation by mainly investing worldwide in a broad diversified bond portfolio and partially in equities primarily of medium and small cap listed companies.

## Reference Currency

The reference currency of this Sub-Fund is the EUR.

## Classes of shares

- **Class A shares** is a capitalizing class and available for retail investors. The currency of this class is EUR. The minimum initial subscription amount for first-time subscriptions in class A is EUR 1.000.
- **Class A-USD shares** is a capitalizing class and available for retail investors. The currency of this class is USD. The minimum initial subscription amount for first-time subscriptions in class A-USD is USD 1.000.

This class of shares will be hedged against the reference currency of the Sub-Fund. The foreign exchange transactions and currency forwards will be used to secure a currency hedge equivalent to a percentage between 95% and 105% of the net asset value. Changes in the value of the hedged sections of the portfolio and the volume of the subscription and redemption requests for the class may, however, result in the level of currency hedging temporarily surpassing the stated limit.

- **Class A-CHF shares** is a capitalizing class and available for retail investors. The currency of this class is CHF. The minimum initial subscription amount for first-time subscriptions in class A-CHF is CHF 1.000.

This class of shares will be hedged against the reference currency of the Sub-Fund. The foreign exchange transactions and currency forwards will be used to secure a currency hedge equivalent to a percentage between 95% and 105% of the net asset value. Changes in the value of the hedged sections of the portfolio and the volume of the subscription and redemption requests for the class may, however, result in the level of currency hedging temporarily surpassing the stated limit.

- **Class I shares** is a capitalizing class and available for institutional investors as defined from time to time by the competent Supervisory Authority in Luxembourg including investors who have signed a discretionary asset management mandate with a credit institution or other professional of the financial sector. The currency of this class is EUR.

The minimum initial subscription amount for first-time subscriptions in class I is EUR 5.000.

## NAV Calculation

Daily.

## Subscriptions

Subscription applications which have been received by HSBC Continental Europe, Luxembourg as Transfer Agent not later than 4:00 p.m. (Luxembourg time) on the Valuation Day will be settled, if accepted, at the subscription price of that Valuation Day. Any applications received after 4:00 p.m. (Luxembourg time) on the Valuation Day will be settled, if accepted, at the subscription price of the next Valuation Day.

The subscription price must be received by HSBC Continental Europe, Luxembourg as Transfer Agent within three (3) Business Days of the date on which the subscription applications were duly received by the Administrative and Transfer Agent.

## Redemptions

Repurchase applications have to be received by HSBC Continental Europe, Luxembourg as Transfer Agent not later than 4:00 p.m. (Luxembourg time) on the Valuation Day and will be settled, if accepted, at the repurchase price of that Valuation Day.

Any applications received after 4:00 p.m. (Luxembourg time) on the Valuation Day will be settled, if accepted, at the repurchase price of the next Valuation Day.

The repurchase price will, as a matter of principle, be paid in Luxembourg not later than three (3) Business Days after the relevant Valuation Day.

## Fees

The Sub-Fund may charge investors up to the following fees:

Subscription fees: Maximum 5% of the net asset value of the shares subscribed.

Redemption fee: Maximum 2% of the net asset value of the shares subscribed.

Conversion fee: Maximum 1% of the net asset value of the shares subscribed.

**Portfolio Management fee**

The Management Company is entitled to receive from the SICAV a fee up to 1.50% p.a. for Classes A and up to 0.90% p.a. for Class I. This fee is payable monthly based on the average NAV per class of the sub-funds during the month in question. Part of such fee may be paid to distributors in the amount as stated in the relevant distribution agreement.

**Administrative and Transfer Agent fee**

The Management Company is entitled to receive from the SICAV a fee of up to 0.15% p.a. of the net assets based on the average NAV per class of the sub-funds during the month in question, subject to an annual minimum of EUR 26,500.

**Supervision fee**

The Management Company is entitled to receive from the SICAV for its services a fee up to 0.15% p.a. of the net assets based on the average NAV per class of the sub-funds during the month in question, subject to an annual minimum of EUR 15.000.

**Depositary fee**

The Depositary Bank is entitled to receive from the SICAV a fee up to 0.10% p.a. of the net assets based on the average NAV per class of the sub-funds during the month in question, subject to an annual minimum of EUR 25.000.