

SAGA SELECT

SOCIETE D'INVESTISSEMENT A CAPITAL VARIABLE
(OPEN-ENDED INVESTMENT COMPANY)

LUXEMBOURG

October 2014

Subscriptions can only be accepted on the basis of this prospectus (the "Prospectus"). The most recent annual and semi-annual reports are available from the registered office of the Company.

INTRODUCTION

The Prospectus is published as part of a continuing offering for shares in the “**SAGA SELECT**” SICAV (the “Company”).

The shares offered (the “shares”) belong to distinct compartments of the Company’s assets. When additional compartments are created, the Prospectus will be amended as appropriate, with detailed information on the new compartments.

The shares of compartments will be issued, redeemed, and converted at prices calculated on the basis of the net asset value per share in the compartment concerned (see the sections “Issuing of shares”, “Redemption of shares” and “Conversion of shares”).

LUXEMBOURG - The Company is an undertaking for collective investment (“UCI”), whose primary purpose is to invest in a selection of fixed- and variable income transferable securities. The Company is subject to the provisions of Part I of the Law of 17 December 2010 governing UCIs.

The registration of the Company as a Luxembourg UCI should not be interpreted as positive assessment made by the Luxembourg financial control authority of the contents of the Prospectus or of the quality of the assets held in the various compartments. Any information contrary to this principle is illegal and unauthorised.

The Prospectus cannot be used for purposes of making offers or soliciting sales in any country under any circumstances when such an offer is not authorised. Any potential subscriber to shares receiving a copy of the Prospectus or the subscription form in a country other than the Grand Duchy of Luxembourg, cannot consider these documents as an invitation to purchase or subscribe to shares, unless a similar invitation could legally be made in that country, without registration or other procedures, or unless this person acts in accordance with the laws applicable in the country in question, and obtains all governmental or other required authorisations and adheres to all applicable procedures, if any.

U.S.A. - The shares have not been registered in accordance with the United States Securities Act of 1933; accordingly, they cannot be offered or sold in any manner in the United States of America, including in its dependent territories, or offered or sold to US expatriates or on their behalf, as defined by the term “Expatriates of the United States of America” as it appears in Article 10 of the Articles of Association of the Company (the “Articles of Association”).

The Board of Directors of the Company (the “Board of Directors”) has taken all precautions necessary to ensure that, at the date of the Prospectus, the contents of the Prospectus are accurate and precise with respect to all questions of importance treated therein. All members of the Board of Directors accept responsibility for this.

Potential subscribers to shares are invited to obtain their own information and request assistance from their banker, foreign exchange agent, legal counsel, accountant or tax consultant in order to be fully informed of any legal or tax consequences, or of any consequences relating to foreign exchange restrictions or controls that apply to the subscription, holding, redemption, conversion, or transfer of shares that may arise by virtue of the laws applicable in the country of residence, domicile or establishment of these persons.

Only information that is contained in this Prospectus or in documents referred to herein will be considered valid.

Any information provided by a person not mentioned in the Prospectus will be considered unauthorised. The information contained in the Prospectus is deemed pertinent at the date of its publication; it may be updated from time to time to take account of significant changes that have occurred since publication. Accordingly, potential subscribers are recommended to check with the Company that they are in possession of the most recent version of the Prospectus.

In the Prospectus, all references to the euro or “EUR” refer to the single currency adopted by certain Member States.

All references to “Banking Day” refer to a day when the banks in Luxembourg are open in the city of Luxembourg.

Copies of the Prospectus are available free of charge from:

FundPartner Solutions (Europe) S.A.

15, Avenue J.F. Kennedy

L-1855 Luxembourg

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MANAGEMENT AND ADMINISTRATION

Registered office:	15, avenue J.F. Kennedy L-1855 Luxembourg
Board of Directors: Chairman	Mr Aleksander Goldenberg CEO Adnir Holdings Ltd, Israel
Directors	Mr Frédéric Fasel Manager Pictet Directors Office FundPartner Solutions (Europe) S.A. Mr Patrick Meunier Deputy Director Agir Luxembourg S.A.
Management Company	FundPartner Solutions (Europe) S.A. 15, avenue J.F Kennedy L-1855 Luxembourg
Board of Directors of the Management Company	Mr Marc Briol CEO Banque Pictet & Cie S.A. 60 Route des Acacias CH -1211 Geneva 73, Switzerland Mr Pierre Etienne Deputy Director Pictet & Cie (Europe) S.A. 15A, avenue J.F. Kennedy L-1855 Luxembourg Luxembourg Mrs Michèle Berger Director FundPartner Solutions (Europe) S.A. Mr Claude Kremer General Partner Arendt & Medernach 14, rue Erasme L-2082 Luxembourg
Directors of the Management Company	Mrs Michèle Berger Director FundPartner Solutions (Europe) S.A. Mr Pascal Chauvaux Deputy Director FundPartner Solutions (Europe) S.A.

Mr Cédric Haenni
Deputy Director
FundPartner Solutions (Switzerland) S.A.

Mr Dorian Jacob (since 1 January 2014)
Vice President
FundPartner Solutions (Europe) S.A.

Custodian Bank

Pictet & Cie (Europe) S.A.
15A, avenue J.F. Kennedy
L-1855 Luxembourg

Central Administration

FundPartner Solutions (Europe) S.A.
15, avenue J.F. Kennedy
L-1855 Luxembourg

Manager

Saga Select Asset Management Ltd
The Tower
3, Daniel Frisch Street
Tel Aviv 64731-04, Israel

Adviser:

Saga Promotion S.A.
25B, Boulevard Royal, BP430
L-2014 Luxembourg

Statutory Auditor:

Deloitte Audit Sàrl
560 route de Neudorf
L-2220 Luxembourg

LEGAL STATUS

SAGA SELECT (the “Company”) is an open-ended investment company (“SICAV”), created for an indefinite period on 7 October 1999 as a *société anonyme* (limited liability company) under Luxembourg law, in accordance with the amended Law of 10 August 1915 on commercial companies. Since 1 July 2011, the Company has been subject to the provisions of Part I of the Law of 17 December 2010 governing undertakings for collective investment (the “Law”).

Its registered office is at 15, avenue J.F. Kennedy, L-1855 Luxembourg. The Company is registered in the Luxembourg Trade and Companies Register under number B. 71 869.

The Articles of Association were filed with the clerk of the *Tribunal d'Arrondissement* of and in Luxembourg along with the legal Notice relating to the issue and sale of shares, and published in the *Mémorial C, Recueil des Sociétés et Associations* (the “*Mémorial*”) of 18 November 1999. The Articles of Association were last amended on 29 August 2005 and published in the *Mémorial* of 22 September 2005. Any interested party may visit the Company’s registered office and the Luxembourg Trade and Companies Register to view and receive a copy of the Articles of Association.

The Company’s central administration is located in Luxembourg.

The Company’s minimum capital is the equivalent of EUR 1,250,000. It is represented by fully paid-up shares with no par value.

The equity capital of the Company will be at all times equal to the net asset value of all the compartments combined.

INVESTMENT OBJECTIVES AND FUND STRUCTURE

The Company aims to offer its shareholders investments in a selection of varied securities, Money Market Instruments (as these terms are defined in the section “Eligible Investments” and other authorised assets with a view to realising the highest possible value of the assets combined with a high level of liquidity.

More particularly, the Company would also like its shareholders to benefit from the growth and volatility of the markets by offering exposure to market risks through selected investments as mentioned in Annex 1 for the compartments concerned.

The Company’s Board of Directors (the “Board of Directors”) determines the investment policy for the various compartments.

The investments made in the various compartments may be denominated in different currencies.

The choice of securities, Money Market Instruments and other authorised assets will not be limited either by geography or type, but will be subject to the restrictions stipulated hereinafter.

The investment policy, and more particularly the duration of investments and the composition of the portfolio of each compartment, will be oriented depending on the political, economic, financial and monetary situation at the time. The Company reserves the right to exclusively restrict its investments either to investment in fixed-income securities markets, or for variable-income securities markets.

The Board of Directors is authorised to create new compartments at any time. A list of the compartments available to date is annexed to this Prospectus, outlining their investment policies and key features. This list forms an integral part of the Prospectus and will be updated whenever new compartments are created.

MANAGEMENT AND ADMINISTRATION STRUCTURE

The Board of Directors is granted the broadest powers to act in all circumstances in the name of the Company, without prejudice to the powers expressly granted by law or by the Articles of Association to the General Meeting of shareholders.

The Board of Directors is responsible for managing the Company, monitoring its operations, and specifying and implementing the investment policy.

In accordance with the law, the Board of Directors is authorised to appoint a management company.

The Management Company

The Board of Directors has appointed FundPartner Solutions (Europe) S.A. as the Company's management company (the "Management Company"), pursuant to Section 15 of the Law and in accordance with a management company agreement, signed and effective on 30 June 2013 for an unlimited period of time and that can be terminated by either party with three months' advance notice (the "Agreement").

FundPartner Solutions (Europe) S.A. was created on 17 July 2008 for an unlimited duration as a limited company under Luxembourg law. Its capital at the date of this prospectus is CHF 6,250,000.

The Management Company will provide the following, under the final control of the Board of Directors and without limitation: (i) the asset management functions, (ii) the central administration services, including transfer agent and registrar services, and (iii) the marketing services for the Company. The rights and duties of the Management Company are specified in Articles 101 *et seq.* of the Law.

The Management Company shall at all times act honestly and equitably when carrying out its activities, in the best interest of the shareholders and in compliance with the Law, this Prospectus and the Company's Articles of Association.

The Management Company provides for the daily management of operations and administration of the Company. In carrying out its functions in accordance with the Law and the Agreement, the Management Company is authorised, for the efficiency of its operations, to delegate under its responsibility and control, with the prior agreement of the Company and subject to approval by the CSSF, part or all of its functions and obligations to a third party, which, taking into consideration the nature of the functions and tasks that will be delegated to it, must be qualified and able to carry out the functions in question.

The Management Company will require all agents to which it intends to delegate its functions to comply with the Law, the Prospectus, the Articles of Association and the relevant provisions of the Agreement.

Concerning the delegated functions and tasks, the Management Company shall implement appropriate procedures and control mechanisms, including controls for risk management and regular reporting processes to ensure effective supervision of third parties to whom functions and tasks have been delegated. The Management Company shall also ensure that the services provided by these third parties are in compliance with the Law, the Articles of Association, this Prospectus and the agreements signed with these third parties. When delegating a function or a task, the Management Company will ensure that nothing in the related agreement prevents it from giving additional instructions to the party to which the function or task has been delegated or from immediately withdrawing the mandate, when required in the interest of the shareholders.

The Management Company must be prudent and diligent in the selection and monitoring of the third parties to which functions and tasks may be delegated, and ensure that the third parties concerned have adequate experience and knowledge, and the necessary authorisation required to carry out the delegated functions.

The following functions have been delegated by the Management Company to third parties:

- Management of the Compartments' investments;

- Marketing and distribution for the Company in accordance with the procedures specified in this Prospectus

Manager appointed by the Management Company

The Management Company has appointed **SAGA SELECT ASSET MANAGEMENT LTD** as Investment Manager of the various compartments (hereinafter the “Manager”) as set forth in the Annex for each Compartment. The Manager will manage the Compartments’ portfolios on a daily basis and will be responsible for selecting the specific investments on behalf of the Company, in line with the asset allocation criteria defined from time to time by the Management Company.

SAGA SELECT ASSET MANAGEMENT LTD is a specialist global investment management company for high net worth private clients as well as institutional investors. It is duly incorporated and regulated by the Israeli financial authorities. It was founded in 2007 as a spin-off from the “management” part of the parent company that had been established in 2002. The company includes, among its directors and staff, people who have been active in financial markets for more than 30 years and who have an in-depth knowledge of fundamentals analysis and macroeconomics. The professional team adopts a top-down methodology, based primarily on in-depth and ongoing analysis of global economic parameters. The company has extensive knowledge of OECD markets, in terms of currencies, bonds and equities.

The management agreement with SAGA SELECT ASSET MANAGEMENT LTD was signed for an indefinite period, and may be terminated by either party upon three months’ advance notice. In certain circumstances, however, it may be terminated immediately by written notice sent by one party to the other. The above does not exclude the possibility of the Management Company terminating these agreements without advance notice and with immediate effect, as specified in Article 110 (1) (g) of the Law.

The Manager will be remunerated by the Management Company from the commission that the latter receives from the Company for each Compartment as described in Annex I for each Compartment.

The final responsibility for the management of the Company lies with the Management Company.

Custodian Bank

Pictet & Cie (Europe) S.A. (the “Custodian”) is responsible for holding the Company’s assets under the terms of an agreement for an indefinite period concluded on 7 October 1999.

Each of the parties may terminate this agreement by giving at least three months’ notice, on the understanding that the Custodian will continue to exercise its functions until the moment when, in accordance with the law, another custodian has been appointed and all the Company’s assets are transferred to it.

In accordance with the Law, the Custodian will:

- a) ensure that the sale, issue, redemption, conversion and cancellation of shares by or on behalf of the Company are carried out in accordance with the law or the Articles of Association;
- b) ensure that the consideration is remitted within the usual time limits for transactions relating to the Company’s assets;
- c) ensure that the Company’s income is allocated in accordance with the Articles of Association.

The Custodian’s responsibilities will not be affected by the fact that it has delegated the material safekeeping of all or part of the Company’s assets to a third party.

Pictet & Cie (Europe) S.A. was incorporated as a *société anonyme* (limited liability company) under Luxembourg law for an indefinite period on 3 November 1989. Its share capital and reserves were 70,000,000 Swiss francs at 31 December 2003.

Central Administration

The central administration function that had initially been delegated to Pictet & Cie (Europe) S.A., has been taken on by FundPartner Solutions (Europe) S.A. with effect from 1 January 2012.

FundPartner Solutions (Europe) S.A. had initially been designated as Central Administrative Agent with effect from 1 January 2012, pursuant to an Agreement, initially concluded with **Pictet & Cie (Europe) S.A.** on 7 October 1999 for an indefinite period, terminated in this regard following the appointment of FundPartner Solutions (Europe) S.A. as Management Company.

In accordance with the management company agreement, **FundPartner Solutions (Europe) S.A.** provides Transfer Agent, Registrar, Administrative Agent, Paying Agent and Domiciliation Agent services.

As registrar and transfer agent, **FundPartner Solutions (Europe) S.A.** is primarily responsible for ensuring the processing of share issues, conversions and redemptions and for maintaining the Company register of shareholders.

As administrative agent and paying agent, **FundPartner Solutions (Europe) S.A.** is responsible for calculating and publishing the net asset value (NAV) of the shares of the Fund pursuant to the Law and the Articles of Association, and for performing administrative and accounting services for the Company as necessary.

As domiciliation agent, **FundPartner Solutions (Europe) S.A.** is primarily responsible for the receipt and retention of all notices, notifications, correspondence, telephone notifications and other communications addressed to the Company as well as the organisation of the Company's corporate governance.

Adviser

Saga Promotion S.A. has accepted the functions of adviser to the Company (the "Adviser"). To that end, an agreement was signed on 18 July 2014 for an indefinite period between Saga Promotion S.A., the Company and the Management Company. Each of the parties may terminate this agreement subject to three months' notice.

In accordance with the terms of this agreement, the Adviser will provide recommendations, opinions and advice regarding the organisation of the distribution, promotion and investment of the Company's shares. In addition, the Adviser will assist the Company and the Management Company in the promotion in the broadest sense of the Company's shares.

Saga Promotion S.A. was incorporated on 4 October 1999 under the name of Saga Conseil S.A. and its mission is to advise the Board of Directors with respect to the promotion in the broadest sense of the Company's shares.

Statutory Auditor for the Company

This function has been assigned to Deloitte Audit Sàrl, 560, route de Neudorf, L-2220 Luxembourg.

SHAREHOLDER RIGHTS

Shares

The Company will issue shares in various compartments, at the investors' choice. Fractions of shares may be issued up to a maximum of five decimal places.

Shares will be issued in registered form only. Shareholders will receive written confirmation of their ownership.

The shares will be recorded in the register of registered shares. This register will indicate the names of all registered owners of shares, their place of residence or elected domicile as provided to the Company, the number of registered shares held and the amount paid on each share.

Registration of the name of the shareholder in the register is proof of the shareholder's ownership of the shares.

All shares must be entirely paid-up, without mention of the value, and will have no preferential or pre-emptive rights. Each share in the Company, from whatever compartment, will have one vote at any and all general shareholders' meetings, in accordance with the law and the Company's Articles of Association. Fractions of shares are not entitled to voting rights.

Investors' attention is drawn to the fact that they can only fully exercise their investor rights directly with respect to the Company (in particular the right to attend the Company's General Meetings of Shareholders), when the investor himself/herself is listed, in their own name, in the Company register of shareholders. In cases when an investor has invested in the Company through an intermediary investing in the Company in their own name but on behalf of the investor, certain rights attached to investor status cannot necessarily be directly exercised by the investor with respect to the Company. Investors are advised to make inquiries about their rights.

The net proceeds from the issue of shares will be invested in the assets of the compartment in question.

The Board of Directors will establish a distinct pool of assets for each compartment. In the relations between shareholders and in their relations with third parties, this pool will be allocated solely to the shares issued for the compartment concerned and will not be a commitment to the Company overall.

ISSUING OF SHARES

In each compartment, the Company may issue shares at the subscription price that will be equal to the value of the net asset value per share calculated on the valuation day (the "Valuation Day" - see the section "Calculation and Publication of the Net Asset Value of Shares").

When compartments are opened for subscription, the Company may set an initial subscription period in which the shares will be issued at a fixed subscription price, increased by any applicable subscription fees.

On expiry of the initial subscription period, the shares will be issued in the various compartments at a subscription price as defined above.

The selling fee that may be charged by professional intermediaries to their clients subscribing to shares of the Company may not exceed 5% of the net asset value per share.

Under certain circumstances, the Company is entitled to charge a "dilution levy" on the subscription price, as described hereinafter in the "Dilution Levy" section. This dilution levy will apply in all circumstances identically to all shareholders on the same date of calculation of the net asset value per share.

Requests for subscription that are received by the Company or the Administrative Agent at the latest by 4:00 pm (Luxembourg time) on the Banking Day preceding a Valuation day will be processed, on acceptance, at the subscription price calculated on that Valuation Day. Requests received after 4:00 pm (Luxembourg time) on the Banking Day preceding a Valuation day will be processed, on acceptance, at the subscription price calculated on the following Valuation Day.

Payment of the subscription price for each share must reach the Company by the third Banking Day following the net asset value calculation date applicable to the subscription; otherwise the subscription will be cancelled.

The subscription price of shares must, as a general rule, be paid in the Base Currency of the compartment concerned; any fees that might result from the fact that the subscription price is paid in a currency other than the Base Currency will be charged to the subscriber. The Company reserves the right to refuse any subscription request or only to accept part of it. Additionally, the Board of Directors reserves the right to suspend at any time and without prior notice the issue and sale of shares in each compartment.

There will be no issue of shares during any period in which the calculation of the net asset value of shares is suspended by the Company.

The fight against money laundering and the financing of terrorism - In accordance with international rules and laws and regulations applicable in Luxembourg (following the example of the Law of 12 November 2004 on the fight against money laundering and the financing of terrorism, as amended) and the circulars from the supervisory authority, professionals in the financial sector are subject to certain obligations, the purpose of which is to prevent the use of undertakings for collective investment to launder money and finance terrorism. These provisions require the registrar and transfer agent to identify subscribers in accordance with Luxembourg laws and regulations. Central Administration can require the subscriber to provide any document that it deems necessary to ensure such identification. Central Administration may also require additional documentation at any time in order to comply with legal and regulatory obligations.

In the event of a delay or failure to provide the required documents, the subscription (or redemption) request will not be accepted. Neither the collective investment undertaking nor Central Administration can be held responsible for the delay or non-execution of transactions when the investor has failed to provide a document or has provided incomplete documentation.

Shareholders may also be required to provide additional or updated documents in accordance with the obligations for ongoing control and supervision in accordance with applicable laws and regulations.

REDEMPTION OF SHARES

By virtue of the Articles of Association and in compliance with the provisions that follow, every shareholder of the Company has the right to ask the Company to redeem, on each Valuation Day, all or part of the shares that it holds in a compartment.

Shareholders who would like the Company to redeem all or part of their shares should make their irrevocable request by fax or letter addressed to the Company. This request must contain the following information: the identity and exact address of the person requesting the redemption, the number of shares to be redeemed, the compartment to which the shares belong, the person in whose name the shares are registered and the name of the person who should receive the payment.

The redemption request must be accompanied by the necessary documentation to make the transfer before the redemption price can be paid.

Requests for redemption that are received by the Company or the Administrative Agent at the latest by 4:00 pm (Luxembourg time) on the Banking Day preceding a Valuation day will be processed, on acceptance, at the redemption price calculated on that Valuation Day. Requests received after 4:00 pm (Luxembourg time) on the Banking Day preceding a Valuation day will be processed, on acceptance, at the redemption price calculated on the following Valuation Day.

The redemption price will be equal to the net asset value per share on the Valuation Day.

The selling fee that may be charged by professional intermediaries to their customers redeeming shares of the Company may not exceed 3% of the net asset value per share.

Under certain circumstances, the Company is entitled to charge a "dilution levy" on the redemption price, as described hereinafter in the "Dilution Levy" section. This dilution levy will apply in all circumstances identically to all shareholders on the same date of calculation of the net asset value per share.

The redemption price will, as a general rule, be paid at the latest 3 Banking Days from the date of determination of the net asset value applicable to the redemption, otherwise at the date on which the transfer documents are received by the Company, if this date is later.

The payment will be made by bank wire to an account indicated by the shareholder concerned.

The price for redemption of shares will be payable in the Base Currency of the compartment in question or, if a shareholder so requests, in another currency of its choice, in which case any currency exchange fees

will be charged to it. The redemption value of the shares may be greater or less than the initial value of acquisition or subscription.

If, on a specific Valuation Day, requests for redemption and conversion made in accordance with Article 21 of the Articles of Association involve more than 10 per cent of the shares in circulation of a specific compartment, the Board of Directors may decide that all or part of the requests for redemption or conversion be deferred for a period to be determined by the Board of Directors, with regard to the interests of the Company. These requests for redemption or conversion will be processed with priority over the requests made after the initial Valuation Day concerned.

If, following a request for redemption, the number or the total net asset value of shares held by a shareholder in a class of shares would have the effect of falling below an amount determined by the Board of Directors, or if this request concerns shares having a value of less than an amount determined by the Board of Directors, the Company may decide that the request be treated as a request to redeem all the shares held by the shareholder concerned in the class of shares concerned.

The redeemed shares will be cancelled.

There will be no redemption of shares during any period in which the calculation of the net asset value of shares is suspended by the Company.

The Board of Directors reserves the right to redeem, at any time, the shares that are acquired in violation of an exclusionary measure made by the Company. In particular, Article 8 of the Articles of Association contains a provision that allows the Company to redeem all shares held by a United States person.

CONVERSION OF SHARES

Unless the Board of Directors has decided otherwise for certain compartments or certain classes of shares, which will be specified in Annex 1, all shareholders may request conversion of all or part of their shares of a class of one compartment into shares of the same class of another compartment or into shares of another class of the same compartment or of another compartment at a price equal to the respective net asset values for the shares of the different classes concerned, calculated at the relevant Valuation Date plus transaction fees and, if applicable, rounded up or down to the nearest monetary unit depending on the decision of the directors; the Board of Directors may decide on and impose restrictions concerning the procedures, conditions, and payment of such fees and commissions.

Unless otherwise indicated in Annex 1, for any conversion application received by the Company or the Administrative Agent before 4:00 pm on a Luxembourg banking day, the net asset values applicable will be those calculated on the following net asset value calculation dates for the compartments in question.

Under certain circumstances, the Board of Directors is entitled to charge a "Dilution Levy" on the conversion price, representing up to 2.50% of the net asset value, as described in the "Dilution Levy" section. In all cases, the actual Dilution Levy charged on each Valuation Day will apply identically to all shares converted on that Valuation Day.

DILUTION LEVY

On days with high trading volumes, investment and/or disinvestment costs may have an adverse effect on shareholders' interests in the Company.

To safeguard against this effect – known as dilution – the Company's Board of Directors is authorised to apply a dilution levy (payable to the relevant compartment) on the subscription, redemption and/or conversion of shares.

The dilution levy applicable to each compartment will be calculated based on the costs incurred for transactions on the underlying investments for the compartment in question, including any commissions, spreads and transfer taxes.

The need to charge the dilution levy will depend on the volume of subscriptions, redemptions and conversions.

The Board of Directors may then decide to apply a “Dilution Levy” to protect the existing or remaining shareholders.

This “Dilution Levy” may be charged in the following circumstances:

1. When a compartment experiences a sustained decline (large volume of redemption requests).
2. For any compartment making large issues relative to its size.
3. On large trades, a large trade being defined as representing 5% of the whole compartment.
4. In any other case where the Board of Directors believes that the interests of shareholders call for a dilution levy to be charged.

The dilution levy may not under any circumstances be greater than 2.50% of the net asset value per share.

CALCULATION OF THE NET ASSET VALUE

Calculation and Publication of the Net Asset Value of Shares

The net asset value per share is calculated under the responsibility of the Board of Directors, in the currency in which the compartment is denominated (the “Base Currency” of the compartment) at a frequency that may vary for each compartment, indicated in Annex 1. If one of these planned days is a holiday, the net asset value of the compartment will be calculated the following Banking Day.

The net asset value per share of each class in a compartment is calculated each Valuation Day by dividing the net assets of the Company attributable to each class in the compartment (i.e. the proportional value of assets less the commitments attributable to the class on the Valuation Day) by the total number of shares of the class in circulation. The net asset value per share may be rounded up or down to the nearest unit.

If, after the net asset value per share is calculated on the Valuation Day in question, there is a material change in the prices on the markets on which a substantial portion of the investments of the compartment are traded or quoted, the Company may, in order to safeguard the interests of the shareholders, cancel the prevailing valuation and carry out a second valuation. All requests for subscription, redemption and conversion will be conducted on the basis of the second valuation.

The net asset value per share is determined on the “Valuation Day” on the basis of the value of the compartment’s underlying investments, determined as follows:

(a) The value of any cash in hand or on deposit, bills and demand notes and accounts receivable, prepaid expenses, dividends deposited and interest declared or accrued and not yet received, will be constituted by the nominal value of these assets, unless it appears unlikely that this amount will be received, in which case the value will be determined after deducting a certain amount that the Company deems appropriate to reflect the true value of these assets.

b) The value of the assets listed or traded on a Regulated Market, a securities market of Another State or any Other Regulated Market (as these terms are defined in the section “Eligible Investments”) will be determined according to their last known price on the Valuation Day, and otherwise, in the absence of any transactions, according to the last price known at the time on the market that is the main market for the assets in question.

c) Where these assets are not listed on a Regulated Market, a securities market of Another State or any Other Regulated Market, or if, for the portfolio assets on the Valuation Day, no price is available, or if the price calculated as per point (b) does not represent the real value of the assets, these assets will be valued on the basis of their probable liquidation value, estimated prudently and in good faith, by the Board of Directors.

(d) The units/shares of open-ended undertakings for collective investment will be valued on the basis of the last known net asset value or, if the price determined is not representative of the real value of these

assets, the price will be determined by the Board of Directors in a fair and equitable manner. The units/shares of closed-ended UCIs shall be valued on the basis of their last available market value.

e) The Money Market Instruments that are not listed or traded on a Regulated Market, a securities market of Another State, or any Other Regulated Market, and whose residual maturity does not exceed twelve months, will be valued at their nominal value plus any interest due; the total value is amortised using the linear amortisation method.

(f) Futures and options contracts that are not traded on a Regulated Market, a securities market of Another State or any Other Regulated Market will be valued at their liquidation value calculated in accordance with rules determined in good faith by the Board of Directors, using uniform criteria for each type of contract. The value of futures and options contracts traded on a Regulated Market, a securities market of Another State or any Other Regulated Market will be based on the closing or settlement prices published by the Regulated Market, securities market of Another State or Other Regulated Market on which the contracts in question are primarily traded. If it has not been possible to liquidate a forward contract or option contract on the Valuation Day of the net assets in question, the criteria for calculating the liquidation value of such a forward contract or option contract will be fairly and equitably established by the Board of Directors.

(g) Payments made and received under swap contracts will be updated on the valuation date at the zero-coupon swap rate corresponding to the maturity of the contracts. The value of the swaps shall then be equal to the difference between the two updates.

(h) All other assets will be valued on the basis of their probable market value that will be estimated prudently and in good faith.

The value of all assets and commitments not expressed in the Base Currency of the compartment will be converted to the compartment's Base Currency at the last exchange rates listed by a leading major bank. If these rates are not available, the exchange rate will be determined in good faith or according to procedures set by the Board of Directors.

The Board of Directors, at its sole discretion, may allow the use of any other method of valuation if it deems that the method better reflects the fair value of an asset.

The net asset value per share as well as the issue, redemption and conversion prices of the shares of each compartment may be obtained at the Company's registered office during banking hours.

SUSPENSION OF THE CALCULATION OF THE NET ASSET VALUE FOR SUBSCRIPTIONS AND REDEMPTIONS

In each compartment, the Company may suspend calculation of the net asset value per share as well as the issue, redemption, and conversion of shares in the event of one of the following circumstances:

- a) in any period in which one of the Regulated Markets, securities markets of Another State or Other Regulated Markets on which a substantial portion of the investments of the Company attributable to a compartment is listed or traded, or when one or more currency markets of the currencies in which the net asset value of a significant portion of the Company's assets is expressed, are closed for a reason other than for normal holidays or during which operations are restricted, suspended or, on a short-term basis, subject to major fluctuations, if such restriction or suspension affects the valuation of the investments of the Company attributable to the relevant compartment that are listed thereon;
- b) if the Board of Directors deems that the political, economic, military, monetary or social situation, strikes, or any other event of *force majeure* beyond the responsibility or power of the Company, prevent it from accessing the investments attributable to a compartment and determining the net asset value in a normal and fair manner;
- c) if the means of communication normally used to determine the price or the value of investments of a compartment or the prices on Regulated Markets, securities markets of Another State or Other

Regulated Markets for the investments of a compartment are not available or when, for whatever reason, the value of an investment of the Company attributable to a compartment cannot be known with sufficient speed or precision;

- d) in any period in which the Company is unable to repatriate funds in order to make payments to redeem shares of a compartment or in which the fund transfers involved in realising or acquiring investments or payments due for the repurchase of shares cannot, in the opinion of the Board of Directors, be performed at normal exchange rates;
- e) in the event of significant requests for redemptions resulting in the Company reserving the right to take back shares only at the redemption price as calculated after it has been able to sell the necessary securities as quickly as possible, taking into account the interests of all the shareholders, and only after it has been able to access the proceeds of these sales. A single price will be calculated for all redemption, subscription and conversion requests present at a given time;
- f) when for any other reason the price of any investment belonging to the Company and attributable to a compartment cannot be determined promptly or accurately;
- g) following the publication of a notice convening an extraordinary general meeting of shareholders in order to decide on the liquidation of the Company or a compartment or the merger of the Company or a compartment or to inform the shareholders of the decision of the Board of Directors to terminate, absorb or merge compartments.

The start and end of these periods of suspension will be notified by the Company to all shareholders affected (i.e. those who have presented a request for subscription, redemption or conversion of shares for which the calculation of the net asset value has been suspended).

Any request for subscription, redemption or conversion of shares will be irrevocable, except when the calculation of the net asset value per share of the compartment in question has been suspended, in which case the shareholders may notify the Company that they wish to withdraw their request. If such a notice is not received by the Company, the request will be processed on the first Valuation Day following the end of the suspension period.

The Company does not allow practices related to market timing (i.e. arbitrage methods by which investors systematically subscribe to, redeem or convert shares in short time periods by taking advantage of time differences, etc.) or any other excessive transaction practice that might jeopardise the performance of the Company or affect investors. The Company reserves the right to reject requests for subscriptions, redemptions and conversions, or to withhold, in addition to the fees for subscription, redemption or conversion that may be levied in accordance with Annex 1 hereinafter, a maximum fee of 4%, in addition to the fees for subscription, redemption or conversion that may be levied, on the value of the orders of any investor suspected of using such practices and to take, if necessary, any appropriate measures to protect the other investors. In particular, the Company may decide to repurchase all the shares held by such an investor. Neither the directors nor the Company will be held responsible for any loss resulting from the rejection of such orders.

DISTRIBUTION OF INCOME

As a rule, the Company's policy is not to distribute dividends but to capitalise income.

Nevertheless, the Board of Directors reserves the right to introduce a distribution policy for a compartment, as described in Annex 1. In this case, at each annual general meeting, the Board of Directors will submit a proposal to the shareholders of the compartment concerned as to the amount to be distributed. The dividends thus declared will be paid within six months of the close of the year.

In addition to the above dividends, the Company may choose to pay interim dividends.

The dividends will be paid in the Base Currency of the compartment concerned or in any other currency chosen by the Board of Directors, at the time and place that it determines and at the exchange rate established by it.

Any dividends not claimed by their beneficiaries within five years of the distribution can no longer be claimed and will revert to the compartment concerned. No interest will be paid on a dividend declared by the Company and kept by it for the beneficiary.

In no case will any distribution take place if, following such a distribution, the net assets of the Company become less than the equivalent of EUR 1,250,000.

EXPENSES BORNE BY THE COMPANY¹

Management and advisory fee

The Manager and the Adviser(s) are entitled to an advisory fee, payable on a quarterly basis at an annual rate that may vary according to the compartment, but which may not exceed 2.00% of the average net assets of each compartment of the Company as determined from the net asset values for the relevant quarter.

For details on the advisory fee that applies to each compartment, see Annex 1.

Performance fee

For some compartments, the Manager will receive a performance fee in addition to the fixed fee mentioned above. The procedures relating to these fees as well as the applicable rate (the "Rate") for each compartment are described in Annex 1.

Remuneration of the Custodian Bank and the Central Administrative Agent

As remuneration for their services, Pictet & Cie (Europe) S.A., as Custodian, and FundPartner Solutions (Europe) S.A., as Paying Agent, Domiciliation Agent, Administrative Agent and Transfer Agent, will charge a quarterly commission calculated on the basis of the net assets of the various compartments; this will not exceed 1.5% per annum of the average net assets of the Company.

Remuneration of the Management Company

In payment for its management company services, aside from those of central administrative agent, FundPartner Solutions (Europe) S.A. will charge a quarterly commission calculated on the basis of the net assets of the various compartments, as detailed in the Annexes for these compartments.

Other fees borne by the Company

The Company will be responsible for all expenses that it incurs including, without limitation, the fees for incorporation and subsequent amendment of the Articles of Association, the commissions payable to the Adviser, the fees and commissions payable to accountants, the Custodian Bank and its correspondents, to the Domiciliation, Administrative and Transfer Agent, to all paying agents, to permanent representatives at the places in which the Company is subject to registration as well as to any other Company employee, the remuneration of Board Members, insurance fees and reasonable travel expenses for Board Members, expenses incurred for legal assistance and the auditing of the Company's annual financial statements, fees for registration with government authorities and securities markets authorities in the Grand Duchy of Luxembourg or in other countries, fees for publication of the net asset value per share, including fees for preparation, printing and distribution of prospectuses, periodic reports and registration documents, fees for shareholder reports, all taxes and duties required by governmental authorities and any similar taxes,

¹ Expenses payable by shareholders are specified in the sections concerning subscription, redemption, conversion and the dilution levy.

and other operating expenses, including fees for the sale and purchase of assets, interest, financial, banking and brokerage fees, and postage, telephone and telex fees. The Company may calculate administrative and other expenses of a regular or recurring nature on an estimated figure for the year or other periods.

The fees associated with the creation of a new compartment are charged exclusively to the new compartment. The fees for creating a new compartment may be amortised over a period of a maximum of five years starting from the creation of the new compartment.

When marketing the Company abroad, the regulations in certain jurisdictions may require the presence of a local Paying Agent. In such cases, investors domiciled in these jurisdictions may be required to pay fees and charges to the local Paying Agent.

TAX TREATMENT OF THE COMPANY AND ITS SHAREHOLDERS

Tax treatment of the company in Luxembourg

By virtue of currently effective Luxembourg laws and standard practices, the Company is not subject to any Luxembourg income tax. The dividends paid by the Company are not subject to any withholding in the Grand Duchy of Luxembourg. Nonetheless, the Company is subject in Luxembourg to a subscription tax of 0.05% of its net assets per annum. This tax is payable quarterly and is assessed on the net assets of the Company at the close of the quarter in question. No stamp duty or tax is payable in the Grand Duchy of Luxembourg on the issue of shares in the Company. No tax is payable in Luxembourg for realised or unrealised capital gains on the Company's assets. The above indications are based on current laws and practices and may be amended.

Tax treatment of shareholders

Ownership of shares in the Company, other than in the cases defined below, does not subject shareholders to any income or capital gains tax or any other withholding tax in the Grand Duchy of Luxembourg except when: (i) the shareholders have their domicile, residence or a stable presence in Luxembourg, (ii) some non-residents of Luxembourg who hold more than 10% of the equity capital in the Company and who sell all or part of their shares within six months of their acquisition and (iii) in certain limited cases, some categories of former Luxembourg residents if they possess more than 10% of the equity capital of the Company.

The above indications are based on current laws and customs and may be amended.

Potential shareholders are urged to seek information and obtain appropriate advice in regard to the fiscal laws and regulations and exchange controls that apply to the subscription, purchase, holding, redemption, conversion and disposal of shares in the Company in the country of their nationality or in which they are domiciled, are residents or are established. The Company assumes no liability in this regard.

European tax considerations

On 3 June 2003, the EU Council adopted Directive 2003/48/EC on the taxation of savings revenues as interest payments. Under the Directive, the Member States of the European Union must send to the tax authorities of other European Union Member States the information relating to payment of interest or other similar revenues made by a person established in their jurisdiction to a physical person residing in the other Member State of the European Union. Austria and Luxembourg have opted instead for a transition period in which they apply a withholding system with regard to such payments. With effect from 1 January 2015, the Government of Luxembourg has announced its intention to abandon the withholding system in favour of a system of automatic information exchange. However, this may require an amendment to Luxembourg law to be approved by the Luxembourg Parliament. Some other countries including the Swiss Confederation, the dependent or associated territories of the Caribbean Islands, the Channel Islands, the Isle of Man, the Principality of Monaco and the Principality of Liechtenstein have also introduced equivalent measures for exchanging information or withholding.

The law transposing the Directive into Luxembourg law was passed on 21 June 2005 (the “Law of 2005”).

All dividends distributed by a compartment of the Company are subject to the Law of 2005 when more than 15% of the assets of the compartment are invested in debt securities (as defined in the above-mentioned Law) and the proceeds obtained by the shareholders at the time such shares are sold are also subject to the Law of 2005 if more than 25% of the compartment’s assets are invested in debt securities (such compartments of the Company are hereafter referred to as “Relevant Compartments”).

In accordance with the Law of 2005, the applicable tax withholding rate is 35% as of 1 July 2011.

Consequently, in the context of transactions conducted by a Relevant Compartment, a Luxembourg paying agent makes a direct payment in dividends or redemption proceeds to a shareholder, who is a physical person, whether resident or considered resident for tax purposes in another Member State of the European Union or in certain territorial dependencies or associated territories previously indicated, such payment will be subject to withholding at the rate indicated above, within the limits however of the following paragraph.

No withholding will be made by a Luxembourg paying agent if the physical person concerned has either (i) expressly authorised the paying agent to exchange information with the tax authorities in accordance with the Law of 2005, or (ii) provided the paying agent with a certificate of tax residence delivered by the competent authorities of his/her country of residence in the format required by the Law of 2005.

The Company reserves the right to reject any subscriptions for shares if the information provided by a potential investor does not meet the conditions established by the Law of 2005 and resulting from the Directive.

The above provisions represent only a summary of the different implications of the Directive and the Law. They are only based on their current interpretation and make no claim to be exhaustive. These provisions should not in any manner be considered as tax or investment advice and investors should therefore seek advice from their financial or tax advisers on the implications of the Directive and the Law to which they may be subject.

FATCA Considerations

The US Foreign Account Tax Compliance Act (“FATCA”) aims at preventing US tax evasion by requiring foreign (non-US) financial institutions to report to the US Internal Revenue Service information on financial accounts held outside the United States by US investors. US securities held by a non-US financial institution that does not comply with the FATCA reporting regime will be subject to a US tax withholding of 30% on gross sales proceeds and income, commencing on 1 July 2014.

On 28 March 2014, Luxembourg entered into an Intergovernmental Agreement (the “IGA”) with the United States designed to implement FATCA. The Company will be obliged to comply with the provisions of FATCA under the terms of the IGA and under the terms of Luxembourg legislation transposing the IGA. Under the IGA, Luxembourg-resident financial institutions that comply with the requirements of the Luxembourg IGA Legislation will be treated as compliant with FATCA and, as a result, will not be subject to withholding tax under FATCA (“FATCA Withholding”). In order to opt for and keep such FATCA status, the Company only allows (i) Participating Foreign Financial Institutions, (ii) deemed-compliant Foreign Financial Institutions, (iii) non-reporting IGA Foreign Financial Institutions, (iv) exempt beneficial owners (v) Active Non-Financial Foreign Entities or non-specified US persons, as defined by US FATCA Final Regulations and by any applicable IGA, to appear on the register of shareholders; accordingly, investors may only subscribe for and hold shares through a financial institution that complies with or is deemed to comply with FATCA. The Company may impose measures and/or restrictions to that effect, which may include the rejection of subscription orders or the compulsory redemption of shares, as further detailed in this Prospectus and in accordance with the Articles of Association of the Company, and/or the withholding of the 30% tax from payments on behalf of any shareholder found to qualify as a “recalcitrant account” or “non-participating foreign financial institution” under FATCA. Prospective investors should (i) consult their own tax advisers regarding the impact of FATCA on their investment in the Company, and (ii) be advised that although the Company will attempt to comply with all FATCA obligations, no assurance can be given that it will be able to satisfy such obligations and therefore avoid the FATCA withholding.

US taxpayer investors' attention is drawn to the fact that the Company qualifies as a Passive Foreign Investment Company ("PFIC") under US tax laws and does not intend to provide information that would allow such investors to elect to treat the Company as a Qualified Electing Fund ("QEF").

For the reasons set out above, the Company's shares may not be offered, sold, transferred or delivered to investors who are not (i) Participating Foreign Financial Institutions, (ii) deemed-compliant Foreign Financial Institutions, (iii) non-reporting IGA Foreign Financial Institutions, (iv) exempt beneficial owners (v) Active Non-Financial Foreign Entities or non-specified US persons, as defined by FATCA, the US FATCA Final Regulations and by any applicable IGA. Investors who do not meet FATCA requirements may not hold shares in the Company and shares may be subject to compulsory redemption, if deemed appropriate in order to ensure that the Company is compliant with FATCA. Investors will be required to provide proof of their FATCA status by means of all relevant tax documents, particularly the W-8BEN-E form from the US Internal Revenue Service which must be regularly renewed in accordance with the applicable regulations, and at the request of the Transfer Agent.

BUSINESS YEAR

The Company's financial year begins on 1 January and ends on 31 December.

SHAREHOLDERS' INFORMATION

Any notice convening a General Meeting, including one to deliberate on an amendment to the Articles of Association, or the dissolution and liquidation of the Company, will be sent by letter to the shareholders at the address contained in the register of registered shares and published in accordance with Luxembourg law.

For an amendment to the Articles of Association, the approved version will be filed with the Luxembourg Trade and Companies Register.

The Company will publish, on an annual basis, a detailed report on its operations and the management of its assets, including the balance sheet and the profit and loss account, the detailed itemisation of the assets of each compartment, the consolidated financial statements of the Company with all the compartments combined, and the Statutory Auditor's report.

At the end of each half year, the Company will also publish a report for each compartment and for the entire Company, including the composition of the portfolio, the number of shares in circulation and the number of shares issued and redeemed since the last publication.

These documents may be obtained free of charge by any interested party from the Company's registered office.

The annual consolidated financial statements of the Company, all compartments combined, are denominated in euro which is the Base Currency of the share capital.

The Annual General Meeting of shareholders will be held in Luxembourg, at the place indicated in the notice convening the meeting, on the first Friday in April at 4:00 pm. If this day is a bank holiday, the Annual General Meeting will be held on the first banking day thereafter.

The shareholders of a compartment may, at any time, hold general meetings to deliberate on matters that solely concern that compartment.

CLOSURE AND MERGER OF COMPARTMENTS

In the event that, for whatever reason, the value of the assets of a compartment, or to the extent applicable within a compartment, a class of shares does not reach or falls below an amount considered by the Board of Directors as being the minimum threshold below which the compartment or the class of shares cannot function economically or efficiently, or in the event of a significant change in the political, economic or monetary situation, or for economic rationalisation, the Board of Directors may decide to close one or more compartments or classes of shares in the interest of shareholders and to carry out a compulsory redemption of all shares in the compartment or the class of shares concerned, at the net asset value per

share applicable on the Valuation Day at the time the decision takes effect (taking into consideration the prices and actual expenses of selling the investments). The company will send a written notice to shareholders of the compartment or the class of shares before the effective date of the compulsory redemption. This notice will indicate the reasons for the redemption as well as the applicable procedures. Unless a contrary decision is made in the interests of shareholders or in order to maintain equality of treatment between the shareholders, the shareholders in the compartment or class of shares concerned may continue to request the redemption or conversion of their shares, without fees (but taking into consideration the prices and actual expenses of selling the investments) until the date of the compulsory redemption.

Notwithstanding the powers conferred on the Board of Directors by the previous paragraph, the general meeting of shareholders of a compartment may, on a proposal by the Board of Directors, redeem all the shares of the compartment and reimburse the shareholders the net asset value of their shares (taking into consideration the prices and real expenses of selling the investments), calculated on the Valuation Day on which such a decision takes effect. No quorum will be required for such general meetings and the resolutions may be made by the affirmative vote of a majority of shares present or represented and voting at such meetings.

The net proceeds of the liquidation of the compartment concerned will be distributed to the shareholders of the compartment in proportion to the number of shares they hold in the compartment. The assets that it has not been possible to distribute to their beneficiaries at the time of the redemption will be paid to the *Caisse de Consignations* in Luxembourg on behalf of their beneficiaries, for the period determined by the law. At the end of this period, the amounts not claimed will belong to the Luxembourg state.

All the redeemed shares will be cancelled.

In the same circumstances as those described in the first paragraph of this section, the Board of Directors may decide to contribute the assets of a compartment to those of another compartment in the Company or to those of another Luxembourg UCI organised under Part I of the Law or to those of a compartment of another such UCI (the “new compartment”) and to re-designate the shares of the compartment concerned as shares of the new compartment following a spin-off or a consolidation, if necessary, and decide on the payment of any amount corresponding to a fractional share due to shareholders. Shareholders will be informed of this decision by written notice that will also mention the characteristics of the new compartment, one month prior to the effective date of the merger in order to allow shareholders who wish to request redemption or conversion of their shares, free of charge, during the period. At the end of this period, the shares of shareholders who have not requested to redeem or convert the shares they hold in the compartment concerned will be automatically converted into shares of the absorbing compartment.

Notwithstanding the powers conferred on the Board of Directors by the previous paragraph, the shareholders’ general meeting of a compartment may decide to contribute the assets and commitments attributable to the compartment to another compartment in the Company or to another UCI in exchange for shares issued in the other compartment or UCI. No quorum will be required for such general meetings and the resolutions may be made by the affirmative vote of a majority of shares present or represented and voting at such meetings.

The contribution of the assets and commitments attributable to one compartment to another UCI in the meaning of the fifth paragraph of this section or to a compartment in this other UCI must be approved by a decision of the relevant compartment’s shareholders by a two-thirds majority of the shares present or represented at the general meeting, together accounting for at least 50% of the issued shares in circulation. In the event that this merger takes place with a contractual-type Luxembourg UCI (mutual investment fund) or with a foreign UCI, the resolutions adopted by the general meeting will only apply to the shareholders who voted in favour of the merger.

DISSOLUTION AND LIQUIDATION OF THE COMPANY

Without prejudice to the legal causes of liquidation, the Company may be dissolved at any time by decision of the shareholders’ general meeting, in the same manner as making amendments to the Articles of Association.

In accordance with currently applicable Luxembourg law, if the Company's capital becomes less than two-thirds of the minimum capital, i.e. currently the equivalent of EUR 1,250,000, the board members will submit, within forty days starting from the observed diminution of the net assets, the question of dissolution of the Company to the General Meeting deliberating without a quorum and voting by a majority of the shares represented in the meeting. If the capital becomes less than a quarter of the minimum capital required, the board members must submit, within forty days of the observed diminution of the net assets, the question of dissolution of the Company to the General Meeting, deliberating without a quorum; the dissolution may be decided by shareholders holding a quarter of the shares represented at the meeting and voting in favour. The call to the meeting must be made in such a manner that the meeting can be held within forty days of the observation that the net assets have become less than two-thirds or one-quarter of the minimum capital respectively.

In the event that the Company is dissolved, the liquidation will be carried out by one or more liquidators that may be either individuals or corporate persons appointed at the general shareholders' meeting, which will also determine their powers and fees. The net proceeds from the liquidation of each compartment will be distributed by the liquidators to shareholders in that compartment in proportion to the net asset value of the shares in question.

In the event that the Company is liquidated voluntarily or by court order, this liquidation will be conducted in accordance with the Law that defines the measures to be taken to allow shareholders to participate in the distribution(s) of the proceeds of liquidation. The same law also provides, on completion of the liquidation, for any amount not claimed by a shareholder to be deposited with the *Caisse des Consignations*. The amounts thus deposited and not claimed within the legally prescribed period will be lost.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents may be inspected during the hours of operation every Banking Day at the Company's registered offices:

- (i) the Company's Articles of Association (copies available);
- (ii) the management company agreement as well as the advisory and manager agreements mentioned in the section on "Management and Administration Structure";
- (iii) the deposit agreement mentioned in the section on the "Custodian Bank";
- (iv) the agreements, annual and semi-annual reports mentioned in the section "Shareholders' rights" (copies available).

INVESTMENT RESTRICTIONS, TECHNIQUES AND INSTRUMENTS

The Board of Directors has adopted the following investment restrictions in regard to the Company's assets and operations. Except to the extent that more restrictive rules apply to a particular compartment as more fully described in the relevant annex hereinafter, the investment policy must respect the investment restrictions. These restrictions may be amended by the Board of Directors if it deems that this is in the best interest of the Company, in which case the Prospectus will be amended.

The investment restrictions imposed by Luxembourg law must be respected by each compartment. The restrictions mentioned in paragraph 1(E) hereinafter apply to the Company in its entirety.

1. Eligible Investments

Definitions

“Another State” or “Other State”: any European State that is not a member country and any State of America, Africa, Asia, Australia, Oceania and, if applicable, of the OECD (Organisation of Economic Cooperation and Development).

“Another Regulated Market” or “Other Regulated Market”: a regulated market, operating regularly, recognised and open to the public (i) which meets all the following criteria: liquidity, multilaterality in the matching of orders (general matching of buyers’ and sellers’ orders allowing the establishment of a single price), transparency (distribution of a maximum amount of information giving originators the opportunity to track the market so they can be sure that their orders have been processed on appropriate terms), (ii) whose securities are traded with a certain fixed periodicity, (iii) that is recognised by a state or another public authority with delegated authority from the state or another entity such as a professional association recognised by the state or the public authority and (iv) on which the traded securities must be accessible to the public.

“UCITS Directive”: Directive 2009/65/EC of the European Parliament and of the Council of 13 July 2009 on the coordination of laws, regulations and administrative provisions relating to certain UCITS (recast).

“Member State”: any Member State of the European Union.

“Money Market Instruments”: instruments usually traded on the money market that are liquid and have a value that may be precisely determined at any time.

“Regulated Market”: a regulated market as defined by Directive 2004/39/EC of the European Parliament and of the Council of 21 April 2004 on investment services in the domain of transferable securities (“Directive 2004/39/EC”), i.e. a market registered on the list of regulated markets established by each Member State, operating regularly, characterised by the fact that the provisions established or approved by the competent authorities define its conditions of operation and access as well as the conditions to be met by the financial instruments in order to be effectively traded thereon, requiring compliance with all the obligations for disclosure and transparency prescribed by Directive 2004/39/EC.

“UCITS”: an undertaking for collective investment in transferable securities as defined in Article 1(2) of the UCITS Directive.

A. (1) The Company’s investments will be composed exclusively of the following:

- a) transferable securities and Money Market Instruments listed or traded on a Regulated Market; and/or
- b) transferable securities and Money Market Instruments traded on Another Regulated Market of a Member State; and/or
- c) transferable securities and Money Market Instruments admitted for official listing on a securities market in Another State or traded on Another Regulated Market in Another State; and/or
- d) recently issued transferable securities and Money Market Instruments if the conditions of issue stipulate that a request will be made for admission of these securities to official listing on a Regulated Market, a securities market in Another State or on Another Regulated Market as mentioned above in points a) to c) and that this admission is obtained at the latest within one year of the date of issue; and/or
- e) shares or units of UCITS or other undertakings for collective investment (“UCI”) located in a Member State or Another State, on condition that:
 - these other UCIs are approved in accordance with legislation stipulating that the undertakings are subject to a supervision that the Luxembourg supervisory authority considers as equivalent to that stipulated by EU legislation and that the cooperation between the authorities is sufficiently guaranteed (presently: Canada, Hong Kong, Japan, Norway, Switzerland and the United States of America);

- the level of protection guaranteed to holders of units or shares in these other UCIs is equivalent to that provided for holders of UCITS units or shares and, in particular, that the rules relating to the segregation of assets, borrowings, loans, short sales of transferable securities and Money Market Instruments are equivalent to the requirements of the UCITS Directive;
 - the operations of these other UCIs are covered in semi-annual and annual reports that allow the valuation of assets and liabilities, profits and transactions in the period in question;
 - the proportion of assets in UCITS or in these other UCIs whose acquisition is envisaged, which, in accordance with their constitutive documents, may be entirely invested in units or shares of other UCITS or other UCIs, does not exceed 10%;
- f) deposits at credit establishments that are reimbursable on request or that may be withdrawn and have a maturity of less than or equal to twelve months, on condition that the credit establishment has its registered office in a Member State or, if the registered office of the credit establishment is located in Another State, is subject to prudential rules considered as equivalent to those stipulated by EU legislation;
- g) derivative financial instruments, including similar instruments that allow cash settlement, that are traded on a Regulated Market, a securities market of Another State or on Another Regulated Market of the kind indicated in points (a) to (c) above, and/or OTC (over-the-counter) derivative financial instruments, provided that:
- the underlying assets consist of instruments indicated in the present section A (1), financial indexes, interest rates, exchange rates or currencies in which a compartment may make investments pursuant to its investment objectives;
 - the counterparties to the transactions in OTC derivatives are establishments subject to prudential supervision and belong to categories approved by the Luxembourg supervisory authority; and
 - the OTC derivative instruments are subject to reliable and verifiable valuation on a daily basis and may, on the initiative of the Company, be sold, liquidated or closed by a symmetrical transaction, at any time and at fair value.

and/or

- h) Money Market Instruments other than those traded on a Regulated Market or on Another Regulated Market, as long as the issue or the issuer of these instruments are themselves subject to regulations aimed at protecting investors and savings and that the instruments are either:
- issued or guaranteed by a central, regional or local administration, by a central bank of a Member State, by the European Central Bank, by the European Union or by the European Investment Bank, by Another State, or, in the case of a federal state, by one of the members composing the federation, or by an international public organisation to which one or more Member States belong;
 - issued by a company whose securities are traded on Regulated Markets, securities markets of Another State or Other Regulated Markets indicated in points (a) to (c) above;
 - issued or guaranteed by an establishment subject to prudential supervision according to criteria defined by EU law, or by an establishment that is subject to and conforms to prudential rules that the Luxembourg supervisory authority considers at least as strict as those stipulated by EU legislation; or
 - issued by other entities belonging to categories approved by the Luxembourg supervisory authority as long as the investments in these instruments are subject to rules that protect investors and such rules are equivalent to those stipulated in the first, second, and third indents above, and that the issuer is a company whose capital and reserves are at least ten

million euros (EUR 10,000,000) and that presents and publishes annual statements in accordance with Directive 78/660/EEC, or an entity that, within a group of companies including one or more listed companies, is dedicated to financing the group or that is an entity dedicated to the financing of securitisation vehicles and has a line of bank financing.

(2) The Company may also invest up to 10% of its net assets in transferable securities and Money Market Instruments other than those stipulated in point (A)(1) above.

B. Each compartment may hold liquid assets on an ancillary basis, unless other applicable provisions exist in the Annexes of each compartment.

C. (1) Each compartment cannot invest more than 10% of its net assets in transferable securities and Money Market Instruments issued by a single entity.

Each compartment cannot invest more than 20% of its net assets in deposits placed with a single entity.

(2) (i) Additionally, if the total value of transferable securities and Money Market Instruments held with issuers in each of which a compartment invests more than 5% of its net assets, the total value of these investments will not exceed 40% of the value of this compartment's net assets.

(ii) This limit does not apply to deposits in financial establishments that are subject to prudential supervision and to transactions on OTC derivative instruments with these establishments.

(3) (i) The counterparty risk in an OTC derivatives transaction cannot exceed 10% of a compartment's net assets when the counterparty is one of the credit establishments intended in section (A)(1)(f) above, or 5% of the net assets in other cases.

(ii) Investments in derivative financial instruments may be made provided that, overall, the risks to which the underlying assets are exposed do not exceed the investment limits set in points (C)(1), (C)(2)(i), (C)(3)(i) and (v), (C)(4), C(5), (C)(6)(i) and (iii). If a compartment invests in a derivative financial instrument based on an index, these investments are not necessarily combined with the limits set in points (C)(1), (C)(2)(i), (C)(3)(i) and (v), (C)(4), C(5), (C)(6)(i) and (iii).

(iii) If a transferable security or Money Market Instrument comprises a derivative instrument, the derivative instrument will be accounted for pursuant to the provisions contained in paragraphs (A)(1)(g), indent two and, (C)(3)(iv) as well as for the assessment and information on risks associated with transactions involving derivative financial instruments indicated in this Prospectus.

(iv) The Company makes sure that the overall risk associated with derivative financial instruments does not exceed the total net value of its portfolio.

The risks are calculated taking into consideration the current value of the underlying assets, the counterparty risk, foreseeable changes in the markets and the time available to liquidate the positions.

(v) Notwithstanding the individual limits set in points (C)(1), C(2)(i) and C(3)(i) above, a compartment may not combine:

- investments in transferable securities or Money Market Instruments issued by a single entity,
- deposits with a single entity, and/or
- the risks associated with transactions on OTC derivative instruments with a single entity, that are greater than 20% of its net assets.

(4) The 10% limit stipulated in paragraph (C)(1) above is increased to 35% for transferable securities or Money Market Instruments issued or guaranteed by a Member State, its local authorities, Another Member State or international public organisations to which one or more Member States belong.

(5) (i) The 10% limit set in point (C)(1) is increased to 25% for certain bonds, when these are issued by a credit establishment that has its registered headquarters in a Member State and is legally subject to special supervision by the public authorities whose purpose is to protect the holders of such bonds. In particular, the amounts resulting from the issue of these bonds will be invested, in accordance with

applicable legislation, in assets that, for the entire period of validity of the bonds, can hedge the receivables resulting from the bonds and that, in the event of the insolvency of the issuer, would be used in priority to reimburse the principal amount and payment of the accrued interest. To the extent that a compartment invests more than 5% of its net assets in such bonds, issued by a single issuer, the total value of these investments may not exceed 80% of the value of its net assets.

(ii) The transferable securities and Money Market Instruments mentioned in points (i) and (C)(4) will not be taken into consideration in the application of the 40% limit stipulated in point (C)(2)(i).

(6)(i) The limits stipulated in points (C)(1), (C)(2), (C)(3)(i) and (v), C(4) and C(5) above may not be combined; consequently, the investments in transferable securities or Money Market Instruments issued by a single entity, in the deposits with this entity or in derivative financial instruments traded with this entity in accordance with points (C)(1), (C)(2)(i) (C)(3)(i) and (v), C(4) and C(5) may not exceed a total of 35% of the compartment's net assets.

(ii) The companies that are combined in financial consolidation as understood in Directive 83/349/EEC or in accordance with recognised international accounting rules will be considered as a single entity for the calculation of the limits described in point (C).

(iii) A compartment may cumulatively invest up to 20% of its net assets in transferable securities and Money Market Instruments of a single group of companies.

(7) If a compartment invests in accordance with the principle of the risk spreading in transferable securities and Money Market Instruments issued or guaranteed by a Member State or its local authorities, or by Another State, or by international public organisations to which one or more Member States belong, the Company may invest up to 100% of the net assets of each compartment in these transferable securities and Money Market Instruments on condition that the compartment concerned holds securities belonging to at least six different issues and that the securities belonging to a single issue do not exceed 30% of the net assets of that compartment.

While ensuring that the principle of distribution of risk is observed, each compartment may, for a period of six months following the date of its approval, deviate from Articles 43 to 46 of the Law.

(8) Notwithstanding the limits defined in (E) below, the limits set in point (C) are increased to a maximum of 20% for investments in shares and/or bonds issued by a single entity, when a compartment's investment policy is to reproduce the composition of an index of specific equities or bonds that is recognised by the Luxembourg supervisory authority, on the following bases:

- the composition of the index is adequately diversified,
- the index is considered a benchmark representing the market to which it refers,
- it has been appropriately published.

The 20% limit is increased to 35% when it appears justified by exceptional circumstances on the markets, especially on Regulated Markets in which certain transferable securities or Money Market Instruments are predominant. Investment up to this limit is only allowed for one issuer.

(D) The Company may borrow, for each compartment, up to a total of 10% of the net assets of the compartment as long as such borrowings are temporary. Face-to-face type loans are not considered as borrowings in calculating this investment limit.

(E) (i) The Company may not acquire shares holding voting rights in a company in proportions that enable it to exert a significant influence on the management of the issuer.

(ii) The Company may not acquire (a) more than 10% of the shares without voting rights of a single issuer, (b) more than 10% of bonds from a single issuer, (c) more than 10% of Money Market Instruments issued by a single issuer. Nonetheless, the limits defined in points (a) and (b) above do not have to be followed for the acquisition, if, at that time, the gross amount of bonds or Money Market Instruments, or the net amount of the securities issued, cannot be calculated.

The ceilings defined in points (E)(i) and (ii) are not applicable in regard to the following:

- transferable securities and Money Market Instruments issued or guaranteed by a Member State or its local authorities;
 - transferable securities and Money Market Instruments issued or guaranteed by Another State;
 - transferable securities and Money Market Instruments issued by international public organisations to which one or more Member States belong; or
 - the shares held in the capital of a company of Another State, provided that (i) this company invests its assets mainly in the securities of issuers from this Other State, (ii) by virtue of the laws of this State, such an interest constitutes the sole opportunity for a compartment to invest in securities of issuers of this State, and (iii) this company follows, in its investment policy, the rules of risk diversification and of limitation of control stipulated in Articles 43, 46 and 48 paragraphs (1) and (2) of the Law;
 - the shares held by one or more investment companies in the capital of subsidiary companies exercising management, advising, or sales activities solely for their own profit in the country where the subsidiary is located in regard to the redemption of units at the request of unitholders.
- (F) (i) Each compartment may invest in units or shares of UCITS or of other UCIs mentioned in point (A)(e), on condition that no more than 20% of the net assets of each compartment are invested in units or shares of a single UCITS or other UCI.

For the application of this investment limit, each compartment of a UCI with multiple compartments is deemed to constitute a distinct entity on condition that the principle of segregation of commitments between the compartments is ensured in regard to third parties.

(ii) The investments in UCI units or shares other than UCITS may not exceed a total of 30% of a compartment's net assets.

(iii) When a compartment invests in units or shares of other UCITS and/or other UCIs that are linked to the Company for common management or control or by a significant direct or indirect interest, or managed by a management company linked to the Manager, no subscription or redemption rights may be invoiced to the Company for investment in the units or shares of these UCITS or UCIs.

When a compartment invests in units or shares of other UCITS and/or other UCIs linked to the Company by a common management as described in the previous paragraph, the management commissions (if any, except performance commissions) levied on behalf of each compartment and of each of the UCITS and/or other UCIs concerned may not, in total, exceed 2.5% of the net managed assets in question. The Company will indicate in its annual reports, the total management commissions levied for the compartment concerned and for the total for each of the UCITS and/or other UCIs in which the compartment has invested in the period in question.

(iv) The Company may acquire up to 25% of the units or shares in a single UCITS and/or other UCI. This limit does not have to be observed at the time of acquisition if, at that time, the gross amount of units or shares issued cannot be determined. In the case of a UCITS or other UCI with multiple compartments, this limit applies to units or shares issued by this UCITS/UCI as a whole.

(v) The underlying investments held by the UCITS or other UCIs in which a compartment invests will not be taken into consideration in the calculation of the limits stipulated in point 1.(C) above.

2. Prohibited Investments

- (A) The Company may not invest directly in commodities and precious metals.
- (D) The Company may not conduct short sales of transferable securities, Money Market Instruments or other financial assets as understood in points 1. A. (1) e), g) and h).

- (B) The Company may not guarantee, pledge, mortgage or in any other way transfer any securities held on behalf of a compartment as surety to cover debts, except as may be necessary in connection with the borrowings specified under point (E) above; in this case, the guarantee, pledge or mortgage may not cover more than 10% of the net assets of each compartment. Nonetheless, for swap transactions, futures and options contracts, depositing securities and other assets to constitute guarantees for a separate account is not considered as pledging the Company's assets.
- (C) The Company may not underwrite securities directly or indirectly with third parties with a view to their investment.

3. Techniques and instruments

(A) General Provisions

Notwithstanding the specific restrictions defined in the investment policies of the compartments, each compartment may utilise techniques and instruments involving transferable securities and money market instruments for hedging or for any other purposes.

- When these operations concern the use of derivative instruments, the conditions and restrictions previously set out in section 1. "Eligible Investments", must be observed.
- Under no circumstances will the use of transactions on derivative instruments or other techniques and instruments lead a compartment to deviate from its investment objectives as presented in this Prospectus.
- In particular, there can be no substantial change to the risk initially provided for in a compartment.
- Exposure to counterparty risk generated by effective management techniques or the use of OTC financial products will be worked out when calculating the total counterparty risk and shall comply with the limits and restrictions set out in section 1. "Eligible Investments".

All income from effective portfolio management techniques, following the deduction of fees and direct and indirect operating costs, will be returned to the compartment concerned. The remuneration of agents and other intermediaries enlisted to provide services within the context of such techniques shall be expressed as a percentage of gross income received by the Company as a result of the use of such effective portfolio management techniques. Information on these fees and direct and indirect operating costs that may be incurred in this respect, as well as on the identity of the entities to which these costs and fees are payable – and any relationship that such entities may have with the custodian or the Company – can be found in the annual report of the Fund.

Unless otherwise stated in the policy of a compartment, no use will be made of TRS (Total Return Swaps) or CDS (Credit Default Swaps) in order to achieve the investment objectives of a compartment.

(B) Effective portfolio management techniques

In order to reduce its risks or costs or to generate capital gains or income for the Company, the Company may embark on effective portfolio management transactions such as:

- securities lending
- repurchase transactions
- reverse repurchase/repurchase agreements

- These transactions will be conducted in compliance with the rules specified in CSSF circulars 08/356 and 13/559.

- They must not lead the Company to deviate from the stated investment objective, or add major additional risk to the policy in relation to the level of risk initially set out in its business documents.
- The counterparties of these transactions must be subject to prudential supervisory rules that are considered by the CSSF as equivalent to those prescribed in EU law.

At present, the Company does not intend to make use of such techniques. Any change as regards the use of effective portfolio management techniques will be included as an amendment to the prospectus.

a. Securities lending/borrowing transactions

The Company may lend the securities included in its portfolio to a borrower either directly or through the intermediary of a standardised lending system organised by an institution recognised for securities netting or of a lending system organised by a financial institution subject to rules of prudential supervision that the CSSF considers as equivalent to those provided for by EU laws and specialised in this type of transaction.

The Company must be able to recall any securities lent or terminate any securities lending transaction that it has entered into, at any time.

For each securities transaction concluded, the Company will receive a surety the value of which is equivalent, throughout the duration of the loan, to at least 90% of the overall assessed value (including interest, dividends and any other rights) of the loaned securities.

This guarantee will be provided in the forms described in CSSF circulars 08/356 and 13/559, comprising:

- (i) liquidities,
- (ii) bonds issued or guaranteed by an OECD member country or their local authorities, or by EU, regional or worldwide supranational institutions and agencies,
- (iii) shares or units issued by money-market-type UCIs that calculate a daily net asset value and are classified AAA or equivalent,
- (iv) shares or units issued by UCITS that invest in bonds/shares mentioned in points (v) and (vi) below,
- (v) bonds issued or guaranteed by first class issuers that offer adequate liquidity, or
- (vi) shares that are listed or traded on a regulated market of a Member State of the European Union or on a securities exchange of a member country of the OECD provided that the shares are included in a major index.

b. Repurchase agreements

The Company may enter into repurchase transactions as buyer, with such transactions consisting of purchasing securities under conditions that preserve the seller's (counterparty's) right to buy back the sold securities from the Company at a price and time agreed by the two parties on signing the agreement. The Company may enter into repurchase transactions as seller, with such repurchase transactions consisting of selling securities under conditions that preserve the Company's right to buy back the securities from the buyer (the counterparty) at a price and time agreed by the two parties on signing the agreement.

These transactions will be conducted in compliance with the rules specified in CSSF circular 08/356.

c. Repurchase and reverse repurchase agreements

The Company may conduct reverse repurchase agreements consisting of agreements at the conclusion of which the assignor (counterparty) is required to take back the asset in question and the Company is required to return the asset.

The Company may also conduct repurchase agreements consisting of agreements at the conclusion of which the Company is required to take back the asset in question and the assignee (counterparty) is required to return the asset.

- The Company must ensure, when a reverse repurchase agreement is made, that it can recall the total amount in cash or terminate the transaction at any time.

- When a repurchase agreement is made, the Company must ensure that it can recall any security covered by the repurchase agreement or terminate the repurchase agreement into which it has entered, at any time.

(C) Collateral management and collateral policy

a. General

With respect to over-the-counter transactions on financial derivatives and effective portfolio management techniques, the Fund may receive a guarantee with a view to reducing its counterparty risk. This section sets out the guarantee policy applied by the Management Company in this instance. Any asset received by the Fund in relation to effective portfolio management techniques (securities lending, repurchase agreements or resale agreements) must be considered collateral under the terms of this section.

b. Eligible collateral

The collateral received by the Company may be used to reduce its exposure to counterparty risk if it meets the criteria set out in law, and in the regulations and the circulars issued by the CSSF, particularly in terms of liquidity, valuation, issuer quality, correlation, risks associated with collateral management, and enforceability. In practice, the only collateral accepted on behalf of the Fund, in accordance with CSSF circular 13/559, is:

- Cash and cash equivalents, including short-term bank certificates and money market instruments.
- Bonds issued or guaranteed by OECD Member States or by their local or regional public authorities or by institutions or entities of regional, global, European or supranational scope.

Should the management of the portfolio require that this policy be reviewed, the prospectus will be amended accordingly.

c. Level of collateral required

The guarantee level required for all effective portfolio management techniques or over-the-counter derivatives shall be at least 100% of the exposure to the counterparty concerned, in accordance with the discount policy set out below.

d. Discount policy

The collateral will be evaluated on a daily basis, using the market price and taking into account the appropriate discounts that will be determined by the Fund for each asset class on the basis of its discount policy.

This policy takes into account a variety of factors, according to the nature of the collateral received, such as the credit rating of the issuer, the maturity, the currency, the volatility of asset prices and, if appropriate, the results of liquidity stress tests conducted by the Fund in normal and exceptional liquidity conditions. In principle, cash received as collateral will not be subject to a particular discount.

For collateral comprising bonds issued or guaranteed by OECD Member States or by their local or regional public authorities or by institutions or entities of regional, global, European or supranational scope, the following discount will be applied:

Residual maturity	Discount 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%

e. Reinvestment of collateral

The collateral received on behalf of the Company may not be reinvested.

4. Miscellaneous

(A) Notwithstanding the acquisition of securities and the constitution of bank deposits as mentioned in point 1.(A)(1) or the acquisition of liquid assets and provided that the Company is not prevented from investing in transferable securities, Money Market Instruments or other liquid financial assets mentioned in point 1.(A)(e), (g) and (h) that are not fully paid up, the Company may not grant loans or act as guarantor on behalf of third parties.

(B) The Company does not have to conform to the limits of the investment restrictions on the exercise of its subscription rights related to transferable securities or Money Market Instruments that are part of the Company's assets.

(C) The Company may not issue warrants or other financial instruments that grant the right to acquire shares of the Company.

(D) The Company may determine investment restrictions that are more restrictive if these limits are necessary to comply with the laws and regulations of the countries in which the shares are offered or sold.

5. Risk management

The Company will use a method of risk management that allows it to control and measure at all times the risks incurred by the positions in its portfolios and their contribution to the overall risk profile of each compartment. The Company will employ, if needed, a method that allows a precise and independent valuation of the value of any OTC derivative financial instrument.

INVESTMENT RISKS

The Company is subject to the general risks listed below. However, each compartment is subject to specific risks, that the Board of Directors will nonetheless seek to minimise, as indicated in Annex 1.

- **Market risks**

The investments of each compartment are subject to market fluctuations and the risks inherent in investments in transferable securities. Consequently, no guarantee can be given that the financial objectives will actually be met.

- **Risks related to investments in shares**

An investment in shares provides, in general, a greater benefit than an investment in short- or long-term debt securities. Nonetheless, the risks associated with investments in shares are generally higher, given that the results recorded by shares depend on factors that are difficult to predict, among which is the possibility of a sudden or prolonged decline in the market as well as the risks associated with the companies themselves. The value of shares may fluctuate in response to the activities of the companies or to overall changes in the market and/or economic conditions. Historically, shares have provided higher long-term profits and have included more short-term risks than any other investment option.

- **Risks related to investments in certain countries**

The value of an investment may be affected by fluctuations in the currency of the country in which the investment has been made, or by currency or exchange control regulations, by the application of tax laws in the different countries, including laws on withholding, and changes of government, or economic or monetary policy in the countries in question.

Moreover, the markets in some countries in which investments are made may be more or less liquid and unstable; in some emerging countries, changes in the development of applicable laws governing accounting principles may not always ensure that the value of the assets in question is correctly reflected in the related financial statements. Also, a problem of the enforcement of rights of ownership against third parties and issuers may arise in regard to legal or other inadequacies in the laws of some emerging countries. Finally, in general, default on the part of the issuers cannot be excluded.

- Risks associated with investments in other undertakings for collective investment

As certain compartments may invest in other UCIs, the investor is exposed to double or triple expenses, fees and commissions. This is because certain compartments have to bear their own fees and commissions paid to their managers or advisers, custodian bank and other service providers as well as a portion of the fees and commissions paid by the UCIs in which they invest to their managers and other service providers.

Shareholders must thus be aware that the commissions paid to the manager or adviser may be added to those paid by the target UCIs to their own managers or advisers. Similarly, the fees for subscription and redemption may be doubled. Unless otherwise indicated in Annex 1, if these UCIs are promoted by the Pictet Group, only the management commission will not be doubled or tripled.

- Risks related to derivative financial instruments

The use of options contracts and futures contracts exposes the Company to additional risks. The prices of financial futures contracts are extremely volatile and influenced by a series of factors related, among others, to variations in the relation between supply and demand, monetary and exchange control programmes and policies, tax and governmental controls, national and international political and economic events in some sectors, especially on currency and interest rate markets.

Trading of options, including options on futures contracts and OTC options, is speculative and involves significant leverage. Specific movements in futures or securities markets covered by the options cannot be precisely predicted.

Futures markets are also subject to illiquidity risks, particularly in situations when market activity decreases or the limit of daily price fluctuations has been reached.

- Interest rate risks

The net asset value of the Company will vary based on fluctuations in interest rates. As a general rule, the risk associated with interest rates stems from the fact that the value of debt securities has a tendency to increase when interest rates drop, and vice-versa. The extent of fluctuation in the value of bonds in regard to variations in the interest rate depends on the type of debt security. The interest rate risk is generally greater for investments in debt securities with relatively long maturity periods than for investments in debt securities with short maturity periods.

- Currency transaction risks

The exchange rates of foreign currencies may be volatile and difficult to anticipate. Consequently, by seeking to benefit from variations in foreign currency exchange rates, the compartments authorised to conduct these transactions risk incurring losses resulting from major directional movements in exchange rates.

- Counterparty risks

In cases of OTC transactions by a compartment of the Company, the compartment may be exposed to the risk that its direct counterparty does not fulfil its obligations in the transactions and that it incurs losses. The compartment will only conclude transactions with leading financial institutions that it believes are solvent. Nonetheless, there can be no guarantee that a counterparty will not default or that the compartment will not incur corresponding losses.

- Risks related to investments in warrants

Shareholders should be aware of the higher volatility of warrants and the corresponding increase in the volatility of shares.

Investment in the Company is thus only advised for persons who are able to bear the economic risk of investments made by the Company, who are aware of this risk, and who believe that their investment in the Company matches their objectives.

ANNEX 1: COMPARTMENTS ALREADY IN OPERATION

This Annex will be updated to take account of any changes in one of the compartments already operating or whenever new compartments are created.

1. SAGA SELECT: ASSET ALLOCATION FUND

Investor type profile

This Compartment is intended for investors who wish to profit from the growth of markets by investing in a portfolio of diversified investments for an investment period from 3 to 5 years.

Investment policy and objectives

Generally, this Compartment intends to enable shareholders to profit from the growth and/or volatility of the markets.

The primary objective of this Compartment is to optimise the balance of assets between short-term liquidities, bonds and equities on the one hand, and different countries of the OECD according to their economic and financial situation on the other hand.

The second objective will be to position the Compartment, where possible, against certain overvalued assets, within the limits established in this Prospectus.

The Compartment seeks exposure to yields from bonds and other debt securities issued or guaranteed by member countries of the OECD (their local governments or agencies, or supranational agencies of which one or more member countries of the OECD are members) as well as bonds and equities (and similar securities) of companies that have their registered offices in a member country of the OECD, or of which a majority of their assets or other interests are located in a member country of the OECD or that conduct the majority of their business in or from a member country of the OECD.

Accordingly, the Compartment will invest mainly in the instruments indicated in the preceding paragraph, by means of:

- direct investment;
- investment via UCIs and/or UCITS, whose main objective is to invest in instruments that comply with the main objective of the Compartment);
- any other investment in assets linked to the performance of the instruments in question, for example via structured products (described below that comply with the main objective of the Compartment).

Except for geographic allocation, the choice of investments will not be limited to a particular sector of economic activity or a given currency. However, depending on market conditions, the investments may be concentrated in one country or in a small number of OECD member countries and/or one economic sector and/or one currency.

It should be noted that, due to its geographic allocation, more than 10% of the net assets of the Compartment can be invested in emerging countries (OECD members and non-members).

Investments made in Russia, other than in securities traded on the RTS (Russian Trading System) or on the MICEX (Moscow Interbank Currency Exchange), combined with the investments that come under the assets mentioned in point 1. A (2) of the section "Investment restrictions, techniques and instruments" in the body of the Prospectus will not represent more than 10% of the net assets of the Compartment.

For hedging or other purposes and, as allowed by the investment restrictions described in the body of the Prospectus, the Compartment may use any type of derivative financial instrument traded on a regulated market and/or OTC provided they are contracted with leading financial institutions that specialise in this type of transaction. In particular, the Compartment may, among other investments but not exclusively,

invest in warrants, futures, options, swaps (such as total return swaps, contracts for difference, credit default swaps, etc.) and forward contracts whose underliers are authorised by the Law and the Compartment's investment policy, such as currencies (including non-delivery forwards), interest rates, transferable securities, a basket of transferable securities, indexes (e.g. on commodities, precious metals, volatility, etc.) and undertakings for collective investment.

The Manager will primarily make use of warrants, futures, options, forward contracts and CFDs (Contracts for Difference). As for TRS (Total Return Swaps) and CDS (Credit Default Swaps), these will not form part of the main strategy for the Fund and will only be used on an ancillary basis.

The structured products used may be instruments such as credit-linked notes, certificates or other transferable securities whose returns are linked to, among others, an index that adheres to the procedures stipulated in Article 9 of the regulations of the Grand Duchy of Luxembourg of 8 February 2008 (including indexes on commodities, precious metals, volatility, etc.), currencies, interest rates, transferable securities, a basket of transferable securities, or an undertaking for collective investment, in compliance with the regulations of the Grand Duchy of Luxembourg of 8 February 2008.

The Compartment may also invest in structured products without embedded derivatives that allow payment in cash linked to changes in commodities (including precious metals).

If the manager deems it necessary and in the best interest of the shareholders, the Compartment may hold up to 100% of its net assets in liquidities, including deposits, money market instruments, and monetary-type UCIs (and/or UCITS).

Risks

The Compartment is subject to the specific risks related to investments in equities and/or units or shares in UCIs, to the interest rate risks related to bonds as well as to the volatility of markets related to the use of derivative instruments. Investors are invited to refer to the above section on investment risks for further information in this respect.

Overall risk monitoring

The monitoring of the overall risk to which the Compartment is exposed uses the Value at Risk ("VaR") approach. This method seeks to estimate the maximum potential loss that the Compartment could experience over a given time horizon (one month) and with a certain confidence level (confidence interval of 99%), in normal market conditions. More specifically, the Compartment uses the "absolute VaR" option, whereby the VaR level of the Compartment is limited to 20%.

Furthermore, the VaR approach is complemented by stress tests to measure the potential impact of extreme market fluctuations at any given time on the net assets of the compartment.

The expected leverage is 50% (gross liabilities). This figure represents the sum of the absolute values of the underlying assets of the derivative financial instruments, of which a significant portion is used for hedging purposes. Depending on market conditions, the leverage may be greater in order to increase the hedging effect of the Compartment and/or to generate greater market exposure.

Performance

The performance of this Compartment is mentioned in the Compartment's simplified prospectus. In this regard, the attention of investors is drawn to the fact that past performance is not necessarily an indicator of future performance. The value of shares as well as their income may increase or decrease, and investors may not recover the total amount that they have invested.

Income distribution policy

This Compartment pursues a policy of achieving capital growth and reinvests income earned; as a result, no dividend will be distributed unless the Board of Directors decides otherwise.

Base currency

The base currency is the euro ("EUR").

Frequency of NAV calculation

Every Tuesday (if this day is a public holiday, the first banking day thereafter), as well as the last banking day of the year.

Types of shares:

A class ("A"), denominated in euros; a minimum of EUR 100,000 applies to subscriptions in this class.

B class ("B"), denominated in USD and hedged against the euro.

C class ("C"), denominated in euros.

Manager

Saga Select Asset Management Ltd.

Adviser

Saga Promotion S.A.

Fees and commissions applicable to each of the A, B and C classes

Management and advisory fee:	A & B classes: a maximum of 1.5% per annum of the net assets (of which 0.20% is payable to the manager and 1.30% to the adviser). C class: a maximum of 1.75% per annum of the net assets (of which 0.20% is payable to the manager and 1.55% to the adviser).
Management Company commission:	0.03% per annum; as of 1 December 2014, this fee will amount to a maximum of 0.20% per annum, subject to a minimum of EUR 150,000 per annum, payable to the Company, this being allocated to each compartment on a pro rata basis based on the assets of each compartment.
Performance fee:	A, B & C classes: 10% of the difference in performance between the net asset value and the 12-month Libid of the base currency, defined annually on the first day of each period.

The performance fee, which is payable to the manager, is calculated on the basis of the excess of the net asset value (the "NAV") per share of the compartment concerned compared to the benchmark NAV.

The performance fee is calculated on the basis of the NAV after deducting all fees and liabilities and the advisory fee (but not the performance fee) and adjusted to account for all subscriptions and redemptions in the reference period.

If shares are redeemed on a date other than the date of payment of the performance fees, when provision has been made for a performance fee, the portion of the performance fee attributable to the redeemed shares will be paid to the Manager at the end of the period.

Adjustment for subscriptions consists of withdrawing from the provision for the performance fee calculated on the basis of the number of underlying shares, the performance fee relating to the subscribed shares for the period prior to the subscription date such that no performance fee will be provisioned for these shares for outperformance prior to their subscription date.

The performance fee will be calculated on each Valuation Day at the Rate applied to the difference between the NAV per share on that Valuation Day and the benchmark NAV per share adjusted by the Libid rate multiplied by the number of shares in circulation on that Valuation Day.

At each Valuation Day, a provision representing the performance fee calculated on the basis of the difference between the NAV per share and the benchmark NAV per share adjusted by the Libid rate, is deducted from the net assets of the Compartment and the provision constituted on the preceding Valuation Day is reversed. If the NAV per share is lower than the benchmark NAV per share adjusted by the Libid rate, the provision will be reset at zero. However, it may never be negative.

In application of the High Water Mark principle, the benchmark NAV per share is the highest value between the benchmark NAV per share of the previous period and the closing NAV for the previous period. The first benchmark NAV per share will be the initial subscription price. The benchmark NAV per share will be taken into account after deduction of the performance fee.

No performance fee will be due if the NAV per share is less than the initial subscription price.

If any dividend is distributed in the period, the benchmark NAV per share will be reduced by the amount paid out per share.

The performance fee is payable on an annual basis, within 15 banking days following the approval of the annual report by the shareholders' general meeting of the Compartment concerned.

The performance fee (F) is calculated as follows:

$$\begin{aligned} \text{If } B \leq [E*(C*D/360)+E], F &= 0 \\ \text{If } B > [E*(C*D/360)+E], F &= A * T * (B - [E*(C*D/360) + E]) \end{aligned}$$

The benchmark NAV per share for the following period = max(E; G) if at the end of the period F = 0
G if at the end of the period F > 0

Based on:

- A = Number of outstanding shares
- B = NAV/share before the performance fee
- C = Euro 12-month LIBID (defined annually on the 1st day of the period)
- D = Number of days since the beginning of the period
- E = Reference NAV/share for the period
- F = Daily performance fee
- G = NAV/share after performance fee at the end of the period
- T = Performance fee rate

2. SAGA SELECT: TACTICAL EUROPEAN EQUITY FUND

Investor type profile

This Compartment is intended for investors who wish to participate in the dynamic growth of markets by investing in a diversified portfolio of shares comprising benchmark indexes for an investment period of 2 to 5 years.

Investment policy and objectives

Generally, this Compartment intends to enable shareholders to profit from the growth and/or volatility of the markets.

The objective of the Compartment's portfolio is to offer exposure to returns on equities (and similar securities) of companies whose registered office is located in Europe or of which a majority of the assets held is located in Europe or that conduct a majority of their business in Europe or from Europe.

Accordingly, the Compartment will invest mainly in the instruments indicated in the preceding paragraph, by means of:

- direct investment;
- investment via UCIs and/or UCITS whose main objective is to invest in instruments that comply with the main objective of the Compartment;
- any other investment in assets linked to the performance of the instruments in question, for example via structured products (described below that comply with the main objective of the Compartment).

The Compartment may also invest in any other type of eligible asset such as bonds (convertibles and non-convertible) and money market instruments.

The breakdown of different investments will depend on the markets and opportunities for investment. Except for geographic allocation, the choice of investments will not be limited to a particular sector of economic activity or a given currency. However, depending on market conditions, the investments may be concentrated in one country or in a small number of European countries and/or one economic sector and/or one currency.

It should be noted that, due to its geographic allocation, more than 10% of the net assets of the compartment can be invested in emerging countries.

Investments made in Russia, other than in securities traded on the RTS (Russian Trading System) or on the MICEX (Moscow Interbank Currency Exchange), combined with the investments that come under the assets mentioned in point 1. A (2) of the section "Investment restrictions, techniques and instruments" in the body of the Prospectus will not represent more than 10% of the net assets of the Compartment.

In addition, due to the growing volatility of the markets, the Compartment's portfolio may see fairly significant turnover. However, this technique incurs additional expenses for the Compartment, such as transaction fees.

For hedging or other purposes and, as allowed by the investment restrictions described in the body of the Prospectus, the Compartment may use any type of derivative financial instrument traded on a regulated market and/or OTC provided they are contracted with leading financial institutions that specialise in this type of transaction. In particular, the Compartment may, among other investments but not exclusively, invest in warrants, futures, options, swaps (such as total return swaps, contracts for difference, credit default swaps, etc.) and forward contracts whose underliers are authorised by the Law and the Compartment's investment policy, such as currencies (including non-delivery forwards), interest rates, transferable securities, a basket of transferable securities, indexes (e.g. on commodities, precious metals, volatility, etc.) and undertakings for collective investment.

The Manager will primarily make use of warrants, futures, options, forward contracts and CFDs (Contracts for Difference). As for TRS (Total Return Swaps) and CDS (Credit Default Swaps), these will not form part of the main strategy for the Fund and will only be used on an ancillary basis.

The structured products used may be instruments such as credit-linked notes, certificates or other transferable securities whose returns are linked to, among others, an index that adheres to the procedures stipulated in Article 9 of the regulations of the Grand Duchy of Luxembourg of 8 February 2008 (including indexes on commodities, precious metals, volatility, etc.), currencies, interest rates, transferable securities, a basket of transferable securities, or an undertaking for collective investment, in compliance with the regulations of the Grand Duchy of Luxembourg of 8 February 2008.

The Compartment may also invest in structured products without embedded derivatives that allow payment in cash linked to changes in commodities (including precious metals).

If the manager deems it necessary and in the best interest of the shareholders, the Compartment may hold up to 100% of its net assets in liquidities, including deposits, money market instruments, and monetary-type UCIs (and/or UCITS).

Risks

The Compartment is subject to the specific risks related to investments in equities and shares and/or units of UCIs and to the interest rate risks related to bond investments, as well as to the volatility of markets related to the use of derivatives. Investors are invited to refer to the above section on investment risks for further information in this respect.

Overall risk monitoring

The monitoring of the overall risk to which the Compartment is exposed uses the Value at Risk (“VaR”) approach. This method seeks to estimate the maximum potential loss that the Compartment could experience over a given time horizon (one month) and with a certain confidence level (confidence interval of 99%), in normal market conditions. More specifically, the Compartment uses the “relative VaR” option, whereby the VaR level of the Compartment is limited to twice the VaR level of the benchmark index used, namely the MSCI Europe.

Furthermore, the VaR approach is complemented by stress tests to measure the potential impact of extreme market fluctuations at any given time on the net assets of the compartment.

The expected leverage is 25% (gross liabilities). This figure represents the sum of the absolute values of the underlying assets of the derivative financial instruments, of which a significant portion is used for hedging purposes. Depending on market conditions, the leverage may be greater in order to increase the hedging effect of the Compartment and/or to generate greater market exposure.

Performance

The performance of this Compartment is mentioned in the Compartment’s simplified prospectus. In this regard, the attention of investors is drawn to the fact that past performance is not necessarily an indicator of future performance. The value of shares as well as their income may increase or decrease, and investors may not recover the total amount that they have invested.

Income distribution policy

This Compartment pursues a policy of achieving capital growth and reinvests income earned; as a result, no dividend will be distributed unless the Board of Directors decides otherwise.

Base currency

The base currency is the euro (“EUR”).

Frequency of NAV calculation

Every Tuesday (if this day is a public holiday, the first banking day thereafter), as well as the last banking day of the year.

Types of shares:

A class ("A"), denominated in euros.

B class ("B"), denominated in USD and hedged against the euro.

Manager

Saga Select Asset Management Ltd.

Adviser

Saga Promotion S.A.

Fees and commissions applicable to each of the A and B classes

Management and advisory fee: a maximum of 1.75% per annum of the net assets (of which 0.20% is payable to the manager and 1.55% to the adviser).

Management Company commission: 0.03% per annum; as of 1 December 2014, this fee will amount to a maximum of 0.20% per annum, subject to a minimum of EUR 150,000 per annum, payable to the Company, this being allocated to each compartment on a pro rata basis based on the assets of each compartment.

Performance fee: 15% of performance.

The performance fee, which is payable to the manager, is calculated on the basis of the excess of the net asset value (the "NAV") per share of the compartment concerned compared to the benchmark NAV.

The performance fee is calculated on the basis of the NAV after deducting all fees and liabilities and the advisory fee (but not the performance fee) and adjusted to account for all subscriptions and redemptions in the reference period.

If shares are redeemed on a date other than the date of payment of the performance fees, when provision has been made for a performance fee, the portion of the performance fee attributable to the redeemed shares will be paid to the Manager at the end of the period.

The subscription adjustment consists of removing, from the provision for the performance fee calculated on the number of underlying shares, the performance fee related to the underlying shares subscribed in the period prior to the subscription date. Thus, for these shares, no performance fee will be provisioned for performance prior to the subscription date.

The performance fee will be calculated on each Valuation Day at the Rate applied to the difference between the NAV per share on that Valuation Day and the benchmark NAV, multiplied by the number of shares in circulation on that Valuation Day.

At each Valuation Day, a provision representing the performance fee calculated on the basis of the difference between the NAV per share and the benchmark NAV, is deducted from the net assets of the Compartment and the provision constituted on the preceding Valuation Day is reversed. When the NAV per share is less than the reference NAV, the provision is zero. However, it may never be negative.

In application of the High Water Mark principle, the reference NAV is the last NAV per share that generated payment of a performance fee. The first reference NAV will be the initial subscription price. The reference NAV will be accounted for after deduction of the performance fee.

No performance fee will be due if the NAV per share is less than the initial subscription price.

When there is a possible dividend distribution during the period, the reference NAV will be reduced by the amount distributed per share.

The performance fee is payable on an annual basis, within 15 banking days following the approval of the annual report by the shareholders' general meeting of the compartment concerned.

The performance fee (F) is calculated as follows:

$$\begin{aligned} \text{If } B \leq E, F &= 0 \\ \text{If } B > E, F &= A * T * (B - E) \end{aligned}$$

The reference NAV per share of the following period =
E if at the end of the period $F = 0$
G if at the end of the period $F > 0$

Based on:

- A = Number of outstanding shares
- B = NAV/share before the performance fee
- E = Reference NAV/share for the period
- F = Daily performance fee
- G = NAV/share after performance fee at the end of the period
- T = Performance fee rate

An adjustment to account for subscriptions and redemptions is made but not indicated in the above formula.

3. SAGA SELECT: BEQUIA GLOBAL

Investor type profile

This Compartment is intended for investors who wish to profit from the growth of markets by investing in a portfolio of diversified investments for an investment period from 3 to 5 years.

Investment policy and objectives

Generally speaking, the Compartment aims to enable investors to benefit from the potential for asset appreciation by offering them the possibility of investing directly or via UCIs, UCITS and/or derivatives, in a portfolio that is composed primarily of any type of bonds, equities, or other security related to equities, money market instruments, currencies or structured products (as described below).

It should be noted that assets offering exposure to commodities (including precious metals) are included in the main objective of the Compartment.

Exposure to commodities will be enabled by investments in any type of instrument authorised by the Law and the Grand Duchy regulations of 8 February 2008, such as (but not exclusively) via transferable securities, units or shares of UCIs (and/or UCITS), derivatives and other instruments whose value is linked to commodity fluctuations.

It is understood that, through its exposure to commodities as described above, the Compartment will not in any circumstance accept the physical delivery of commodities.

Investments will not be limited either economically or geographically (including emerging countries), nor in terms of the currencies in which the investments are expressed. However, this Compartment has the primary objective of optimising profitability, which could lead to a concentration of investments in a particular sector and/or in a country or geographical area and/or currency.

It is understood that depending on the market opportunities, investments in emerging countries may represent more than 50% of the Compartment's assets.

Investments made in Russia, other than in securities traded on the RTS (Russian Trading System) or on the MICEX (Moscow Interbank Currency Exchange), combined with the investments that come under the assets mentioned in point 1. A (2) of the section "Investment restrictions, techniques and instruments" in the body of the Prospectus will not represent more than 10% of the net assets of the Compartment.

For hedging or other purposes and, as allowed by the investment restrictions described in the body of the Prospectus, the Compartment may use any type of derivative financial instrument traded on a regulated market and/or OTC provided they are contracted with leading financial institutions that specialise in this type of transaction. In particular, the Compartment may, among other investments but not exclusively, invest in warrants, futures, options, swaps (such as total return swaps, contracts for difference, credit default swaps, etc.) and forward contracts whose underliers are authorised by the Law and the Compartment's investment policy, such as currencies (including non-delivery forwards), interest rates, transferable securities, a basket of transferable securities, indexes (e.g. on commodities, precious metals, volatility, etc.) and undertakings for collective investment.

The Manager will primarily make use of warrants, futures, options, forward contracts and CFDs (Contracts for Difference). As for TRS (Total Return Swaps) and CDS (Credit Default Swaps), these will not form part of the main strategy for the Fund and will only be used on an ancillary basis.

The structured products used may be instruments such as credit-linked notes, certificates or other transferable security whose returns are linked to, among others, an index that adheres to the procedures stipulated in Article 9 of the regulations of the Grand Duchy of Luxembourg of 8 February 2008 (including indexes on commodities, precious metals, volatility, etc.), currencies, interest rates, transferable securities, a basket of transferable securities, or an undertaking for collective investment, in compliance with the regulations of the Grand Duchy of Luxembourg of 8 February 2008.

The Compartment may also invest in structured products without embedded derivatives that allow payment in cash linked to changes in commodities (including precious metals).

If the manager deems it necessary and in the best interest of the shareholders, the Compartment may hold up to 100% of its net assets in liquidities, including deposits, money market instruments, and monetary-type UCIs (and/or UCITS).

Risks

The Compartment is subject to the specific risks related to investments in equities and in shares or units in undertakings for collective investment, to the interest rate risks related to investments in bonds, and to the volatility of the markets related to the use of derivative instruments and investments in emerging countries. Investors are invited to refer to the above section on investment risks for further information in this respect.

Overall risk monitoring

The monitoring of the overall risk to which the Compartment is exposed uses the Value at Risk (“VaR”) approach. This method seeks to estimate the maximum potential loss that the Compartment could experience over a given time horizon (one month) and with a certain confidence level (confidence interval of 99%), in normal market conditions. More specifically, the Compartment uses the “absolute VaR” option, whereby the VaR level of the Compartment is limited to 20%.

Furthermore, the VaR approach is complemented by stress tests to measure the potential impact of extreme market fluctuations at any given time on the net assets of the compartment.

The expected leverage is 250% (gross liabilities). This figure represents the sum of the absolute values of the underlying assets of the derivative financial instruments, of which a significant portion is used for hedging purposes. Depending on market conditions, the leverage may be greater in order to increase the hedging effect of the Compartment and/or to generate greater market exposure.

Performance

The performance of this Compartment is mentioned in the Compartment’s simplified prospectus. In this regard, the attention of investors is drawn to the fact that past performance is not necessarily an indicator of future performance. The value of shares as well as their income may increase or decrease, and investors may not recover the total amount that they have invested.

Income distribution policy

This Compartment pursues a policy of achieving capital growth and reinvests income earned; as a result, no dividend will be distributed unless the Board of Directors decides otherwise.

Base currency

The base currency is the euro (EUR).

Frequency of NAV calculation

Every Tuesday (if this day is a public holiday, the first banking day thereafter), as well as the last banking day of the year.

Types of shares:

A class (“A”), denominated in euros; a minimum of EUR 100,000 applies to subscriptions in this class.

B class (“B”), denominated in USD and hedged against the euro.

C class (“C”), denominated in euros.

Manager

Saga Select Asset Management Ltd.

Adviser

Saga Promotion S.A.

Fees and commissions applicable to each of the A, B and C classes

Management and advisory fee:	A & B classes: 1% per annum of the net assets (of which 0.20% is payable to the manager and 0.80% to the adviser). C class: a maximum of 1.75% per annum of the net assets (of which 0.20% is payable to the manager and 1.55% to the adviser).
Management Company commission:	0.03% per annum; as of 1 December 2014, this fee will amount to a maximum of 0.20% per annum, subject to a minimum of EUR 150,000 per annum, payable to the Company, this being allocated to each compartment on a pro rata basis based on the assets of each compartment.
Performance fee:	A, B & C classes: 25% of the difference in performance between the net asset value and the 12-month Libid of the base currency, defined annually on the first day of each period.

The performance fee, which is payable to the manager, is calculated on the basis of the excess of the net asset value (the "NAV") per share of the compartment concerned compared to the benchmark NAV.

The performance fee is calculated on the basis of the NAV after deducting all fees and liabilities and the advisory fee (but not the performance fee) and adjusted to account for all subscriptions and redemptions in the reference period.

If shares are redeemed on a date other than the date of payment of the performance fees, when provision has been made for a performance fee, the portion of the performance fee attributable to the redeemed shares will be paid to the Manager at the end of the period.

Adjustment for subscriptions consists of withdrawing from the provision for the performance fee calculated on the basis of the number of underlying shares, the performance fee relating to the subscribed shares for the period prior to the subscription date such that no performance fee will be provisioned for these shares for outperformance prior to their subscription date.

The performance fee will be calculated on each Valuation Day at the Rate applied to the difference between the NAV per share on that Valuation Day and the benchmark NAV per share adjusted by the Libid rate multiplied by the number of shares in circulation on that Valuation Day.

At each Valuation Day, a provision representing the performance fee calculated on the basis of the difference between the NAV per share and the benchmark NAV per share adjusted by the Libid rate, is deducted from the net assets of the Compartment and the provision constituted on the preceding Valuation Day is reversed. If the NAV per share is lower than the benchmark NAV per share adjusted by the Libid rate, the provision will be reset at zero. However, it may never be negative

In application of the High Water Mark principle, the benchmark NAV per share is the highest value between the benchmark NAV per share of the previous period and the closing NAV for the previous period. The first benchmark NAV per share will be the initial subscription price. The benchmark NAV per share will be taken into account after deduction of the performance fee.

No performance fee will be due if the NAV per share is less than the initial subscription price.

If any dividend is distributed in the period, the benchmark NAV per share will be reduced by the amount paid out per share.

The performance fee is payable on an annual basis, within 15 banking days following the approval of the annual report by the shareholders' general meeting of the Compartment concerned.

The performance fee (F) is calculated as follows:

$$\begin{aligned} \text{If } B \leq [E*(C*D/360)+E], F &= 0 \\ \text{If } B > [E*(C*D/360)+E], F &= A * T * (B - [E*(C*D/360) + E]) \end{aligned}$$

The benchmark NAV per share for the following period = max(E; G) if at the end of the period F = 0
G if at the end of the period F > 0

Based on:

- A = Number of outstanding shares
- B = NAV/share before the performance fee
- C = Euro 12-month LIBID (defined annually on the 1st day of the period)
- D = Number of days since the beginning of the period
- E = Reference NAV/share for the period
- F = Daily performance fee
- G = NAV/share after performance fee at the end of the period
- T = Performance fee rate

4. SAGA SELECT: TACTICAL BOND FUND

Investor type profile

The Compartment is intended for investors who wish to profit from the long-term growth of markets by investing in a diversified portfolio of bonds for an investment period greater than 5 years.

Investment policy and objectives

Generally speaking, the Compartment aims to enable investors to benefit from the potential appreciation of all types of bonds and any other debt security.

These investments may be made in all markets and in all currencies while seeking capital gains in the base currency.

Accordingly, the Compartment will invest mainly in the instruments indicated in the preceding paragraph, by means of:

- direct investment;
- investment via UCIs and/or UCITS, whose main objective is to invest in instruments that comply with the main objective of the Compartment;
- any other investment in assets linked to the performance of the instruments in question, for example via structured products (described below that comply with the main objective of the Compartment).

However, direct investments will be mainly in securities issued by issuers having a minimum rating (e.g. on the investment date) of P1 and/or A1 for short-term investments and A3 and/or A- for long-term investments.

The choice of investments will not be limited to a geographic sector (including emerging countries), a particular sector of economic activity or a given currency. However, depending on market conditions, the investments may be focused on one country or on a limited number of countries and/or one economic activity sector and/or one currency.

It is understood that depending on the market opportunities, investments in emerging countries may represent a significant proportion of the Compartment's assets.

For hedging or other purposes and, as allowed by the investment restrictions described in the body of the Prospectus, the Compartment may use any type of derivative financial instrument traded on a regulated market and/or OTC provided they are contracted with leading financial institutions that specialise in this type of transaction. In particular, the Compartment may, among other investments but not exclusively, invest in warrants, futures, options, swaps (such as total return swaps, contracts for difference, credit default swaps, etc.) and forward contracts whose underliers are authorised by the Law and the Compartment's investment policy, such as currencies (including non-delivery forwards), interest rates, transferable securities, a basket of transferable securities, indexes (e.g. on commodities, precious metals, volatility, etc.) and undertakings for collective investment.

The Manager will primarily make use of warrants, futures, options, forward contracts and CFDs (Contracts for Difference). As for TRS (Total Return Swaps) and CDS (Credit Default Swaps), these will not form part of the main strategy for the Fund and will only be used on an ancillary basis.

The structured products used may be instruments such as credit-linked notes, certificates or other transferable securities whose returns are linked to, among others, an index that adheres to the procedures stipulated in Article 9 of the regulations of the Grand Duchy of Luxembourg of 8 February 2008 (including indexes on commodities, precious metals, volatility, etc.), currencies, interest rates, transferable securities, a basket of transferable securities, or an undertaking for collective investment, in compliance with the regulations of the Grand Duchy of Luxembourg of 8 February 2008.

The Compartment may also invest in structured products without embedded derivatives that allow payment in cash linked to changes in commodities (including precious metals).

Within the limit of point 1. A. (2) of the section “Investment restrictions, techniques and instruments”, the Compartment may invest, among others, in the following types of regulated undertakings for collective investment: alternative funds and/or hedge funds and/or funds of hedge funds or other funds of funds.

If the manager deems it necessary and in the best interest of the shareholders, the Compartment may hold up to 100% of its net assets in liquidities, including deposits, money market instruments, and monetary-type UCIs (and/or UCITS).

Risks

The Compartment is subject to the specific risks related to investments in shares and/or units of UCIs and to the interest rate risks related to bond investments, as well as to the volatility of markets related to the use of derivatives and warrants. Investors are invited to refer to the above section on investment risks for further information in this respect.

Overall risk monitoring

The monitoring of the overall risk to which the Compartment is exposed uses the Value at Risk (“VaR”) approach. This method seeks to estimate the maximum potential loss that the Compartment could experience over a given time horizon (one month) and with a certain confidence level (confidence interval of 99%), in normal market conditions. More specifically, the Compartment uses the “absolute VaR” option, whereby the VaR level of the Compartment is limited to 20%.

Furthermore, the VaR approach is complemented by stress tests to measure the potential impact of extreme market fluctuations at any given time on the net assets of the compartment.

The expected leverage is 100% (gross liabilities). This figure represents the sum of the absolute values of the underlying assets of the derivative financial instruments, of which a significant portion is used for hedging purposes. Depending on market conditions, the leverage may be greater in order to increase the hedging effect of the Compartment and/or to generate greater market exposure.

Income distribution policy

This Compartment pursues a policy of achieving capital growth and reinvests income earned; as a result, no dividend will be distributed unless the Board of Directors decides otherwise.

Performance

As the Compartment has been recently created, no performance history is available. When the performance figures are available for this Compartment, they will be included in the Compartment’s simplified prospectus. In this regard, the attention of investors is drawn to the fact that past performance is not necessarily an indicator of future performance. The value of shares as well as their income may increase or decrease, and investors may not recover the total amount that they have invested.

Base currency

The base currency is the euro (“EUR”).

Frequency of NAV calculation

Every Tuesday (if this day is a public holiday, the first banking day thereafter), as well as the last banking day of the year.

Types of shares:

A class (“A”), denominated in euros; a minimum of EUR 100,000 applies to subscriptions in this class.

B class (“B”), denominated in USD and hedged against the euro.

C class (“C”), denominated in euros.

Manager

Saga Select Asset Management Ltd.

Adviser

Saga Promotion S.A.

Fees and commissions applicable to each of the A, B and C classes

Management and advisory fee:	A & B classes: a maximum of 0.5% per annum of the net assets (of which 0.10% is payable to the manager and 0.40% to the adviser). C class: a maximum of 1% per annum of the net assets (of which 0.10% is payable to the manager and 0.90% to the adviser).
Management Company commission:	0.03% per annum; as of 1 December 2014, this fee will amount to a maximum of 0.20% per annum, subject to a minimum of EUR 150,000 per annum, payable to the Company, this being allocated to each compartment on a pro rata basis based on the assets of each compartment.
Performance fee:	A, B & C classes: 20% of the difference in performance between the net asset value and the 12-month Libor of the base currency, defined annually on the first day of each period.

The performance fee, which is payable to the manager, is calculated on the basis of the excess of the net asset value (the "NAV") per share of the compartment concerned compared to the benchmark NAV.

The performance fee is calculated on the basis of the NAV after deducting all fees and liabilities and the advisory fee (but not the performance fee) and adjusted to account for all subscriptions and redemptions in the reference period.

If shares are redeemed on a date other than the date of payment of the performance fees, when provision has been made for a performance fee, the portion of the performance fee attributable to the redeemed shares will be paid to the Manager at the end of the period.

Adjustment for subscriptions consists of withdrawing from the provision for the performance fee calculated on the basis of the number of underlying shares, the performance fee relating to the subscribed shares for the period prior to the subscription date such that no performance fee will be provisioned for these shares for outperformance prior to their subscription date.

The performance fee will be calculated on each Valuation Day at the Rate applied to the difference between the NAV per share on that Valuation Day and the benchmark NAV per share adjusted by the Libid EUR rate multiplied by the number of shares in circulation on that Valuation Day.

At each Valuation Day, a provision representing the performance fee calculated on the basis of the difference between the NAV per share and the benchmark NAV per share adjusted by the Libid EUR rate, is deducted from the net assets of the Compartment and the provision constituted on the preceding Valuation Day is reversed. If the NAV per share is lower than the benchmark NAV per share adjusted by the Libid EUR rate, the provision will be reset at zero. However, it may never be negative.

In application of the High Water Mark principle, the benchmark NAV per share is the highest value between the benchmark NAV per share of the previous period and the closing NAV for the previous period. The first benchmark NAV per share will be the initial subscription price. The benchmark NAV per share will be taken into account after deduction of the performance fee.

No performance fee will be due if the NAV per share is less than the initial subscription price.

If any dividend is distributed in the period, the benchmark NAV per share will be reduced by the amount paid out per share.

The performance fee is payable on an annual basis, within 15 banking days following the approval of the annual report by the shareholders' general meeting of the Compartment concerned.

The performance fee (F) is calculated as follows:

$$\text{If } B = [E*(C*D/360)+E], F = 0$$

$$\text{If } B > [E*(C*D/360)+E], F = A * T * (B - [E*(C*D/360) + E])$$

The benchmark NAV per share for the following period = max(E; G) if at the end of the period F = 0
G if at the end of the period F > 0

Based on:

A = Number of outstanding shares

B = NAV/share before the performance fee

C = Euro 12-month LIBID (defined annually on the 1st day of the period)

D = Number of days since the beginning of the period

E = Reference NAV/share for the period

F = Daily performance fee

G = NAV/share after performance fee at the end of the period

T = Performance fee rate