

Prospectus

relating to the issuance of shares of

**FAGUS MULTIMANAGER**

*Société d'Investissement à Capital Variable à compartiments multiples*

(an investment company with variable capital under part I of the law of 17 December 2010 relating to Collective Investment Undertakings, as amended)

Subscriptions can only be received based on the current prospectus and relevant Key Information Document (“**KID**”) accompanied by the latest annual report as well as by the latest semi-annual report published after the latest annual report.

In addition to the prospectus, KID relating to an investment in each sub-fund are available on the following website: [www.purecapital.eu](http://www.purecapital.eu), [www.sicavfagus.com](http://www.sicavfagus.com) and at the registered offices of FAGUS MULTIMANAGER and must be considered by investors before conclusion of the subscription contract.

The annual and semi-annual reports form part of the present prospectus. No information other than that contained in the prospectus, the KID(s), the periodic financial reports, as well as in any other documents mentioned in the prospectus, which may be consulted by the public, may be given in connection with the offer.

Shares of each sub-fund are intended for retail and/or institutional investors. Investors should remember that their investment is not secured against any possible loss.

December 2023

## Introduction

FAGUS MULTIMANAGER (the “**Fund**”) is an investment company with variable capital (*société d'investissement à capital variable*).

The Fund is registered on the official list of undertakings for collective investment under part I of the law of 17 December 2010 relating to Collective Investment Undertakings, as amended from time to time (the “**Law**”). It was initially created as a self-managed investment company with variable capital within the meaning of article 27 (1) of the Law. With effective date of 1<sup>st</sup> July 2021, the Fund has designated a management company pursuant to a management company services agreement in accordance with the Law.

This registration may not be interpreted as a positive agreement by the control authority concerning the content of the present prospectus or the quality of securities offered or held by the Fund. Any affirmation contrary shall be non-authorized and unlawful.

This prospectus shall not be used for the purpose of offering or solicitation in any jurisdiction or in any circumstance in which it is unlawful to make such offer or solicitation.

Shares of the Fund are not registered in accordance with any of one provision of the United States of America on transferable securities and may not be offered in the United States of America or in any of these possessions or areas subject to its jurisdiction.

The Board of Directors is liable on the accuracies of the information that are contained in the present prospectus at its publication date.

This prospectus shall be updated considering any substantial amendments of the present document. Therefore, it is recommended that investors should inform close to the Fund about the publication of a more recent prospectus.

It is recommended that investors take advice on applicable laws and regulations (including those related to any exchange control, regulations, and tax) for subscription, purchase, holding and sale of shares in their countries of origin, residence or domicile.

The valuation currency varies from one sub-fund of the Fund to another, and the consolidation currency of the Fund is the Euro. The abbreviation EUR is related to Euro currency having a legal tender since 1<sup>st</sup> January 1999 in the Economic and Monetary Union.

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## Directory

Fund	Management Company
<p>FAGUS MULTIMANAGER 2-4, rue Eugène Ruppert L-2453 Luxembourg Grand Duchy of Luxembourg</p> <p><u>Board of Directors of the Fund</u></p> <p style="text-align: center;">Denis Manzi Banca di San Marino S.p.A. Head of Asset Management Strada della Croce 39, Faetano I-47896 Repubblica di San Marino</p> <p style="text-align: center;">Marco Calzi Independent Director 1, rue Bender L-1229 Luxembourg Grand-Duchy of Luxembourg</p> <p style="text-align: center;">Carlo Alberto Montagna Independent Director The Directors' Office 19, rue de Bitbourg L-1273 Luxembourg Grand-Duchy of Luxembourg</p>	<p>Pure Capital S.A. 2, rue d'Arlon L-8399 Windhof Grand Duchy of Luxembourg</p> <p><u>Board of directors of the Management Company</u></p> <p style="text-align: center;">Bernard Pons, chairman Guy Pourveur, director Loïc De Cannière, director Independent director</p> <p><u>Management committee</u></p> <p style="text-align: center;">Thierry Léonard Chief executive officer Patrick Vander Eecken Chief investment officer Bernard Pons Chief risk officer Frédéric Venditti Chief financial officer Rudy Hoylaerts Head of legal and compliance</p>
eDepository, Paying Agent, Domiciliary Agent	Administrative Agent, Registrar Transfer Agent
<p>The Bank of New York Mellon SA/NV, Luxembourg Branch Vertigo Building - Polaris 2-4, rue Eugène Ruppert L-2453 Luxembourg Grand-Duchy of Luxembourg</p>	<p>UI efa S.A. 2, rue d'Alsace L-1122 Luxembourg Grand-Duchy of Luxembourg</p>
Investment Manager	Investment Adviser
<p>Azimut Investments S.A. 2a, rue Eugène Ruppert, L-2453 Luxembourg Grand-Duchy of Luxembourg</p>	<p>Banca di San Marino S.p.A. Strada della Croce, 39 Faetano 47896 Repubblica di San Marino</p>

**Exclusive distributor for San Marino**

Banca di San Marino S.p.A.  
Strada della Croce, 39  
Faetano  
47896 Repubblica di San Marino

**Auditor**

For annual reports closing until 31  
December 2022:

KPMG Luxembourg  
39, avenue John F. Kennedy,  
L-1855 Luxembourg  
Grand-Duchy of Luxembourg

For annual reports closing as from 31  
December 2023:

Mazars Luxembourg  
5, rue Guillaume Kroll  
L-1882 Luxembourg  
Grand-Duchy of Luxembourg

**Legal adviser**

Dechert (Luxembourg) LLP  
1, Allée Scheffer  
L-2017 Luxembourg  
Grand-Duchy of Luxembourg

## 1. General characteristics of the Fund

FAGUS MULTIMANAGER is an investment company with variable capital (*société d'investissement à capital variable*) governed by the laws of the Grand Duchy of Luxembourg (“**Luxembourg**”). It has been incorporated for an unlimited period in Luxembourg on 18 May 1998.

The Fund is a company with multiple sub-funds where each sub-fund is constituting a separate segregated pool of assets and liabilities with a specific investment policy.

The Fund offers to investors the advantage to choose between different sub-funds and to be able to move from one to another without any charge. Moreover, each investor has the choice in each sub-fund between the capitalization of income or the distribution through dividends, by choosing either the class of capitalization shares or the class of distribution shares.

Three sub-funds are currently available to investors:

- FAGUS MULTIMANAGER INTERNATIONAL BOND
- FAGUS MULTIMANAGER INTERNATIONAL BALANCED FLEXIBLE
- FAGUS MULTIMANAGER INTERNATIONAL EQUITY DYNAMIC

The Fund’s board of directors (the “**Board of Directors**”) may launch one or more other sub-funds for which the investment policy and the terms of the offer shall be communicated through an updated version of this prospectus.

The articles of incorporation of the Fund (the “**Articles**”) have been published in Mémorial C, Recueil des Sociétés et Associations (“**Mémorial**”) on 26 June 1998. The Articles have been amended for the last time on 17 June 2021 and those amendments were published in the *Recueil Electronique des Sociétés et Associations* (“**RESA**”). The Articles have been lodged in the greffe of the *Tribunal d'Arrondissement* in Luxembourg and further amendments will be published in the RESA.

The Fund is registered with the *Registre de Commerce et des Sociétés, Luxembourg* (“**RCSL**”) under the number B64333. The registered office of the Fund is at 2-4 rue Eugène Ruppert, L-2453 Luxembourg.

The capital of the Fund is, at any time, equal to the net asset value and is represented by shares issued without nominal value and fully paid up. The variation of the capital are effected *ipso jure* without publication and registration measures in the RCSL as prescribed for increases and reductions of capital of public limited companies. The Fund’s minimum capital is EUR 1,250,000.

## 2. Investment policies and objectives

### 2.1. Fagus Multimanager International Bond

The objective of the sub-fund is to achieve an absolute return by mainly investing with a flexible and unconstrained approach in debt securities issued worldwide by government or companies, dealt or admitted on a regulated market.

The investment philosophy is based on a disciplined approach. The asset allocation strategy is implemented using a blended methodology, which includes a top down and bottom-up approach.

Specifically, the allocation to the different risk factors (i.e., interest rates risk, curve risk, credit risk and currency risk among the principals) is driven by macroeconomic considerations elaborated by analyzing the main economic statistics released in the markets and by analyzing the future perspectives embedded implicitly in the financial markets. The allocation to the different sectors of the fixed income market is also affected by the historical and foreseen correlation among them, with the aim of reducing the volatility of the portfolio.

The bottom-up approach (i.e. selection of the assets at the micro level), is principally driven by a scrupulous analysis of the credit profile of the issuer, the characteristics and technicalities of the issue and its risk/return profile, measured at the idiosyncratic level as well as compared with similar alternative investment opportunities.

The sub-fund may invest up to:

- 30% of its net asset in non-investment grade securities;
- 10% of its net asset in units of other UCITS or UCI in compliance with the investment policy of the sub-fund;
- 10% of its net assets in Asset Backed Securities (“**ABS**”);
- 10% of its net assets in Mortgage-Backed Securities (“**MBS**”);
- 10% of its net assets in Contingent Convertible Bonds (“**Cocos**”).

Ancillary liquid assets should be limited to bank deposits at sight, such as cash held in current accounts with a bank accessible at any time, to cover current or exceptional payments, or for the time necessary to reinvest in eligible assets provided under article 41(1) of the Law or for a period strictly necessary in case of unfavorable market conditions. The holding of such ancillary liquid assets is limited to 20% of the net assets of the sub-fund. The 20% limit may only be temporarily breached for a period strictly necessary when, because of exceptionally unfavorable market conditions, circumstances so require and where such breach is justified having regard to the interests of the investors.

In compliance with the investment policy, the sub-fund may use financial

derivative instruments, for hedging purposes as defined in the Appendix II.

Financial derivative instruments used by the sub-fund may include, but are not limited to, futures, options, forward contracts on financial instruments and options on such contracts, credit linked instruments, swap contracts (including interest rate swaps), credit default swap, and other fixed income, currency and credit derivatives dealt on a regulated market or OTC (“**Over the counter**”).

The sub-fund shall ensure that the global exposure relative to derivative instruments of the sub-fund does not exceed the total net asset value of the portfolio of the sub-fund.

The sub-fund is actively managed within its objectives and is not constrained by a benchmark.

The valuation currency of the sub-fund is EUR.

Global Exposure Determination Methodology:

Commitment approach.

Risk profile:

Investments in bonds have a limited risk consisting essentially of credit, interest rate and systematic risks.

Profile of the typical investor:

This sub-fund is dedicated to investors having an aversion to risk and wishing to effectuate a medium-term investment.

2.2. Fagus Multimanager International Balanced Flexible

The objective of this sub-fund is to seek long term capital growth.

The investment philosophy is based on a disciplined approach. The asset allocation strategy is implemented using a blended methodology, which includes a top down and bottom-up approach.

The top-down approach is driven by macroeconomic considerations elaborated by analyzing the main economic statistics released in the markets; the research aims at identifying data that are price sensitive and which are able to determine the future trends on financial markets. The final goal is to assess the business climate, figuring out the likely future economic scenario and its implications on the portfolio’s asset allocation, in order to decide the portion of the portfolio to be invested among the investable asset classes.

The bottom-up approach is based on studying the single companies; the study relies mainly on fundamental and technical analysis and often on the direct contact with the management; the goal is to find out companies showing a good level of undervaluation.



The portfolio of this sub-fund is composed of securities that may include but not limited to bonds, equity, equity related securities, dealt in or admitted on a regulated market in EMEA, North America, LATAM and Asia Pacific. The investments will be selected based on a mixed approach and amongst some growth economic and geographical sectors. The sub-fund may invest up to 10% of its net assets in China A-Shares via the Shanghai-Hong Kong Stock Connect program.

Up to 50% of the net asset value of the sub-fund will be invested in equity and equities related (including warrants).

The sub-fund may also invest up to:

- 30% of its net asset in non-investment grade securities;
- 10% of its net assets in ABS;
- 10% of its net assets in MBS;
- 10% of its net assets in Cocos;
- 10% of its net asset in units of other UCITS or UCI in compliance with the investment policy of the sub-fund.

Ancillary liquid assets should be limited to bank deposits at sight, such as cash held in current accounts with a bank accessible at any time, to cover current or exceptional payments, or for the time necessary to reinvest in eligible assets provided under article 41(1) of the Law or for a period strictly necessary in case of unfavorable market conditions. The holding of such ancillary liquid assets is limited to 20% of the net assets of the sub-fund. The 20% limit may only be temporarily breached for a period strictly necessary when, because of exceptionally unfavorable market conditions, circumstances so require and where such breach is justified having regard to the interests of the investors.

In compliance with the investment policy, the sub-fund may use financial derivative instruments, for hedging purposes as defined in the Appendix II.

Financial derivative instruments used by the sub-fund may include, but are not limited to, futures, options, forward contracts on financial instruments and options on such contracts, credit linked instruments, swap contracts, and other fixed income, currency and credit derivatives dealt on a regulated market or OTC.

The sub-fund shall ensure that the global exposure relative to derivative instruments of the sub-fund does not exceed the total net asset value of the portfolio of the sub-fund.

The sub-fund is actively managed within its objectives and is not constrained by a benchmark.

The valuation currency of the sub-fund is EUR.

Global Exposure Determination Methodology:

Commitment approach.

Risk profile:

Investments in stocks have a relative high risk consisting essentially of systematic risks.

Investments in bonds have a limited risk consisting essentially of credit, interest rate and systematic risks.

Profile of typical investor:

This sub-fund is dedicated to investors which accept a medium risk and favour an investment at medium or long term.

2.3. Fagus Multimanager International Equity Dynamic

The objective of this sub-fund is to seek long term capital growth.

The investment philosophy is based on a disciplined approach. The asset allocation strategy is implemented using a blended methodology, which includes a top down and bottom-up approach.

The top-down approach is driven by macroeconomic considerations elaborated by analyzing the main economic statistics released in the markets; the research aims at identifying data that are price sensitive and which are able to determine the future trends on financial markets. The final goal is to assess the business climate, figuring out the likely future economic scenario and its implications on the portfolio's asset allocation, to decide the net exposure to the equity asset class.

The bottom-up approach is based on studying the single companies; the study relies mainly on fundamental and technical analysis and often on the direct contact with the management; the goal is to find out companies showing a good level of undervaluation.

The sub-fund will exclusively invest in equity and equity related securities dealt in or admitted on a regulated market in EMEA, North America, LATAM and Asia Pacific.

The investments will be selected based on a mixed approach and amongst some growth economic and within above geographical sectors. The sub-fund may invest up to 10% of its net assets in China A-Shares via the Shanghai-Hong Kong Stock Connect program.

The sub-fund may invest up to 10% of its net asset in units of other UCITS or UCI in compliance with the investment policy of the sub-fund.

Ancillary liquid assets should be limited to bank deposits at sight, such as cash held in current accounts with a bank accessible at any time, to cover current or

exceptional payments, or for the time necessary to reinvest in eligible assets provided under article 41(1) of the Law or for a period strictly necessary in case of unfavorable market conditions. The holding of such ancillary liquid assets is limited to 20% of the net assets of the sub-fund. The 20% limit may only be temporarily breached for a period strictly necessary when, because of exceptionally unfavorable market conditions, circumstances so require and where such breach is justified having regard to the interests of the investors.

In compliance with the investment policy, the sub-fund may use financial derivative instruments, for hedging purposes as defined in the Appendix II.

Financial derivative instruments used by the sub-fund may include, but are not limited to, futures, options, forward contracts on financial instruments and options on such contracts, swap contracts and currency dealt on a regulated market or OTC.

The sub-fund shall ensure that the global exposure relative to derivative instruments of the sub-fund does not exceed the total net asset value of the portfolio of the sub-fund.

The sub-fund is actively managed within its objectives and is not constrained by a benchmark.

The valuation currency of the sub-fund is EUR.

Global Exposure Determination Methodology:

Commitment approach.

Risk profile:

Investments in stocks have a relative high risk consisting essentially of systematic risks.

Profile of typical investor:

This sub-fund is dedicated to investors which accept a high risk and favour an investment at long term.

For certain sub-funds, potential investors shall take into account that these portfolios, which may invest in companies of developing countries, may be subject to a degree of risk higher than those in developed countries. Economies and markets of those countries are traditionally more volatile and their respective currencies fluctuate more than those of developed countries. Beyond the risks inherent in any investment on transferable securities, investors must be aware of the fact that the politic risks, the change in the exchange controls and the tax environment may have a direct impact on the value and liquidity of this portfolio.

Each Sub-fund is managed in accordance with the investment powers and restrictions (the “**Investment Powers and Restrictions**”) specified in Appendix I and may use the financial techniques and instruments (the

“**Financial Techniques and Instruments**”) specified in Appendix II.

For a full description of the risk factors associated with the investments, please refer to Appendix III.

3. Distribution – Capitalization

Within each sub-fund, shares are issued within a distribution class and within a capitalization class.

For the distribution class, the Board of Directors will distribute the net income on an annual basis in accordance with article 31 of the Articles. The distribution contains in addition to the net investment returns, the realized and unrealized capital gains after deduction of the realized and unrealized capital losses.

For the capitalization class, the net income will be capitalized.

The registered shareholders will be paid by bank transfer.

Each shareholder will have the possibility to reinvest its distribution without cost up to the available unit of shares.

4. Financial techniques and instruments

The Fund is authorized for each sub-fund, subject to the terms and conditions set forth in Appendix II, to use the techniques and instruments relating to transferable securities, money market instruments or other types of underlying assets according to the requirements and limits fixed by the regulations in force. When these transactions relate to the use of derivative instruments, the requirements, and limits under Appendix I shall be applied.

In no case whatsoever must the recourse to transactions involving derivatives or other financial techniques and instruments cause the Fund to depart from its investment objectives.

5. Management Company

*General Information*

The Fund is managed by Pure Capital S.A., which is subject to the provisions of chapter 15 of the Law and CSSF circular 18/698. The Management Company is also authorized as an alternative investment fund manager under article 125-2 of the Law.

The Management Company was incorporated on 19 April 2010 as a *société anonyme* under the laws and regulations applicable in Luxembourg (the “**Luxembourg Law**”) for an unlimited period and is registered with the RCSL under number B 152 461.

As of the date of this prospectus, the Management Company has a fully paid-up share capital of EUR 11,425,000.

The Management Company shall have the exclusive authority regarding any decisions in respect of the Fund and its sub-funds.

## *Services*

The Management Company provides the following services to the Fund:

- Portfolio management which is delegated to the Investment Manager;
- Risk management: the risk management policy of the Management Company comprises such procedures as are necessary to enable the Management Company to assess for each sub-fund the exposure of the relevant sub-fund to market risks, liquidity risks, counterparty risks, and Sustainability Risks as well as other risks considered by the Management Company as important for the sub-fund;
- Administration which is delegated to the Central Administration Agent; and
- Marketing which may be delegated for certain jurisdiction such as San Marino.

## *Remuneration Policy*

The Management Company has established a remuneration policy (the “**Remuneration Policy**”) that is consistent with, and promote, sound and effective risk management and that does not encourage risk taking which is inconsistent with the risk profiles and the terms of the UCIs managed by the Management Company. The Remuneration Policy integrates Sustainability Risks in accordance with the requirements under SFDR.

The Remuneration Policy includes fixed and variable components of salaries. The Remuneration Policy is applied to members of the senior management, risk takers, persons in charge of control functions and other employee whose remuneration falls within the remuneration bracket of senior management or whose professional activity has a material impact on the risk profiles of the Management Company, or the undertakings of collective investment managed by the Management Company.

The assessment of the performance is set in a multi-year framework in order to ensure that the focus is set on the longer-term performance of the Management Company and its investment risks. Assessed criteria are both quantitative and qualitative to ensure that any risk-taking activities or behavior is not fostered.

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

Compensation of the staff engaged in control functions is made in accordance with the achievement of the objectives linked to their functions, independently of the performance of the business areas that they control.

The Remuneration Policy is available on the website of the Management Company at <https://www.purecapital.eu/file/pdf/remuneration-policy-version-4-052022.pdf>, and a hard copy will be made available free of charge upon request.

## *Principal adverse impact statement of the Management Company*

As per article 2(24) of SFDR, sustainability factors are environmental, social and employee matters respect for human rights, anti-corruption and anti-bribery matters (the “**Sustainability Factors**”).

While the Management Company generally takes into consideration certain Sustainability Risks in its risk management activity, the Management Company does currently not evaluate the principal adverse impacts (“**PAI**”) of investment decisions made on a uniform set of Sustainability Factors with respect to all UCIs managed by the Management Company given the overall difficulties in collecting the necessary information including those from delegates and advisers and the resources required to put in place the necessary processes.

## 6. Investment Manager and Investment Adviser

### *Investment Manager*

Pursuant to the investment management agreement effective as of 1<sup>st</sup> December 2023 (the “**Investment Management Agreement**”), the Management Company with the consent of the Fund has appointed Azimut Investments S.A. as the investment manager of the following sub-funds:

- FAGUS MULTIMANAGER INTERNATIONAL BOND
- FAGUS MULTIMANAGER INTERNATIONAL BALANCED FLEXIBLE
- FAGUS MULTIMANAGER INTERNATIONAL EQUITY DYNAMIC

The Investment Management Agreement has been set for an unlimited period and can be terminated by each party with a prior notice of six months.

The Investment Manager is authorised by the CSSF for providing portfolio management under article 5(4) of the law of 12<sup>th</sup> July 2013 on alternative investment fund managers, as amended.

### *Investment Adviser*

The Investment Manager is assisted by Banca di San Marino S.p.A. (the “**Investment Adviser**”) for the management of the above-mentioned sub-funds pursuant to the investment advisory agreement dated 12<sup>th</sup> May 2021, as amended for the last time with effective date of 1<sup>st</sup> December 2023 (the “**Investment Advisory Agreement**”).

The Investment Advisory Agreement has been set for an unlimited period and can be terminated by each party with a prior notice of three months.

Banca di San Marino S.p.A. has been incorporated on 20 December 1920. It adheres to the *Federazione delle Banche di Credito Cooperativo dell'Emilia-Romagna* (regional federation of Italian mutual banks).

In case of change of the Investment Adviser or the Investment Manager, this prospectus shall be updated accordingly.

## 7. Depositary

The Bank of New York Mellon SA/NV, Luxembourg Branch (the “**Depository**”) has been appointed as the depository of the Fund. In addition, the Depository acts as paying agent and domiciliary agent of the Fund. The Bank of New York Mellon SA/NV, Luxembourg Branch is a branch of Bank of New York Mellon SA/NV which is a public limited liability company governed under the Belgian laws.

The Depository and the Fund entered in the depository agreement effective as of 1 June 2016, as amended (the “**Depository Agreement**”). The Depository Agreement has been set for an unlimited period and can be terminated by each party with a prior notice of three months.

The Depository has been authorized by the Fund to delegate its safekeeping duties (i) to delegates in relation to other assets and (ii) to sub-custodians in relation to financial instruments and to open accounts with such sub-custodians.

An up-to-date description of any safekeeping functions delegated by the Depository and an up-to-date list of the delegates and sub-custodians used by the Depository are available under <https://www.bnymellon.com/lu/en.html>.

The Depository shall act honestly, fairly, professionally, independently, and solely in the interests of the Fund and its shareholders in the execution of its duties under the Law and the Depository Agreement.

Under its oversight duties, the Depository will:

- ensure that the sale, issue, repurchase, redemption and cancellation of shares effected on behalf of the Fund are carried out in accordance with the Law and with the Articles;
- ensure that the value of the shares is calculated in accordance with the Law and the Articles;
- carry out the instructions of the Fund, unless they conflict with the Law or the Articles;
- ensure that in transactions involving the Fund’s assets, the consideration is remitted to the Fund within the usual time limits;
- ensure that the income of the Fund is applied in accordance with the Law and the Articles.

The Depository will also ensure that cash flows are properly monitored in accordance with the Law and the Depository Agreement.

As part of the normal course of global custody business, the Depository may from time to time have entered into arrangements with other clients, funds or other third parties, including affiliates for the provision of safekeeping and related services and as a result, potential conflict of interest situations may, from time to time, arise between the Depository and its safekeeping delegates, for example, where an appointed delegate is an affiliated group company and is providing a product or service to a fund and has a financial or business interest in such product or service or where an appointed delegate

is an affiliated group company which receives remuneration for other related custodial products or services it provides to the funds e.g. foreign exchange, securities lending, pricing or valuation services.

The Depositary has policies and procedures in place in relation to the management of conflicts of interest between the Depositary and the Fund that may arise where a group link as defined in the applicable regulations exists between them. It may be the case for example where the Fund has delegated certain administrative functions to an entity within the same corporate group as the Depositary.

In the event of any potential conflict of interest which may arise during the normal course of business, the Depositary will at all times have regard to its obligations under applicable laws. Additionally, in order to address any situations of conflicts of interest, the Depositary has implemented and maintains a management of conflicts of interest policy, with the aim of:

- identifying and analysing potential situations of conflicts of interest;
- recording, managing and monitoring the conflict-of-interest situations by:
- relying on permanent measures to address conflicts of interest such as maintaining separate legal entities, segregating duties, separating reporting lines and maintaining insider lists for staff members; or
- implementing appropriate procedures on a case-by-case basis, such as establishing new information barriers, ensuring that operations are carried out at arm's length and/or informing the concerned shareholders of the Fund.

The Depositary has established a functional and hierarchical separation between the performance of its UCITS depositary functions and the performance of other tasks on behalf of the Fund.

An up-to-date information on conflicts-of-interest policy referred to above may be obtained, upon request to the registered office of the Fund.

#### 8. Central Administration Agent

UI efa S.A. (the “**Central Administration Agent**”) has been appointed by the Management Company as the Fund’s administrative agent, registrar and transfer agent further to the central administration agreement with effective dated 1<sup>st</sup> July 2021 which was terminated and restated by the central administration agreement with effective date 1<sup>st</sup> December 2023 (the “**Central Administration Agreement**”)

As central administration agent, the Central Administration Agent is responsible for the administrative functions of the Fund such as the calculation of the Net Asset Value and the accounting of the Fund. Moreover, the Central Administration Agent as registrar maintains the register of shares and as transfer agent is in charge of the issuance, the redemption and the conversion of shares of the Fund.

The Central Administration Agent has been incorporated in Luxembourg on 15 October 1996 as a public liability company under Luxembourg Law. The Central



Administration Agent is a professional of the financial sector under the Luxembourg law of 5 April 1993 on the financial sector, as amended. The Central Administration Agent's registered office is at 2, rue d'Alsace, L-1122 Luxembourg.

#### 9. Distribution of the Fund

The Fund is registered for distribution in Luxembourg and Italy. As of the date of this prospectus, the Management Company has not delegated the distribution of the Fund in Luxembourg and Italy.

In addition, the Fund is registered for distribution in San Marino. The Management Company delegated the distribution in San Marino to Banca di San Marino S.p.A. pursuant to the distribution agreement effective as of 1<sup>st</sup> August 2023 (as amended as of 1<sup>st</sup> December 2023) which was concluded for an unlimited period and can be terminated by each party with a prior notice of three months. Banca di San Marino S.p.A. is the exclusive distributor for San Marino with the right to sub-distribute for San Marion.

The Management Company and Banca di San Marino S.p.A. are carrying out their functions in accordance with the applicable regulation relating to the fight against money laundering and terrorism financing.

#### 10. Shares

Shares are issued in registered form only. The Fund can also issue fractions of shares (thousandth). The registered shares are represented by certificates.

The register of shares is held with the Central Administration in its capacity as the Fund's registrar and transfer agent.

The Fund is proposing within each sub-fund two classes of shares: capitalization class and distribution class.

Shares must be fully paid up when they are issued. Shares are issued without nominal value.

Each share grants its holder one voting right at the general meeting of shareholders. No voting rights are attached to fractional shares.

#### 11. Net Asset Value

The net asset value (the "**Net Asset Value**") per share within each sub-fund shall be calculated every Tuesday (the "**Valuation Day**") in Luxembourg, under the responsibility of the Board of Directors.

It shall be determined for each class of shares of the concerned sub-fund by dividing the net assets of the sub-fund attributable to that class by the total number of the outstanding shares of the relevant class as of the valuation day. When a valuation day falls on a (legal or bank) holiday in Luxembourg, the valuation day shall be the next succeeding business day in Luxembourg.

The percentage of the total net asset attributable to each class within each sub-fund shall

be determined by the ratio of the number of shares of each class of shares issued within such sub-fund, multiplied by the respective Net Asset Value, and shall be adjusted subsequently on the basis of the subscription and redemption of shares relating to the relevant sub-fund as follows:

First, when a distribution is effected, asset attributable to the shares of the distribution class within the sub-fund shall be reduced by the total amount of the distribution (causing a reduction of the percentage of total net asset of this class), whereas the net asset of the sub-fund attributable to shares of the capitalization class shall remain unchanged (causing an increase of the percentage of the total net asset attributable to this class of shares);

Second, when the shares of a class are issued or redeemed, the corresponding Net Asset Value shall be increased by the amount received and respectively reduced by the amount paid out.

The valuation of the net assets of each sub-fund shall be determined as follows:

1. The assets notably consist of:
  - all cash in hand or on deposit, including accrued interests not yet received and any interest accrued on such deposits as of the applicable Valuation Day;
  - all bills and demand notes payable and accounts receivable (including results of the sale of securities for which the price has not yet received);
  - all securities, units, shares, bonds, options or subscription rights and other investments and transferable securities;
  - all dividends and distributions in cash or in securities receivable by the Fund for the account of the relevant sub-fund;
  - all interest accrued and not yet received and all interest produced by the securities owned by the Fund for the relevant sub-fund as of the applicable Valuation Day, except if such interests are included in the principal value of these securities;
  - the formation expenses of the Sicav insofar as the same have not been written off;
  - all other assets of any kind and nature, including expenses paid in advance, in accordance with the Articles.

The value of the assets of each sub-fund is determined as follows:

- a) the value of cash in hand or on deposit, bills and demand notes payable and accounts receivable, prepaid expenses and dividends and interest declared or accrued as aforesaid and not yet received, shall be deemed to be the nominal value of these assets, unless it is unlikely that such value would be received; in this case the value thereof shall be determined after

making such discount as the Board of Directors considers appropriate in order to reflect the actual value of the assets.

- b) The valuation of any transferable securities or money market instrument admitted to official listing on a stock exchange or on another regulated market, which is regulated, operates regularly and is recognised and open to the public is based upon the last known market quotation in Luxembourg on as of the Valuation Day, and, if such transferable securities or money market instrument is dealt on several markets, on the basis of the last known market quotation of the main market of this transferable securities or money market instrument; if the last known market quotation is not appropriate, such valuation shall be made on the basis of the probable realisation value which is deemed prudent and in good faith by the Board of Directors.
- c) Transferable securities and money market instruments non admitted to or dealt in on a regulated market or in on another market, which is regulated, recognized and open to the public, shall be valued on the basis of the probable realisation value which is deemed with prudence and good faith.
- d) Transferable securities or money market instruments expressed in a currency other than the currency of denomination of the relevant sub-fund are converted into such currency on the basis of the last available exchange rate.
- e) Forward and option contracts are valued on the basis of the closing price of the last day on the relevant market. The quotations are the delivery settlement price in future markets.
- f) Units of undertakings for collective investment are valued on the basis of their last available net asset value.
- g) Swaps shall be valued at fair value on the basis of the last known closing quotation of the underlying asset.

2. The liabilities of the Fund shall consist notably of:

- all borrowings, overdue bills and payable accounts;
- all known liabilities, present and future, including all matured contractual obligations for payments in cash or in kind (including the amount of any unpaid dividends declared by the Fund for the relevant sub-fund);
- all reserves, authorized or approved by the Board of Directors, notably those which have been set up to face a potential capital loss on certain investments;
- all other liabilities, whatsoever kind and nature, except those represented by its own means. For the valuation of the amount of those other liabilities, the Fund shall take into account all expenses payable by it, consisting of, without limitation, the formation expenses and expenses for the following

amendments of the Articles, the fees and charges payable to the Management Company, to the Investment Manager, the Investment Adviser, the auditors, depositary and correspondent agents, domiciliary agents, paying agents or other representatives of the Fund, as well as to the permanent representatives in the countries where the Fund is registered for marketing, the legal fees and annual audit fees, marketing expenses, printing and publication expenses, printing costs of annual and semi-annual reports, expenses of holding general meetings of shareholders and meetings of the Board of Directors, reasonable travel fees of directors and managers, attendance fees, registration fees, all taxes and duties levied by governmental authorities and stock exchanges, publication costs for issuance and redemption prices of shares as well as any other operating expenses including the financial, banking or brokerage fees overdue during the purchase and sale of assets or otherwise and any other administrative expenses. For the valuation of the amount of these liabilities, the Fund shall take into account pro rata temporis the administrative and other expenses of a regular or recurring nature;

- Liabilities, charges and expenses which are not attributable to a relevant sub-fund, shall be charged equally across the sub-funds or, to the extent that the amounts justify it, pro rata of their respective net assets.

3. Each share in the process of being redeemed shall be considered as issued and in existence until the closing of the Valuation Day applicable to the redemption of this share and its price shall be, as from the closing of that day and until the price shall be paid, considered as a liability of the relevant sub-fund.

Each share to be issued shall be treated as being issued as from the closing of the Valuation Day of its issuance price and its price shall be considered as an amount due to the relevant sub-fund until it has been received by the Fund for the account of the sub-fund.

4. To the extent possible, any investments or divestments decided for the relevant sub-fund as of the applicable Valuation Day shall be taken into consideration to determine the relevant Net Asset Value.

12. Suspension of the calculation of the Net Asset Value and issuance, redemption and conversion of shares

The Board of Directors is authorised to suspend temporarily the calculation of the Net Asset Value of one or more sub-funds as well as the issues, redemptions and conversion of shares in the following circumstances:

- a) during any period when any market or stock exchange, which is the main market or stock exchange where a significant part of the sub-fund's investments, at given time, is listed, is closed except for the ordinary closing days or any period when the exchanges are subject to important restrictions or are suspended;
- b) when, the political, economic, military, monetary or social situation or any event of force majeure outside of the control or responsibility of the Board of Directors,

make impossible to dispose of its assets by normal and reasonable means, without materially and adversely affecting and prejudicing the interest of the shareholders;

- c) in case of any breakdown of the means of communication normally used for valuing the price of any investment of the sub-fund or the current prices on in any market or stock exchange;
- d) if, as a result of exchange restrictions or other restrictions affecting financial flows, transactions are rendered impracticable or if purchases or sales of assets cannot be effected at the normal rate of exchange;
- e) upon the convening of a general meeting of shareholders to wind-up the Fund or upon the decision of the Board of Directors to dissolve a relevant sub-fund;
- f) in case of suspension of the net asset value of the undertakings for collective investment in which the Fund invests a substantial part of its assets.

The Board of Directors shall inform all shareholders if the suspension period exceeds a certain number of days.

Investors and shareholders offering shares for redemption or conversion shall be informed of the suspension of their redemption or conversion rights.

Pending subscription requests and pending requests for redemption or conversion of shares may be withdrawn by written notice to the extent that the Fund or the Central Administration Agent receives these requests before the end of the suspension period.

Pending subscription, redemption and conversion requests shall be taken into account for the first valuation day following the end of the suspension period.

### 13. Issuance of shares of the Fund

The Board of Directors is authorized, without limitations and at any time, to issue shares of each class and within each sub-fund.

#### *Issuance price of shares – Subscription fee*

Shares are issued at a price corresponding to the Net Asset Value per share.

A subscription fee of maximum 3% of the subscribed amount will be levied.

#### *Subscription proceeding*

Requests for subscription may, at the choice of the investor, be expressed in a number of shares (where the subscription amount is uncertain) or for a determined amount (where the number of shares is uncertain).

Requests for subscription of shares must be received by the Central Administration Agent, by submitting the subscription form no later than at 9.00 a.m. (Luxembourg time) as of each Valuation Day. If the subscription request has been accepted, it will be processed on the basis of the Net Asset Value calculated as of the applicable Valuation Day. If the subscription request is received later than 9.00 a.m. (Luxembourg time), the

subscription request will be processed as of the following Valuation Day. Subscription price per share is payable in EUR within four Luxembourg bank business days following the applicable Valuation Day.

The Fund reserves the right to refuse the whole or one part of a request for subscription of shares or to compulsorily redeem at any time shares held by persons who have not been authorized to purchase or own shares of the Fund.

#### *Restriction on Market Timing*

The Fund prohibits any practice related to market timing. “Market Timing” is to be understood as an arbitrage method through which an investor systematically subscribes and redeems or converts shares within a short time period, by taking advantage of time differences and/or imperfections or deficiencies in the method of determination of the Net Asset Value per share of a relevant sub-fund. Market Timing practices may disrupt the investment management of the relevant sub-fund and harm its performance. In order to reduce these risks, the Fund or the Central Administration Agent acting on behalf of the Fund may reject any subscription or conversion request or submit such requests to an additional fee of up to 2% of the applicable Net Asset Value, which shall be added to the other fees which may be charged in accordance with this prospectus.

The Fund may also proceed to the redemption of all shares held by a shareholder who carries out Market Timing or has carried out Market Timing. The Fund cannot be held responsible for any damages resulting from actions taken by the Fund to prevent Market Timing.

#### *Prevention of money laundering and terrorist financing*

Measures aimed towards the prevention of money laundering and terrorism financing require from the Fund to comply with the laws and regulations on the prevention of money laundering and terrorism financing applicable in Luxembourg including the Luxembourg law of 12 November 2004 on the fight against money laundering and terrorist financing, as amended (the “**AML-CFT Law**”), the Grand Ducal Regulation of 1 February 2010, the Luxembourg act of 27 October 2010 enhancing the anti-money laundering and counter terrorist financing legal framework, the Grand Ducal Regulation of 29 October 2010 implementing the latter, the guidance issued by the CSSF as well as other applicable laws and regulations released and to be released in the future.

The implementation of those identification procedures and, where applicable, the performance of the detailed verification is under the supervision and responsibility of the Central Administration Agent, itself under the ultimate responsibility of the Management Company. In respect of investors subscribing for shares in the Fund through a distributor, a sub-distributor or a nominee appointed by the relevant distributor, an enhanced due-diligence is applied in accordance with CSSF regulation n°12-02 of 14 December 2012 on the fight against money laundering and terrorist financing.

A delegation of distribution is only permitted if the distributor is verified as a regulated financial institution located in a country recognised by the Central Administration Agent as having anti-money laundering regulations in place which are equivalent to

those under Luxembourg Law. Regulated financial services professionals domiciled in a jurisdiction which has ratified the recommendations of the Financial Action Task Force (FATF) are generally considered as intermediaries having an identification obligation equivalent to that required under the Luxembourg Law.

The Board of Directors, the Management Company and the Central Administration Agent reserve the right to request such information as it is necessary to verify the identity of an applicant. In the event of delay or failure by the applicant to produce any information required for verification purposes. The Board of Directors, the Management Company or the Central Administration Agent are allowed to refuse to accept any subscription request and none of them can be held liable for any interest, costs or compensation in this regard.

Similarly, shares cannot be redeemed or converted until all information to comply with the requirements to prevent money laundering or terrorist financing have been fulfilled. Failure to provide proper documentation may result in the withholding of redemption proceeds by the relevant sub-fund.

Luxembourg implemented the transparency register required by the Directive (EU) 2015/849 of 20 May 2015 on the prevention of the use of the financial system for the purposes of money laundering and terrorist financing with the act of 13 January 2019 establishing a transparency register named "register of beneficial owners" (RBE) (the "**RBE Law**"). The Fund falls within the scope of the RBE Law and must report certain information on its beneficial owners. "Beneficial owners" refers to the legal definition used under the AML-CFT Law, whereby a direct or indirect shareholding of 25% plus one share or an ownership interest of 25% or more held by an individual shall be an indication of ownership. The RBE may be accessed not only by certain national authorities (including the public prosecutor, Financial Intelligence Unit (*Cellule de Renseignement Financier*), tax authorities and the CSSF).

#### 14. Conversion of shares

Any shareholder has the right, if eligible investor, to request the conversion of whole or part of its shares into another sub-fund or into another share class (in the same sub-fund or another sub-fund), at a price equal to the respective net asset values of the relevant share class.

Any shareholder may request the conversion of whole, or part of its shares into another class of shares of the same sub-fund, at a price equal to the respective net asset values of the relevant shares.

The shareholder wishing such conversion may request it, in writing or by facsimile to the Fund, by providing the number and the class of shares to be converted and, further, details as to where the shares of the new sub-fund shall be registered.

The request shall include, the registered certificate with non accrued coupons or a duly completed transfer form or any other document certifying the transfer. This request for conversion has to be received by the Fund no later than on the valuation day at 9.00 a.m. (Luxembourg time).

The conversion will be processed without fees for the shareholder.

The number of shares allocated to the new sub-fund is determined by means of the following formula:

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

- A is the number of shares to be allocated in the new sub-fund (as the case may be, distribution shares or capitalization shares);
- B is the number of shares to be converted in the old sub-fund (as the case may be, distribution shares or capitalization shares);
- C is the net asset value, on the applicable valuation day, of the shares to be converted in the old sub-fund (as the case may be, distribution shares or capitalization shares);
- D is the rate of exchange applicable on the valuation day concerned between the currencies of the two sub-funds;
- E is the net asset value, on the valuation day concerned of the shares, to be allocated in the new sub-fund (as the case may be, distribution shares or capitalization shares);

After conversion, the Fund will inform the number of new shares which have been obtained upon conversion as well as their price.

#### 15. Redemption of shares

Any shareholder has the right to request, at any time and without limitation, that the Fund repurchase its shares. The shares redeemed by the Fund will be cancelled.

##### *Redemption proceeding*

The redemption request must be addressed in writing or by facsimile to the Central Administration Agent. The redemption request shall be irrevocable (subject to the provisions of Section 12 and must include the number of shares submitted for redemption and the relevant sub-fund and class where the shares have been issued.

Shares will be redeemed, provided that the application has been received by the Central Administration Agent no later than 9.00 a.m. (Luxembourg time) as of the applicable Valuation Day. The redemption request received after this time will be processed as of the following Valuation Day. No redemption fees shall be paid.

The payment of the redemption price shall be made within four Luxembourg bank business days following the Valuation Day, provided the Central Administration Agent has received all documents and information required for this purpose. The payment shall be made in EUR.

The price of the redemption of shares may be higher or lower than the original acquisition price paid by the shareholder at the time of subscription depending whether the Net Asset Value has increased or decreased.



In exceptional circumstances affecting negatively the interests of the shareholders, or in case where the aggregate requests for redemption and/or conversion exceed 10% of the Net Asset Value of the relevant sub-fund, the Board of Directors has right, without liability, to scale down on a pro rata basis so that shares representing not more than 10% of the Net Asset Value of the sub-fund may be redeemed as of the following Valuation Day. Redemptions that are deferred when processed will be effected in priority to the redemption requests received on such following Valuation Day.

## 16. Taxation

### *Taxation of the Fund in Luxembourg*

In Luxembourg, no duty or tax is owed for the issue of shares, with the exception of the fixed duty payable for incorporation, which covers operations for gathering capital.

Generally speaking, the Fund is subject to a subscription tax at an annual rate of 0.05% per year on net assets. This tax is reduced to 0.01% per year in certain cases, such as, for example, in respect of money market funds, or concerning net assets in sub-funds and/or share classes restricted to institutional investors, pursuant to article 174 of the Law. The tax does not apply to the part of assets invested in other Luxembourg undertakings for collective investment. Subject to certain conditions, some sub-funds and/or classes of shares reserved for institutional investors may be totally exempt from the subscription tax.

Nevertheless, some income from the Fund's portfolio, in the form of dividends and interest, may be subject to tax at variable rates, deducted at source in the country of origin.

### *Automatic exchange of information*

The OECD has developed a common reporting standard ("CRS") to achieve a comprehensive and multilateral automatic exchange of information ("AEOI") on a global basis. On 9 December 2014, Council Directive 2014/107/EU amending Directive 2011/16/EU as regards mandatory automatic exchange of information in the field of taxation (the "**Euro-CRS Directive**") was adopted in order to implement the CRS among the Member States.

The Euro-CRS Directive was implemented into Luxembourg Law by the law of 18 December 2015 on the automatic exchange of financial account information in the field of taxation (the "**CRS Law**").

The CRS Law requires Luxembourg financial institutions to identify financial assets holders and establish if they are fiscally resident in countries with which Luxembourg has a tax information sharing agreement. Luxembourg financial institutions will then report financial account information of the asset holder to the Luxembourg tax authorities, which will thereafter automatically transfer this information to the competent foreign tax authorities on a yearly basis.

The Fund is a Luxembourg-resident financial institution that needs to comply with the requirements of the CRS Law.

The Fund will be required to report annually to the Luxembourg tax authorities the

value of interests held by, and related payments made to:

- individuals resident of a reportable jurisdiction, i.e. an EU Member State or a third country listed in a Grand-Ducal Regulation,
- certain entities resident of a reportable jurisdiction (unless exempt from reporting), and
- certain entities controlled (as defined in the CRS Law) by a person resident of a reportable jurisdiction.

Such information will be onward reported by the Luxembourg tax authorities to the competent foreign authorities of the reportable jurisdictions.

Accordingly, the Fund will require its investors to provide information in relation to the identity and fiscal residence of financial account holders (including certain entities and their controlling persons) in order to ascertain their CRS status and report information regarding shareholder and his/her/its account to the Luxembourg tax authority (*Administration des Contributions Directes*), if such account is deemed a CRS reportable account under the CRS Law. The Fund is responsible for the treatment of the personal data provided for in the CRS Law as the Data Controller (as defined in Section 22). The personal data will only be used for the purposes of the CRS Law. The personal data may be communicated to the Luxembourg tax authorities. The Fund may require investors to answer additional questions and/or to provide additional details or documents. Complying with these requirements is mandatory subject to disclosure to the Luxembourg tax authorities and being declined to invest into the Fund.

Investors should consult their professional advisors on the possible tax and other consequences with respect to the implementation of the CRS.

#### *Council Directive (EU) 2018/822 (“DAC 6”)*

DAC 6 imposes mandatory disclosure requirements on intermediaries and taxpayers in respect of reportable cross-border arrangements (in short, transactions that meet one of the hallmarks set out in the legislation) (i) which first step has been implemented as from 25 June 2018 or (ii) which have been ready for implementation, which have been made available for implementation, or which first step has been implemented as from 1 July 2020. DAC 6 is an EU directive which aims to: (i) increase transparency on transactions that cross EU borders, (ii) reduce the scope for harmful tax competition within the EU and (iii) to deter taxpayers from entering into a particular scheme if it has to be disclosed.

The scope of DAC 6 is very wide-reaching and, while some of the hallmarks target arrangements that provide a tax advantage as the main benefit, there are other hallmarks not linked to this “main benefit test” meaning that there may not be a safe harbor for common commercial arrangements.

Subject to the implementation of DAC 6, the Fund, the Management Company and other intermediaries who design, market, organise, make available for implementation or manage the implementation of potentially aggressive cross-border tax-planning arrangements, as defined in DAC 6, could be legally obliged to file information in

respect of arrangements qualifying as reportable under DAC 6 and involving the Fund's investments with the competent Luxembourg tax authorities which will in turn automatically exchange such information with other relevant EU Member States. If the intermediary is located outside the European Union or is bound by legal professional privilege which has been confirmed by the relevant implementation of DAC 6 into domestic law, the obligation to report passes to the taxpayer.

As long as the Fund, the Management Company or any intermediary complies with its reporting requirements, DAC 6 is not expected to have a material impact on the Fund or its investments. However, the findings deriving from DAC 6 disclosures may subsequently determine future tax policy across the EU.

### *FATCA*

On 28 March 2014, the Luxembourg and the United States of America have signed the intergovernmental agreement model 1 ("**Luxembourg IGA**") in order to implement FATCA in Luxembourg. The Luxembourg IGA was adopted by the Luxembourg Parliament on 1 July 2015 with the ratifying law dated 24 July 2015 and thus transformed into Luxembourg domestic law.

FATCA provisions generally impose a reporting to the U.S. Internal Revenue Service of U.S. Persons' direct and indirect ownership of non-U.S. accounts and non-U.S. entities. Failure to provide the requested information could lead to a 30% withholding tax applying to certain U.S. source income (including dividends and interest) and gross proceeds from the sale or other disposal of property that can produce U.S. source interest or dividends.

To avoid withholding tax, the Fund or its agent will have to:

- obtain and check the FATCA information of the potential investor;
- make declaration to the IRS via the Luxembourg Tax authority about certain information on Restricted FATCA Entities.

However, the Fund's ability to avoid the withholding taxes under FATCA may not be within its control and may, in some cases, depend on the actions of an intermediary or other withholding agents in the chain of custody, or on the FATCA status of the investors or their beneficial owners. Any withholding tax imposed on the Fund would reduce the amount of cash available to pay all of its investors and such withholding may be allocated disproportionately to a particular sub-fund.

In certain circumstances, the Fund may compulsorily redeem investor's investment and take any actions it considers, in its own discretion, necessary to comply with the applicable laws and regulation. Any tax caused by an Investor's failure to comply with FATCA will be borne by such investor.

There can be no assurance that a distribution made by the Fund or that an asset held by the Fund will not be subject to withholding. Accordingly, all prospective investors including non-U.S. prospective investors should consult their own tax advisors about whether any distributions by the Fund may be subject to withholding.

It is recommended that future investors should inform themselves and as the case may be, take advice as to the laws and regulations (such as those related to tax and change control) applicable to them because of the subscription, redemption, holding and disposition of shares in their country of origin, the place of their residence or of their domicile.

17. Charges and expenses

*Fees paid to the Management Company, the Investment Manager, the Investment Adviser, and the distributors appointed by the Management Company*

The aggregate amount of fees charged to each sub-fund to pay the Management Company, the Investment Manager, the Investment Adviser, and the distributors appointed by the Management Company shall not exceed the below thresholds:

FAGUS MULTIMANAGER – INTERNATIONAL BOND	1.00 % p.a. of its average net assets
FAGUS MULTIMANAGER – INTERNATIONAL BALANCED FLEXIBLE	1.75 % p.a. of its average net assets
FAGUS MULTIMANAGER – INTERNATIONAL EQUITY DYNAMIC	2.00 % p.a. of its average net assets

The payment of the above-mentioned fees shall be allocated for each sub-fund on a p.a. basis of the average net assets of the relevant sub-fund in accordance with the following order of priority.

First, the Management Company will receive the below remuneration for its services out of each sub-fund. The annual minimum fee paid by the Fund to the Management Company is EUR 20,000 per sub-fund.

Sub-fund's Net Asset Value of up to EUR 50,000,000	0.10% p.a. of the average net assets of the sub-fund
Sub-fund's Net Asset Value between EUR 50,000,001 and EUR 100,000,000	0.07% p.a. of the average net assets of the sub-fund
Sub-fund's Net Asset Value exceeding EUR 100,000,000	0.05% p.a. of the average net assets of the sub-fund

After the Management Company has been paid, the Investment Manager will receive the below fee:

FAGUS MULTIMANAGER INTERNATIONAL BOND

0.100% p.a. of the average net assets with an annual minimum of EUR 20,000
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FAGUS MULTIMANAGER INTERNATIONAL BALANCED FLEXIBLE	
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Net Asset Value below EUR 30,000,000	0.450% p.a. of the average net assets
Net Asset Value between EUR 30,000,000 and EUR 60,000,000	0.375% p.a. of the average net assets
Net Asset Value exceeding EUR 60,000,001	0.300% p.a. of the average net assets

FAGUS MULTIMANAGER INTERNATIONAL EQUITY DYNAMIC	
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Net Asset Value below EUR 30,000,000	0.550% p.a. of the average net assets
Net Asset Value between EUR 30,000,000 and EUR 60,000,000	0.500% p.a. of the average net assets
Net Asset Value exceeding EUR 60,000,001	0.450% p.a. of the average net assets

After the Management Company and the Investment Manager have been paid, the Investment Adviser will receive the below fee:

FAGUS MULTIMANAGER – INTERNATIONAL BOND	0.05 % p.a. of its average net assets
FAGUS MULTIMANAGER – INTERNATIONAL BALANCED FLEXIBLE	0.25 % p.a. of its average net assets
FAGUS MULTIMANAGER – INTERNATIONAL EQUITY DYNAMIC	0.30 % p.a. of its average net assets

After the Management Company, the Investment Manager and the Investment Adviser have been paid, the remaining amount within the limit of the applicable maximum thresholds will be paid to the distributor(s) on a pro rata basis to the relevant sub-fund's net assets which were contributed through the relevant distributor (including value added tax, where applicable), as per the table below, it being understood that fees indicated into the table above are maximum fees perceived:

<b>SUBFUND</b>	<b>MAXIMUM AGGREGATE FEES (up to)</b>	<b>MANCO FEES (MINIMUM 20 000 EUROS PER SUB-FUND) (up to)</b>	<b>INVESTMENT MANAGER FEES (up to)</b>	<b>INVESTMENT ADVISER FEES (up to)</b>	<b>REMAINING AMOUNT FOR DISTRIBUTOR (up to)</b>
<b>FAGUS MULTIMANAGER – INTERNATIONAL BOND</b>	1.00% p.a. of its average net assets	0.10% p.a. of its average net assets	0.1% p.a. of its average net assets (minimum 20 000 euros)	0.05% p.a. of its average net assets	0.75% p.a. of its average net assets
		0.07% p.a. of its average net assets			0.78% p.a. of its average net assets
		0.05% p.a. of its average net assets			0.80% p.a. of its average net assets
<b>FAGUS MULTIMANAGER – INTERNATIONAL BALANCED FLEXIBLE</b>	1.75% p.a. of its average net assets	0.10% p.a. of its average net assets	0.450% p.a. of its average net assets	0.25% p.a. of its average net assets	0.95% p.a. of its average net assets
					1.025% p.a. of its average net assets
		0.07% p.a. of its average net assets	0.375% p.a. of its average net assets		1.1% p.a. of its average net assets
					0.98% p.a. of its average net assets

					1.055% p.a. of its average net assets
					1.13 p.a. of its average net assets
		0.05% p.a. of its average net assets	0.300% p.a. of its average net assets		1.00 p.a. of its average net assets
					1.075 p.a. of its average net assets
					1.15 p.a. of its average net assets
<b>FAGUS MULTIMANAGER – INTERNATIONAL EQUITY DYNAMIC</b>	2.00% p.a. of its average net assets	0.10% p.a. of its average net assets	0.550% p.a. of its average net assets	0.30% p.a. of its average net assets	1.045% p.a. of its average net assets
					1.1% p.a. of its average net assets
					1.15% p.a. of its average net assets
		0.07% p.a. of its average net assets	0.500% p.a. of its average net assets		1.075% p.a. of its average net assets
					1.13% p.a. of its average net assets

					1.18% p.a. of its average net assets
		0.05% p.a. of its average net assets	0.450%p.a. of its average net assets		1.095% p.a. of its average net assets
					1.15% p.a. of its average net assets
					1.20% p.a. of its average net assets



## *Performance fee*

The Investment Manager is entitled to receive out of the Net Asset Value of the relevant sub-fund a performance fee as determined below. Further to the Investment Advisory Agreement, the Investment Manager will pay out of its income an incentive remuneration to the Investment Adviser which cannot exceed on an annual basis 45% of the aggregate amount of the performance fee which was received by the Investment Manager out of the relevant sub-fund.

### 17.1. Fagus Multimanager International Balanced Flexible

For all classes

The Performance Fee will amount to 10% of the year end Net Asset Value per share of the relevant class that exceeds the high watermark (the “**High Watermark**”)<sup>1</sup> (otherwise no performance fee will be applied).

The Performance Fee is calculated at the level of each class which means its performance can differ from investors’ shares performance according to the date(s) of their subscription(s) within the calculation period.

The performance reference period is going through the lifetime of the sub-fund where the starting point of the calculation period (yearly (calendar year) – extended yearly until a new High-Watermark is set) is either the beginning of the calendar year or the launch date of the class.

As of each Valuation Day, an accrual of the performance fee is made where appropriate, and the performance fee is paid where applicable for each class of the sub-fund, as described below.

The performance fee will be calculated taking into account movements on the capital (adjustments are made for preventing artificial performance fee increase due to the sole increase of outstanding shares in the relevant period where the return of the class leads the Net Asset Value per share above the High Watermark) and applying the crystallization principle (the “**Crystallization**”)<sup>2</sup> so that the performance fee is calculated on the basis of the Net Asset Value per share (gross of the class distributed dividend during the applicable reference period) after deduction of all expenses, liabilities including the management fee (but excluding the performance fee) and is adjusted to take into account all subscriptions and redemptions of shares. If shares are redeemed on any day

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<sup>1</sup> **High Watermark:** Highest historical Net Asset Value per share of the relevant class as of the end of the most recent calculation period for which the performance fee was paid or payable to the Investment Manager, or if no performance fee has been paid since the inception, then the initial Net Asset Value per share of such class of the sub-fund. For information purpose, the first High-Water Mark was established in 2008. The High-Watermark may change according to the above definition.

<sup>2</sup> **Crystallization:** Any accrued positive performance fee will be crystallized when there are redemptions, the proportion of the accrued performance fee applicable to the redemption will be crystallized, i.e. become payable (or will be written off) and cannot be eroded by future underperformance. As accrued performance fees are crystallized, the cumulative accrual will adjust with the payable amount without any impact on the Net Asset Value.

before the last day of the period for which the performance fee is calculated, while provision has been made for the performance fee, the performance fees for which the provision has been made and which are attributable to the shares to be redeemed will be crystallized and paid at the end of the period even in the case where the provision for performance fees is no longer made at that day. Gains which have not been realized may be taken into account in the calculation and payment of the performance fees.

If any, the performance fee will be paid on the basis of the last Net Asset Value per share of the calendar year and effectively paid at the beginning of the following one.

The below table is an example of determination of performance fee under different scenarios:

	1	2	3	4	5
	Year end NAV before Perf Fee	HWM	Perf Fee to pay (If 1 > 2)	Theoretical Gross Payable Perf Fee = (1-2) x 10%	Year end NAV post Perf Fee = (1-4)
Calculation period 1	110.00	100.00	YES	1	109.00
Calculation period 2	112.00	109.00	YES	0.30	111.70
Calculation period 3	109.00	111.70	NO	0	109.00
Calculation period 4	111.00	111.70	NO	0	111.00
Calculation period 5	115.00	111.70	YES	0.33	114.67
Calculation period 6	116.00	114.67	YES	0.13	115.87

Figures are for illustration purposes only and are not indicative of the actual return received by the shareholders.

## 17.2. Fagus Multimanager International Equity Dynamic

For all classes

The Performance Fee will amount to 15% of the year end Net Asset Value per share of the relevant class that exceeds the high watermark (the “**High Watermark**”)<sup>3</sup> (otherwise no performance fee will be applied).

The Performance Fee is calculated at the level of each class which means its performance can differ from investors’ shares performance according to the date(s) of their subscription(s) within the calculation period.

<sup>3</sup> **High Watermark:** Highest historical Net Asset Value per share of the relevant class as of the end of the most recent calculation period for which the performance fee was paid or payable to the Investment Manager, or if no performance fee has been paid since the inception, then the initial Net Asset Value per share of such class of the sub-fund. For information purpose, the first High-Water Mark was established in 2008. The High-Watermark may change according to the above definition.

The performance reference period going through the lifetime of the fund, the start of the calculation period (yearly (calendar year) – extended yearly until a new HWM is set) is either the beginning of the calendar year or the launch date of the class.

As of each Valuation Day, an accrual of the performance fee is made where appropriate, and the performance fee is paid where applicable for each class of the sub-fund, as described below.

The performance fee will be calculated taking into account movements on the capital (adjustments are made for preventing artificial performance fee increase due to the sole increase of outstanding shares in the relevant period where the return of the class leads the Net Asset Value per share above the High Watermark) and applying the crystallization principle (the “**Crystallization**”)<sup>4</sup> so that the performance fee is calculated on the basis of the Net Asset Value per share (gross of the class distributed dividend during the applicable reference period) after deduction of all expenses, liabilities including the management fee (but excluding the performance fee) and is adjusted to take into account all subscriptions and redemptions of shares. If shares are redeemed on any day before the last day of the period for which the performance fee is calculated, while provision has been made for the performance fee, the performance fees for which the provision has been made and which are attributable to the shares to be redeemed will be crystallized and paid at the end of the period even in the case where the provision for performance fees is no longer made at that day. Gains which have not been realized may be taken into account in the calculation and payment of the performance fees.

If any, the performance fee will be paid on the basis of the last Net Asset Value per share of the calendar year and effectively paid at the beginning of the following one.

The below table is an example of determination of performance fee under different scenarios:

	1	2	3	4	5
	Year end NAV before Perf Fee	HWM	Perf Fee to pay (If 1 > 2)	Theoretical Gross Payable Perf Fee = (1-2) x 15%	Year end NAV post Perf Fee = (1-4)
<b>Calculation period 1</b>	110.00	100.00	<b>YES</b>	<b>1.50</b>	<b>108.50</b>
<b>Calculation period 2</b>	112.00	108.50	<b>YES</b>	<b>0.53</b>	<b>111.48</b>
<b>Calculation period 3</b>	109.00	111.48	<b>NO</b>	<b>0</b>	<b>109.00</b>

<sup>4</sup> **Crystallization:** Any accrued positive performance fee will be crystallized when there are redemptions, the proportion of the accrued performance fee applicable to the redemption will be crystallized, i.e. become payable (or will be written off) and cannot be eroded by future underperformance. As accrued performance fees are crystallized, the cumulative accrual will adjust with the payable amount without any impact on the Net Asset Value.

<b>Calculation period 4</b>	111.00	111.48	<b>NO</b>	<b>0</b>	<b>111.00</b>
<b>Calculation period 5</b>	115.00	111.48	<b>YES</b>	<b>0.53</b>	<b>114.47</b>
<b>Calculation period 6</b>	116.00	114.47	<b>YES</b>	<b>0.23</b>	<b>115.77</b>

Figures are for illustration purposes only and are not indicative of the actual return received by shareholders.

#### *Remuneration of the Depositary*

Fees and expenses charged by the Depositary in its functions as depositary, paying agent and domiciliary agent of the Fund are in accordance with usual market practice in Luxembourg.

The remuneration of the Depositary is based upon the monthly average assets of each sub-fund and payable at the end of each month. This remuneration is up to 0.20% per year of the net assets of the relevant sub-fund with a minimum of EUR 20,000 per year per sub-fund. The maximum transaction fee is EUR 100 per transaction.

The Depositary is also entitled to be reimbursed for its reasonable out-of-pocket expenses. Any complementary services including services which are required by legal, regulatory, tax or compliance provisions is charged separately.

#### *Remuneration of the Central Administration Agent*

Fees and expenses charged by the Central Administration Agent in its functions as administrator, registrar and transfer agent of the Fund are in accordance with usual market practice in Luxembourg.

The remuneration for central administration services other than the determination of the Net Asset Value and the maintenance of the register of shares is based upon the average monthly assets of each sub-fund and payable at the end of each month. It is up to 0.10% per year of net assets of each sub-fund with a minimum of EUR 13,500 per year. IN addition, the remuneration for the calculation of the Net Asset Value and the maintenance of the register of shares is set for each sub-fund at an annual amount of up to EUR 10,000. The maximum transaction fee is EUR 100 per transaction.

The Central Administration Agent is also entitled to be reimbursed for its reasonable out-of-pocket expenses. Any complementary services including services which are required by legal, regulatory, tax or compliance provisions is charged separately.

#### *Formation expenses*

The Fund shall bear all expenses connected with its establishment, including the preparation and printing costs of the prospectus and the KIDs, the notarial fees, all registration fees with administrative authorities, printing costs of certificates and any other costs incurred in connection with its establishment and its operation.

The fees and charges related to the launching of any new sub-fund will be supported by the relevant sub-fund and will be amortised over a period not exceeding the first five years.

#### *Operating and Administrative Expenses*

The Fund bears all ordinary operating costs and expenses incurred in the operation of the Fund and any of its sub-funds (the “**Operating and Administrative Expenses**”) including but not limited to costs and expenses incurred in connection with:

- taxes, charges and duties payable to governments and local authorities (including, but not limited to, the Luxembourg annual subscription tax (*taxe d'abonnement*) and any value added tax (VAT) or similar tax associated with any fees and expenses paid by the Fund,
- professional advisory services (such as legal, tax, accounting, compliance, auditing and other advisory services) taken by the Fund or the Management Company on behalf of the Fund,
- initial and ongoing obligations relating to the registration and/or listing of the Fund, a sub-fund or class of shares and the distribution of shares in Luxembourg and abroad (such as fees charged by and expenses payable to financial regulators, correspondent banks, representatives, listing agent, paying agent and other agents and/or service providers appointed in this context, as well as advisory, legal and translation costs),
- preparing, producing, printing, depositing, publishing and/or distributing any documents relating to the Fund, a sub-fund or class of shares that are required by applicable laws and regulations (such as the Articles, this prospectus, KIDs, addenda, annual reports and semi-annual reports and notices to the Fund’s shareholders) or any other documents and materials made available to investors (such as explanatory memoranda, registration statements, reports, global note if any, factsheets and similar documents),
- organising and holding general meetings of shareholders and preparing, printing, publishing and/or distributing notices and other communications to shareholders,
- the authorisation of the Fund, the sub-funds and classes of shares, regulatory compliance obligations and reporting requirements of the Fund (such as administrative fees, filing fees, insurance costs and other types of fees and expenses incurred in the course of regulatory compliance), and all types of insurance obtained on behalf of the Fund and/or the members of the Board of Directors,
- all reasonable out-of-pocket expenses of the directors, costs of extraordinary measures carried out in the interests of shareholders (in particular, but not limited to, arranging expert opinions and dealing with

legal proceedings) and all other operating expenses, including fees payable to trustees, fiduciaries, and any other agents employed by the Fund,

- buying and selling assets, customary transaction fees, commissions and compliance fees charged by custodian banks or their agents (including free payments and receipts and any reasonable out-of-pocket expenses, i.e. stamp taxes, registration costs, scrip fees, special transportation costs, etc.), customary brokerage fees and commissions charged by banks and brokers for securities transactions and similar transactions, class of shares hedging fees, middle office fees, index fees, in case of guaranteed or structured sub-funds, fees charged by a guarantor or derivative counterparty, interest and postage, telephone, facsimile, telex charges and all the costs related to securities lending transactions (agency fees and transactions costs), and
- the reorganisation or liquidation of the Fund, a sub-fund or class of shares.

The allocation of costs and expenses to be borne by the Fund will be made pro rata to the net assets of each sub-fund. Any charges and expenses which are not attributable to a specific sub-fund will be equally charged across the sub-funds unless the Board of Directors decides to charge them on a pro rata basis in accordance with Section 11.

#### 18. General meetings of shareholders

The annual general meeting of shareholders shall be held every year at the registered office of the Fund, or at any other place in Luxembourg as provided in the convening notice, within six months of the end of the financial year.

If all the shares are in registered form the convening notice for any general meeting may be communicated by registered letters only at least eight (8) days before the meeting to any shareholder at his address entered in the register of shareholders, in that case the publication formalities required by the applicable law shall not apply.

Notices shall indicate time and place of the general meeting and the conditions governing the admission, the agenda and the requirements of Luxembourg Law relating to the required quorum and majority.

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

#### 19. Liquidation of the Fund

The liquidation of the Fund shall be proceeded in accordance with the requirements provided by the Law.

If the corporate capital of the Fund is below two thirds of the minimum capital, the directors shall submit the decision to dissolve the Fund to the general meeting deliberating without quorum requirement and deciding at the simple majority of shares represented at the meeting.

If the corporate capital of the Fund is below the quarter of the minimum capital, the directors shall submit the decision to dissolve the Fund to the general meeting deliberating without attendance requirement; the dissolution shall be decided by shareholders holding one quarter of the shares represented at the meeting.

Notice shall be made in order to hold the meeting within 40 days from the determination date that net asset value has fallen below respectively two third or a quarter of the minimum capital. Moreover, the Fund may be dissolved, by resolution of a general meeting pursuant to the relevant provisions of the Articles. Requests for subscription, redemption and conversion shall be processed until publication of the convening notice of the general meeting to decide the dissolution of the Fund.

Resolutions of the general meeting or of the court resolving the dissolution and the liquidation of the Fund will be published in the RESA and in two newspapers of more general circulation, with at least one being a Luxembourg newspaper. These publications are made at the request of the liquidator(s).

In the event of any dissolution of the Fund, the liquidation shall be effected by one or several liquidators appointed according to the Articles and the Law. The net liquidation proceeds shall be distributed by the liquidator(s) to the shareholders in proportion to the number of their shares. Any amounts not claimed by shareholders at the closing of liquidation will be deposited with the *Caisse des Consignations* of Luxembourg. Amounts not claimed before the end of the period of thirty years (30) will be forfeited.

## 20. Liquidation and merger of sub-funds

The Board of Directors of the Fund may decide the close of one or several sub-fund(s) if, on one hand, important changes in the economic or political situation render, to the opinion of the Board of Directors of the Fund, the decision necessary, and, on the other hand, in case where the net asset value of a sub-fund would be below the equivalent of EUR 1,000,000.- during a period of minimum six months.

Unless otherwise decided by the Board of Directors of the Fund, the Fund shall, as far as the decision of liquidation is not implemented, carry on the redemption of shares of the sub-fund regarding which the liquidation has been decided. For such redemptions, the Fund shall use the net asset value calculated in a way to take into account the liquidation costs, but without deduction of a redemption fee or any other charges. Establishment costs have to be fully amortized as soon as the decision of liquidation is made. The net liquidation proceeds shall be distributed to the shareholders in proportion to the number of their shares. Any amount not claimed at the closing of liquidation of the sub-fund(s) by the shareholders or the persons entitled to their right, will be deposited with the depositary bank during a period not exceeding six months from this date. After expiration of the six months' period, any outstanding amount will be

deposited with the *Caisse de Consignations* in Luxembourg.

The Board of Directors may also decide to dissolve one or several sub-fund(s) by contribution to one or several other sub-fund(s) of the Fund or to one or several sub-fund(s) of another UCI governed by part I of the Law, in case of important changes in the political or economic situation that influence the management of one or several sub-fund(s) or in case the net assets are not sufficient or do not allow to carry out an adequate management and such merger will be realized in accordance with chapter 8 of the Law.

Decisions of the Board of Directors relating to the above will be published in the same manner as financial notices.

## 21. Information and disclosures to shareholders of the Fund

### 21.1. Publication of the Net Asset Value

The Net Asset Value of each sub-fund, the issue and redemption price are provided to the public, as of each Valuation Day, at the registered office of the Fund as well as by the Central Administration Agent.

The Net Asset Value is available on <https://www.purecapital.eu/>.

### 21.2. Information and consent notices

Information and consent notices are addressed to the shareholders as listed in the register of shares.

### 21.3. Fiscal year and reporting to shareholders

The fiscal year shall start on 1 January and shall end on 31 December of each year.

The Fund publishes annually a detailed report on its business and the management of its assets including the consolidated balance and profit and loss accounts expressed in EUR, the detailed composition of assets of each sub-fund and the report of the Auditor.

Moreover, the Fund publishes at the end of each semester a report including, among other, the composition of the portfolios of the sub-funds.

### 21.4. Auditor

Mazars Luxembourg (the “**Auditor**”) has been appointed as the statutory auditor (*réviseur d'entreprises agréé*) and shall fulfil the duties required under the Law.

### 21.5. Documents available to investors

The following documents may be inspected free of charge during usual business hours on any Luxembourg bank business day (Saturday and public holidays excluded) at the registered office the Fund:



- the Articles;
- the Management Company Agreement;
- the Depositary Agreement;
- the Central Administration Agreement;
- the Investment Management Agreement;
- the Investment Advisory Agreement;
- the agreement concluded with the Distributor;
- the historical performances of the sub-funds as published in the latest KIDs.

Copies of the prospectus and KIDs, the Articles and of the latest annual and semi-annual reports of the Fund may be obtained without cost of the same address.

21.6. Disclosure under Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector, as amended (“**SFDR**”)

As per article 2(22) of SFDR, sustainability risks are any environmental, social or governance events or conditions that, if it occurs, could cause an actual or a potential material negative impact on the value of a sub-fund’s investment (the “**Sustainability Risks**”).

While certain Sustainability Risks are considered in the investment decision making process by the Management Company and the Investment Manager in accordance with article 6.1 of SFDR, no sustainability-related characteristics are promoted for the relevant sub-fund in the meaning of article 8 of SFDR and none of the sub-funds has currently sustainability as its investment objective in the meaning of article 9 of SFDR.

While considering certain Sustainability Risks, the Management Company and the Investment Manager are not restricted by investing in securities from issuers regardless of the potential impact from Sustainability Risks. The Management Company and the Investment Manager consider that applying binding restrictions or promoting sustainability characteristics in the investment process will reduce the investment universe and may thus exclude certain securities which may offer attractive risk adjusted return opportunities.

Information on the integration of the Sustainability Risks in the investment decision process is available on [www.sicavfagus.com](http://www.sicavfagus.com).

The investments underlying this financial product do not take into account the EU criteria for environmentally sustainability economic activities.

22. Data Protection

The Fund together with the Central Administration Agent, the Depositary and the Management Company, may store on computer systems and process, by electronic or other means, personal data (i.e. any information relating to an identified or identifiable natural person, hereafter, the “**Personal Data**”) concerning the shareholders and their representative(s) (including, without limitation, legal representatives and authorised signatories), employees, directors, officers, trustees, settlors, their shareholders, and/or unitholders for, nominees and/or ultimate beneficial owner(s) (as applicable) (the “**Data Subjects**”).

Personal Data provided or collected in connection with an investment in the Fund will be processed by the Fund, as data controller (the “**Controller**”) and by the Management Company, the Depositary, the Central Administration Agent, the Distributor and its appointed sub-distributors if any, the auditor, legal and financial advisers and other potential service providers of the Fund (including its information technology providers, cloud service providers and external processing centres) and, any of the foregoing respective agents, delegates, affiliates, subcontractors and/or their successors and assigns, acting as processor on behalf of the Fund (the “**Processors**”). In certain circumstances, the Processors may also process Personal Data of Data Subjects as controller, in particular for compliance with their legal obligations in accordance with laws and regulations applicable to them (such as anti-money laundering identification) and/or order of any competent jurisdiction, court, governmental, supervisory or regulatory bodies, including tax authorities.

Controller and Processors will process Personal Data in accordance with Directive 95/46/EC of the European Parliament and of the Council of 24 October 1995 on the protection of individuals with regard to the processing of personal data and on the free movement of such data (the “**Data Protection Directive**”) as transposed in applicable local laws applicable to them and, when applicable, the Regulation (EU) 2016/679 of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (the “**General Data Protection Regulation**”, as well as any law or regulation relating to the protection of personal data applicable to them (together the “**Data Protection Law**”).

Further information relating to the processing of Personal Data of Data Subjects may be provided or made available, on an ongoing basis, through additional documentation and/or, through any other communications channels, including electronic communication means, such as electronic mail, internet/intranet websites, portals or platform, as deemed appropriate to allow the Controller and/or Processors to comply with their obligations of information according to Data Protection Law.

Personal Data may include, without limitation, the name, address, telephone number, business contact information, employment and job history, financial and credit history information, current and historic investments, investment preferences and invested amount, KYC information of Data Subjects and any other Personal Data that is necessary to Controller and Processors for the purposes described below. Personal Data is collected directly from Data Subjects by the Processors or through publicly accessible sources, social media, subscription services, Worldcheck database, sanction lists, centralised investor database, public registers or other publicly accessible sources.

Personal Data of Data Subjects will be processed by the Controller and Processors for

the purposes of (i) offering investment in shares and performing the related services as contemplated under this prospectus, the Depositary agreement and the Central Administration Agreement, including, but not limited to, the opening of your account with the Fund, the management and administration of your shares and any related account on an on-going basis and the operation of the Fund's investment in sub-funds, including processing subscriptions and redemptions, conversion, transfer and additional subscription request, the administration and payment of distribution fees (if any), payments to shareholders, updating and maintaining records and fee calculation, maintaining the register of shareholders, providing financial and other information to the shareholders, (ii) developing and processing the business relationship with the Processors and optimizing their internal business organisation and operations, including the management of risk, and, (iii) other related services rendered by any service provider of the Controller and/or Processors in connection with the holding of shares in the Fund (hereafter the "**Purposes**").

Personal Data will also be processed by the Controller and Processors to comply with legal or regulatory obligations applicable to them and to pursue their legitimate interests or to carry out any other form of cooperation with, or reporting to, public authorities including, but not limited to, legal obligations under applicable fund and company law, prevention of terrorism financing law, anti-money laundering law, prevention and detection of crime, tax law (such as reporting to the tax authorities under FATCA and CRS Law to prevent tax evasion and fraud) (as applicable), and to prevent fraud, bribery, corruption and the provision of financial and other services to persons subject to economic or trade sanctions on an on-going basis in accordance with the anti-money laundering procedures of the Controller and Processors, as well as to retain AML and other records of the Data Subjects for the purpose of screening by the Controller and Processors, including in relation to other funds or clients of the Management Company and the Central Administration Agent (hereafter the "**Compliance Obligations**").

Telephone conversations and electronic communications made to and received from the Management Company / or the Central Administration Agent may be recorded by the Fund acting as controllers and / or by the Management Company / or the Central Administration Agent, acting as processor on behalf of the Controller where necessary for the performance of a task carried out in the public interest or where appropriate to pursue the Controller's legitimate interests, including (i) for record keeping as proof of a transaction or related communication in the event of a disagreement, (ii) for processing and verification of instructions, (iii) for investigation and fraud prevention purposes, (iv) to enforce or defend the Controller's and Processors' interests or rights in compliance with any legal obligation to which they are subject and (v) for quality, business analysis, training and related purposes to improve the Controller and Processors relationship with the shareholders in general. Such recordings will be processed in accordance with Data Protection Law and shall not be released to third parties, except in cases where the Controller and/or Processors are compelled or entitled by laws or regulations applicable to them or court order to do so. Such recordings may be produced in court or other legal proceedings and permitted as evidence with the same value as a written document and will be retained for a period of ten (10) years starting from the date of the recording. The absence of recordings may not in any way be used against the Controller and Processors.

Controller and Processors will collect, use, store, retain, transfer and/or otherwise

process Personal Data: (i) as a result of the subscription or request for subscription of the shareholders to invest in the Fund where necessary to perform the investment services or to take steps at the request of the shareholders prior to such subscription, including as a result of the holding of shares in general and/or; (ii) where necessary to comply with a legal or regulatory obligation of the Controller or Processors and/or; (iii) where necessary for the performance of a task carried out in the public interest and/or; (iv) where necessary for the purposes of the legitimate interests pursued by Controller or and by the Processors, which mainly consist in the performance of the investment and administrative services, including where the subscription agreement is not entered into directly by the shareholders or, or, in complying with the Compliance Obligations and/or any order of a foreign court, government, supervisory, regulatory or tax authority, including when providing such investment services to any beneficial owner and any person holding shares directly or indirectly in the Fund.

Personal Data will only be disclosed to and/or transferred to and/or otherwise accessed by the Processors, and/or any target entities, sub-funds and/or other funds and/or their related entities (including without limitation their respective general partner and/or management company and/or central administration agent / investment manager / service providers) in or through which the Fund intends to invest, as well as any court, governmental, supervisory or regulatory bodies, including tax authorities in Luxembourg or in various jurisdictions, in particular those jurisdictions where (i) the Fund is or is seeking to be registered for public or limited offering of its shares, (ii) the shareholders are resident, domiciled or citizens or (iii) the Fund is, or is seeking to, be registered, licensed or otherwise authorised to invest for carrying out the Purposes and to comply with the Compliance Obligations (i.e. the “**Authorised Recipients**”). The Authorised Recipients may act as processor on behalf of Controller or, in certain circumstances, as controller for pursuing their own purposes, in particular for performing their services or for compliance with their legal obligations in accordance with laws and regulations applicable to them and/or order of court, government, supervisory or regulatory body, including tax authority.

Controller undertakes not to transfer Personal Data to any third party other than the Authorised Recipients, except as disclosed to shareholders from time to time or if required by applicable laws and regulations applicable to it or, by any order from a court, governmental, supervisory or regulatory body, including tax authorities.

By investing in shares in the Fund, the shareholders acknowledge and accept that Personal Data of Data Subjects may be processed for the Purposes and Compliance Obligations described above and in particular, that the transfer and disclosure of such Personal Data may take place to the Authorised Recipients, including the Processors, which may be located outside of the European Union, in countries which are not subject to an adequacy decision of the European Commission and which legislation does not ensure an adequate level of protection ensure an adequate level of protection as regards the processing of personal data. Controller will only transfer Personal Data of Data Subjects for performing the Purposes or for complying with the Compliance Obligations.

Controllers will transfer Personal Data of the Data Subjects to the Authorised Recipients located outside of the European Union (i) on the basis of an adequacy decision of the European Commission with respect to the protection of personal data or, (ii) in the event it is required by any judgment of a court or tribunal or any decision

of an administrative authority, Personal Data of Data Subjects will be transferred on the basis of an international agreement entered into between the European Union or a concerned member state and other jurisdictions worldwide or, (iii) where necessary for the Processors to perform their services rendered in connection with the Purposes which are in the interest of the Data Subjects or, (iv) where necessary for the establishment, exercise or defence of legal claims or, or, (v) where necessary for the purposes of compelling legitimate interests pursued by the Controller, to the extent permitted by Data Protection Law or (vi) where specifically agreed on between the Data Controller and/or Data Processor and/or Data Subject.

Insofar as Personal Data provided by the shareholders include Personal Data concerning other Data Subjects, the shareholders represent that they have authority to provide such Personal Data of other Data Subjects to the Controller[s]. If the shareholders are not natural persons, they must undertake to (i) inform any such other Data Subject about the processing of their Personal Data and their related rights as described under this prospectus, in accordance with the information requirements under the Data Protection Law and (ii) where necessary and appropriate, obtain in advance any consent that may be required for the processing of the Personal Data of other Data Subjects as described under this prospectus in accordance with the requirement of Data Protection Law.

Answering questions and requests with respect to the Data Subjects' identification and shares held in the Fund, FATCA and/or CRS is mandatory. The Fund and the Central Administration Agent reserves the right to reject any application for shares if the prospective investor does not provide the requested information and/or documentation and/or has not itself complied with the applicable requirements. The shareholders acknowledge and accept that failure to provide relevant Personal Data requested by the Fund, the Central Administration Agent in the course of their relationship with the Fund may prevent them from acquiring or maintaining their shares in the Fund and may be reported by the Fund, the Central Administration Agent to the relevant Luxembourg authorities. In addition, failure to provide the requested Personal Data could lead to penalties which may affect the value of the shareholders' shares.

The shareholders acknowledge and accept that the Fund and the Central Administration Agent will report any relevant information in relation to their investments in the Fund to the Luxembourg tax authorities (*Administration des contributions directes*) which will exchange this information on an automatic basis with the competent authorities in the United States or other permitted jurisdictions as agreed in FATCA and CRS, at OECD and European levels or equivalent Luxembourg legislation.

Each Data Subject may request, in the manner and subject to the limitations prescribed in accordance with Data Protection Law, (i) access to, rectification, or deletion of, any incorrect Personal Data concerning him, (ii) a restriction of processing of Personal Data concerning him and, (iii) to receive Personal Data concerning him in a structured, commonly used and machine readable format or to transmit those Personal Data to another controller and, (iv) to obtain a copy of, or access to, the appropriate or suitable safeguards, such as standard contractual clauses, binding corporate rules, an approved code of conduct, or an approved certification mechanism, which have been implemented for transferring the Personal Data outside of the European Union. Data Subjects may at any time object, on request, to the processing of Personal Data concerning them for marketing purposes or for any other processing carried out based

on the legitimate interests of Controller or Processors. Each Data Subject should address such requests to the Fund via post mail or via e-mail.

The shareholders are entitled to address any claim relating to the processing of their Personal Data carried out by Controller in relation with the performance of the Purposes or compliance with the Compliance Obligations to the relevant data protection supervisory authority (i.e., in Luxembourg, the *Commission Nationale pour la Protection des Données*).

The Controller and Processors processing Personal Data on behalf of the Controller will accept no liability with respect to any unauthorised third-party receiving knowledge and/or having access to Personal Data, except in the event of proved negligence or wilful misconduct of the Controller or such Processors.

Personal Data of Data Subjects is held until shareholders cease to have shares in the Fund and a subsequent period of 10 years thereafter where necessary to comply with laws and regulations applicable to them or to establish, exercise or defend actual or potential legal claims, subject to the applicable statutes of limitation, unless a longer period is required by laws and regulations applicable to them. In any case, Personal Data of Data Subjects will not be held for longer than necessary with regard to the Purposes and Compliance Obligations contemplated in this prospectus, subject always to applicable legal minimum retention periods.

## APPENDIX I – Eligible investments and investment restrictions

### A. Eligible investments

The investments of each sub-fund shall consist exclusively of:

- a) transferable securities and money market instruments admitted to or dealt in on a regulated market;
- b) transferable securities and money market instruments dealt in on another market in a Member State of the EU which is regulated, operates regularly, recognized and is open to the public;
- c) transferable securities and money market instruments admitted to an official listing on a stock exchange in a non-Member State of the European Union, or dealt in another market of a non-Member State of the EU which is regulated, operates regularly, is recognized and open to the public: namely a stock exchange or another regulated market of all countries of America, Europe, Africa, Asia and Oceania;
- d) newly issued transferable securities and money market instruments, provided that:
  - the conditions of issue include the commitment to an application for official listing on a stock exchange or on another market, which is regulated, operates regularly, recognized and open to the public, namely a stock exchange or another market which is regulated in all countries of America, Europe, Africa, Asia, Oceania has been lodged;
  - the application is obtained no later than the end of a one-year period since issue;
- e) units of UCITS authorised according to Directive 2009/65/EC and/or other UCIs within the meaning of article 1, paragraph (2), points a) and b) of Directive 2009/65/EC, whether situated in a Member State of the EU or not, provided that:
  - such other UCIs are authorized under laws providing that they are subject to supervision considered by the CSSF to be equivalent to that laid down in Community law and that cooperation between authorities is sufficiently ensured;
  - the level of secured protection for unitholders in such other UCIs is equivalent to that prescribed for the unitholders in a UCITS and, in particular, that the rules relating to assets segregation, borrowing, lending, uncovered sales of transferable securities and money market instruments are equivalent to the requirements of Directive 2009/65/EC;
  - the business of such other UCIs is reported in half-yearly and annual reports to enable an assessment of the assets and liabilities, income and operations over the reporting period;
  - no more than 10% of the UCITS or of such other UCIs, whose acquisition is contemplated, according to their constitutional documents, can in aggregate be invested in units of other UCITS or other UCIs;
- f) deposits with credit institutions which are repayable on demand or having the right to be withdrawn and having a date of maturity no more than 12 months, provided that the credit institution has its registered office in a Member State of the European Union or, if the

registered office is situated in a non-Member State, provided that it is subject to the prudential rules considered by the CSSF as equivalent to those laid down in Community law;

- g) financial derivative instruments including equivalent cash-settled instruments, dealt in on a regulated market referred to in Sections (a), (b) and (c) above, and/or financial derivative instruments dealt in over-the-counter (“**OTC derivatives**”), provided that:
- the underlying consists of instruments covered by Sections a) to f) above, foreign exchange rates or currencies in which each sub-fund may invest according to its investment objectives;
  - the counterparties to OTC derivative transactions are institutions subject to prudential supervision and belonging to the categories approved by the CSSF, and;
  - the OTC derivative instruments are subject to reliable and verifiable valuation on a daily basis and can be sold, liquidated or closed by an offsetting transaction at any time at their fair value at the UCITS’ initiative;
- h) money market instruments other than dealt in on a regulated market if the issue or the issuer of such instruments are themselves regulated for the purpose of protecting investors and savings, and provided that such instruments are:
- issued or guaranteed by a central, regional or local authority, by a central bank of a Member State of the EU, by the European Central Bank, by the EU, or by the European Investment Bank, by a non-EU Member State or, in case of a Federal State, by one of the members making up the federation, or by a public international body to which one or more EU Member States belong,
  - issued by a company the securities of which are dealt in on regulated markets referred to in Sections a), b) or c) above, or
  - issued or guaranteed by an institution subject to a prudential supervision in accordance with the criteria defined by EU law, or by an institution which is subject to and complies with prudential rules considered by the CSSF to be at least as stringent as those laid down by EU law, or
  - issued by other bodies belonging to the categories approved by the CSSF provided that investments in such instruments are subject to investor protection equivalent to that laid down in the first, the second or the third indent and provided that the issuer is a company whose capital and reserves amount to at least ten million Euro (10,000,000.- EUR) and which presents and publishes its annual accounts in accordance with the fourth Directive 78/660/EEC, is an entity which, within a group of companies which includes one or several listed companies, is dedicated to the financing of the group or is an entity which is dedicated to the financing of securitisation vehicles which benefit from a banking liquidity line.

## **B. Investment restrictions**



**1)** The Fund may invest no more than 10% of the net assets of each sub-fund in transferable securities and money market instruments other than those referred to the present Appendix under point A.

**2)** The Fund may only acquire movable and immovable property which is essential for the direct pursuit of its business.

**3)** The Fund may acquire neither precious metals nor certificates representing them.

**4)** Each sub-fund may hold, ancillary, liquid assets.

**5)**

**a)** The Fund may invest no more than 10% of the net assets of each sub-fund in transferable securities and money market instruments of the same issuer. A sub-fund may invest no more than 20% of its assets in deposits made with the same entity. The risk exposure to a counterparty of the Fund in OTC derivative transaction may not exceed 10% of its assets when the counterparty is a credit institution referred to in the present Appendix under point A f) above, or 5% of its assets in other cases.

**b)** Moreover, in addition to the limit referred to above in item 5 a), the total value of the transferable securities and money market instruments held by the sub-fund in the issuing bodies in each of which this sub-fund invests more than 5% of its net assets may not exceed 40% of the value of its net assets. This limit does not apply to deposits made with financial institutions subject to prudential supervision and OTC derivative transactions with these institutions.

Notwithstanding the individual limits referred to in the above Section 5 a), a sub-fund may not combine:

- investments in transferable securities or money market instruments issued by a single entity,
- deposits made with a single entity, and/or
- exposures arising from OTC derivative transactions made with a single entity, in excess of 20% of its net assets.

**c)** The limit of 10% laid down in the first sentence of Section 5) a) may be of a maximum of 35% when the transferable securities or the money market instruments are issued or guaranteed by an EU Member State, by its regional or local authorities or by a non-EU Member State or by a public international body of which one or more EU Member State are members.

**d)** The limit of the 10% referred to in the first sentence of Section 5) a) may be of a maximum of 25% for certain bonds when they are issued by a credit institution having its registered office in an EU Member State and subject to, by law, special public supervision designated to protect bondholders. In particular, sums deriving from the issue of these bonds must be invested in conformity with the law in assets which, during the whole period of validity of the bonds, are capable of covering claims attaching to the bonds and which, in case of bankruptcy of the issuer, would be used on a priority basis for the repayment of principal and payment of the accrued interest.

When the Fund invests more than 5% of the net assets of each sub-fund in the bonds referred to in the first paragraph of the present Section d) issued by the same issuer, the total value of such investments may not exceed 80% of the value of the net assets of each sub-fund.

e) The transferable securities and the money market instruments referred to in Sections c) and d) above are not included in the calculation of the limit of 40% referred to in the Section b) above.

The limits referred to in Sections a), b), c) and d) above may not be combined and, consequently, the investments in transferable securities and in money market instruments issued by the same issuer, in deposits or derivative instruments made with this body in accordance with Sections a), b), c) and d) above may not exceed a total of 35% of the net assets of each sub-fund.

Companies which are regrouped for the purposes of consolidated accounts, as defined in accordance with Directive 83/349/ EEC or in accordance with recognised international accounting rules, are regarded as a single body for the purpose of calculating the limits contained in the present Section 5).

Each sub-fund may invest cumulatively up to 20% of its net assets in transferable securities and money market instruments within the same group.

**ACCORDING TO ARTICLE 44 OF THE LAW, THE SUB-FUNDS ARE AUTHORIZED TO INVEST NO MORE THAN 20% OF THEIR NET ASSETS IN SHARES AND/OR IN BONDS ISSUED BY THE SAME ENTITY, WHEN THE INVESTMENT POLICY OF THESE SUB-FUNDS SHALL REPLICATE THE COMPOSITION OF A CERTAIN STOCK OR BOND INDEX THAT IS RECOGNIZED BY THE CSSF, ON THE FOLLOWING BASIS:**

- **THE COMPOSITION OF THE INDEX IS SUFFICIENTLY DIVERSIFIED,**
- **THE INDEX IS A REPRESENTATIVE STANDARD OF THE MARKET FOR WHICH IT REFERS TO,**
- **IT IS SUBJECT TO AN APPROPRIATE PUBLICATION.**
- **THIS LIMIT OF 20% MAY BE RAISED TO 35% FOR ONE ISSUER IN CASE OF EXCEPTIONAL CONDITIONS ON REGULATED MARKETS WHERE CERTAIN TRANSFERABLE SECURITIES OR CERTAIN MONEY MARKET INSTRUMENTS ARE HIGHLY DOMINANT.**
- **MOREOVER, ACCORDING TO ARTICLE 45 OF THE LAW, THE FUND IS AUTHORIZED TO INVEST UP TO 100% OF THE NET ASSETS OF EACH SUB-FUND IN TRANSFERABLE SECURITIES AND MONEY MARKET INSTRUMENTS ISSUED OR GUARANTEED BY A MEMBER STATE OF THE EUROPEAN UNION, BY ITS LOCAL OR REGIONAL AUTHORITIES, BY A MEMBER OF THE OECD (ORGANISATION FOR ECONOMIC CO-OPERATION AND DEVELOPMENT) OR BY A PUBLIC INTERNATIONAL BODY OF WHICH ONE OR SEVERAL MEMBER STATES OF THE EUROPEAN UNION ARE MEMBERS, PROVIDED THAT EACH SUB-FUND HOLDS SECURITIES FROM AT LEAST SIX DIFFERENT ISSUES AND**

**THAT THE SECURITIES FROM ANYONE ISSUE MAY NOT ACCOUNT FORMORE THAN 30% OF THE TOTAL NET ASSET VALUE OF THE CONCERNED SUB-FUND.**

**6)**

**a)** The Fund may acquire units of UCITS and/or other UCIs referred to in the above the present Appendix under point B c), provided that each sub-fund invest no more than 20% of its net assets in the same UCITS or other UCI.

For the purpose of the application of such investment limit, each sub-fund of a UCI with multiple compartments is to be considered a separate issuer provided that the principle of segregation of the obligations of the various compartments vis-à-vis third parties is ensured.

**b)** Investments made in units of UCIs other than UCITS may not, in aggregate, exceed 30% of the net assets of a sub-fund.

When the Fund invests in units of UCITS and/or other UCIs, the assets of these UCITS or other UCIs do not have to be combined for the purposes of the limits referred to in the above Section 5).

**c)** When the Fund invests in a UCITS and/or other UCIs linked to the Fund, in the framework of a common management or control or by a substantial direct or indirect participation, no subscription or redemption fees may be charged to the Fund on account of such investments.

Within respect to investments by a sub-fund which invests a substantial part of its assets in other UCITS and/or other UCIs, the maximum level of management fees (excluding the performance fees) that may be charged to each sub-fund of the Fund and to the UCITS and/or other UCIs in which it invests, may not exceed more than 6% of the net assets of each sub-fund.

The Fund shall indicate in its annual report the maximum percentage of management fees charged both at the level of each sub-fund itself and at the level of the UCITS and/or other UCIs in which it invests during the relevant fiscal year.

**7)**

**a)** The Fund may not acquire shares carrying voting right which would enable it to exercise significant influence over the management of an issuer;

**b)** Moreover, the Fund may acquire no more than:

- 10% of non-voting shares of the same issuer;
- 10% of debt securities of the same issuer;
- 25% of units of the same UCITS and/or other UCIs;
- 10% of money market instruments issued by the same issuer.

The limits laid down in the second, third, fourth indents may be disregarded at the time of acquisition if at that time the gross amount of bonds or the money market instruments or the net amount of instruments in issue cannot be calculated.

**c)** Sections (a) and (b) are not applicable regarding:

- transferable securities and money market instruments issued or guaranteed by an EU Member State or by its regional or local authorities;
- transferable securities and money market instruments issued or guaranteed by a non-EU Member State;
- transferable securities and money market instruments issued by public international bodies of which one or more EU Member States are members;
- shares held by the Fund in the capital of a company incorporated in a non-EU Member State which invests mainly its assets in the securities of issuers which are nationals of this non-EU Member State, where under the legislation of that State, such participation is for the Fund the only way in which the Fund can invest in the securities of the issuers of that State. This derogation shall apply, however, provided that the investment policy of the company of the non-EU Member State complies with the limits laid down in this prospectus;
- shares held by the Fund in the capital of subsidiaries which, exclusively on its behalf carry on the business of management, advice or marketing in the country in which the subsidiary is situated with respect to the redemption of shares at the request of shareholders.

**8)** The Fund does not have to comply with:

**a)** the previous limits in case of exercise of subscription rights related to transferable securities or money market instruments which form part of their assets;

**b)** Sections 5) and 6) during the six-month period following the date of its authorization provided that the Fund ensures the observance of the risk spreading principle.

**c)** the investment limits referred to in Sections 5), 6) and 7) shall apply at the time of the purchase of transferable securities or money market instruments; if the limits referred to in the present paragraph are exceeded for reasons beyond the control of the Fund or as a result of the exercise of subscription rights, the Fund must adopt as a priority objective in its sale transactions the remedying of that situation, taking into consideration the interests of the shareholders.

**d)** to the extent an issuer is a legal entity with multiple compartments where the assets of a compartment are exclusively reserved to investors in such compartment and to those creditors whose claim has arisen in connection with the incorporation, operation or liquidation of that compartment, each compartment is to be considered as a separate issuer for the purpose of the application of the risk-spreading rules set out in the above Sections 5) and 6).

**9)** The Fund may not borrow for any of the sub-funds, except for:

*a)* acquisition of currencies by means of a back-to-back loan;

*b)* borrowings up to 10% of the net assets of a sub-fund provided that the borrowing is on a temporary basis;

*c)* borrowings up to 10% of the net assets of a sub-fund provided that the borrowings shall allow to acquire immovable property essential for the direct pursuit of its business; in this case, the borrowing and those referred to the indent b) of the present Section c) may not, in any case, exceed a total of 15% of the net assets of a sub-fund of the Fund.

*10)* The Fund shall not grant loans to, or act as guarantor for, third party. This restriction does not prevent that the Fund acquire transferable securities, money market instruments or other financial instruments referred to in the present Appendix under point A f) e), g) and h), which are not fully paid.

*11)* The Fund shall not carry out uncovered sales of transferable securities, money market instruments, or other financial instruments referred to in the present Appendix under point A e), g) and h).

*12)* Determination of the global exposure

In accordance with CSSF circular 11/512, the Management Company must calculate the sub-fund's global exposure at least once per day. The limits on global exposure must be complied with on an ongoing basis.

The Management Company has the responsibility to select an appropriate methodology to calculate the global exposure.

Risk measurement methodology is set in accordance with the risk profile of the relevant sub-fund.

Sub-funds are classified after a self-assessment of their risk profiles resulting from their investments policy including their inherent derivative investment strategy that determines two risk measurements methodologies:

*a)* The Value-at-Risk (“**VaR**”) approach to calculate global exposure where:

- The sub-fund engages in complex investment strategies which represent more than a negligible part of the sub-funds' investment policy;
- The sub-fund has more than a negligible exposure to exotic financial derivative instruments; or
- The commitment approach doesn't adequately capture the market risk of the portfolio.

*b)* The commitment approach methodology to calculate the global exposure should be used in all other cases.

Each sub-fund may, in the framework of its investment policy and within the limits referred to in the above Section 5 e), invest in financial derivative instruments provided that the exposure of the underlying assets does not exceed in aggregate the investment limits referred to in the above Section 5.

Where a sub-fund invests in index-based financial derivative instruments, these investments are not necessarily combined to the limits referred to in the above Section 5.

Where a transferable security or a money market instrument embeds a derivative instrument, this latter must be taken into account when complying with the requirements of this Section 12.

## APPENDIX II - Financial Techniques and Instruments

### 1. No undertaking of SFT Transactions

The Fund will not enter transactions falling within the scope of Regulation (EU) 2015/2365 of the European Parliament and of the Council of 25 November 2015 on transparency of securities financing transactions and of reuse and amending Regulation (EU) No 648/2012 as amended from time to time (the “SFTR”).

It results that the Fund will not undertake securities and commodities lending, securities and commodities borrowing, repurchase/reverse repurchase transactions, total return swaps, buy-sell back/sell-buy back transactions and margin lending (the “SFT Transactions”).

In case the Fund would decide to undertake SFT Transactions, the prospectus will be updated accordingly.

### 2. Use of derivative instruments

The use of derivative instruments is subject to the compliance with the below requirements and limits.

The Fund may carry out transactions relating to derivative instruments either for the purpose of efficient management of the portfolio or for the purpose of risk hedging or for another purpose, as specified in the investment policy applicable to the relevant sub-fund. In no case, these transactions shall lead a sub-fund to divert from its investment objectives.

The use of derivative instruments may increase (by an increase of the exposure) and reduce (by a decrease of the exposure) the volatility of the Fund.

The Fund may use forward financial instruments dealt on regulated markets or over-the-counter markets. The Fund may also conclude transactions on futures, options as well as swaps.

#### *a) Limits*

Investments in derivative instruments may be carried out provided the global risk relating to the financial instruments does not exceed the total net assets of a sub-fund.

The sub-fund’s total commitment to financial derivative instruments, limited to 100 % of the portfolio’s total net value, is quantified as the sum, as an absolute value, of the individual commitments, after possible netting and hedging arrangements. The global risk relating to financial instruments is represented by the commitment, i.e. the result of switch of positions on financial instruments into equivalent positions on the underlying assets according to their respective sensitivity, as the case may be.

Short and long positions on the same underlying asset or on assets having an important historical correlation, may be set off.

When a transferable security or a money market instrument embeds a derivative product, the latter must be taken into account when complying with the provisions of the present Appendix II.

When a sub-fund has recourse to derivative instruments based on an index, such investments are not combined with limits set forth in Appendix I.

***b) Special limits relating to credit derivatives***

The Fund may carry out transactions on credit derivatives, provided they fulfil the following conditions:

- The transaction is made with first class counterparties specialised in this type of transaction,
- The underlying assets comply with the investment objectives and policy of the sub-fund,
- The credit derivatives may be liquidated at any time at their valuation value,
- Its valuation must be periodically reliable and verifiable, and
- The entering in the transaction is for hedging purposes or for another purpose. If the credit derivatives are concluded for another purpose than hedging, the following requirements must be fulfilled:
  - credit derivatives must be used in the exclusive interest of investors by assuming an interesting return balanced against risks of the relevant sub-fund and in accordance with the investment objectives,
  - investment restrictions in Appendix I shall apply to the issuer of the credit default swap and to the risk toward the final debtor of the credit derivative (underlying), except if the credit derivative is based on an index,
  - the sub-funds must ensure an appropriate and permanent covering of the commitments relating to credit default swaps to be able at any time to meet the redemption requests from investors.

Claimed strategies relating to credit derivatives are notably the following (which may, as appropriate, be combined):

- to invest quickly the newly subscribed amounts in an UCI in the credit market via the sale of credit derivatives,
- in case of positive anticipation on the evolution of spreads, to take a credit exposure (global or targeted) thanks to the sale of credit derivatives,
- in case of negative anticipation on the evolution of spreads, to protect or take actions (globally or targeted) by the purchase of credit derivatives.

***c) Special limits relating to equity swaps and index swaps***

The Fund may conclude equity swaps and swaps on market index, in accordance with the investment restrictions in Appendix I:

- with first class counterparties specialised in this type of transaction,



- where underlying assets comply with the investment objectives and policy of the sub-fund,
- they may be liquidated at any time at their valuation value,
- whose valuation must be periodically reliable and verifiable,
- for hedging purposes or not.

***d) Conclusion of “Contracts for Difference” (“CFD”)***

Each sub-fund may enter CFD. A CFD is an agreement between two parties for the exchange, at the end of the contract, of the difference between the open price and the closed price of the contract, multiplied by the number of units of the underlying assets specified in the contract. These differences in the settlements are therefore made by payment in cash more than by physical delivery of underlying assets.

When these CFD transactions are carried out for a different purpose than the one of risk hedging, the risk exposure relating to these transactions, together with the global risk relating to other derivative instruments shall not, at any time, exceed the net asset value of the concerned sub-fund.

Particularly, the CFD on transferable securities, on financial index or on swaps shall be used strictly in accordance with the investment policy followed by each sub-fund. Each sub-fund shall ensure an adequate and permanent coverage of its commitments related to CFDs in order to face the redemption requests of shareholders.

***e) Intervention on currency markets***

Each sub-fund may enter transactions on derivatives on currencies (such as forward exchange, options, futures and swaps) for hedging purpose or intended to take exchange risks within its investment policy without however diverting from its investment objectives.

**2. Efficient portfolio management techniques (EPM)**

***a) Sale with right of repurchase transactions / Reverse repurchase and Repurchase agreement transactions***

Each sub-fund may, acting as buyer, agree to purchase securities with a repurchase option (consisting of the purchase of securities with a clause reserving for the seller the right to repurchase the securities sold from the sub-fund at a price and time agreed between the two parties at the time when the contract is entered into) or, acting as seller, agree to sell securities with a repurchase option (consisting of the sale of securities with a clause reserving for the sub-fund the right to repurchase the securities from the purchaser at a price and at a time agreed between the two parties at the time when the contract is entered into) ; each sub-fund may also enter into reverse repurchase agreement transactions (which consist of a forward transaction at the maturity of which the seller -counterparty - has the obligation to repurchase the asset sold and the sub-fund the obligation to return the asset received under the transaction) and into repurchase agreement transactions (which consist of a forward transaction at the maturity of which the sub-fund has the obligation to repurchase the asset sold and the buyer - the counterparty - the obligation to return the asset received under the transaction).

The involvement of each sub-fund in such transactions is however subject to the regulations set forth in CSSF circular 08/356, CSSF circular 14/592 and ESMA Guidelines 2014/937 concerning the rules applicable to undertakings for collective investment when they use certain techniques and instruments relating to transferable securities and money market instruments, as amended from time to time.

Consequently, each sub-fund must comply with the following rules:

It may enter into these transactions only if the counterparties to these transactions are subject to prudential supervision rules considered by the CSSF as equivalent to those prescribed by EU law.

During the duration of a purchase with a repurchase option agreement or of a reverse repurchase agreement, it may not sell or pledge/give as security the securities which are the subject of the contract, before the counterparty has exercised its option or until the deadline for the repurchase has expired, unless it has other means of coverage.

It must ensure that it is able, at all times, to meet its redemption obligations towards its shareholders.

Securities that are the subject of purchase with a repurchase option transaction or of reverse repurchase agreements are limited to:

- short term bank certificates or money market instruments such as defined within Directive 2007/16/EC of 19 March 2007 implementing Council Directive 85/611/EEC on the coordination of laws, regulations and administrative provisions relating to certain UCITS as regards the clarification of certain definitions;
- bonds issued or guaranteed by a Member State of the OECD or by their local public authorities or by supranational institutions and undertakings with EU, regional or world-wide scope;
- shares or units issued by money market UCIs calculating a daily net asset value and being assigned a rating of AAA or its equivalent;
- bonds issued by non-governmental issuers offering an adequate liquidity;
- shares quoted or negotiated on a regulated market of an EU Member State or on a stock exchange of a Member State of the OECD, on the condition that these shares are included in a main index.

The securities purchased with a repurchase option or through a reverse repurchase agreement transaction must be in accordance with the sub-fund investment policy and must, together with the other securities that it holds in its portfolio, globally comply with its investment restrictions.

#### ***b) Common provisions to EMT***

All revenues arising from EMT, net of any direct or indirect operating costs shall be returned to the sub-fund and will form part of the Net Asset Value of the sub-fund.

The Fund's annual report will contain information on income from efficient portfolio-management techniques and OTC for the sub-funds' entire reporting period, together with

details of the sub-funds' direct (e.g. transaction fees for securities, etc.) and indirect (e.g. general costs incurred for legal advice) operational costs and fees, insofar as they are associated with the management of the corresponding sub-fund.

The Fund's annual report will provide details on the identity of companies associated with the Fund or its Depositary, provided they receive direct and indirect operational costs and fees.

All income arising from the use of techniques and instruments for efficient portfolio management and OTC, less direct and indirect operational costs, profit to the Fund in order to be reinvested in line with the Fund's investment policy and consequently will positively impact on the performance of the sub-fund. The counterparties to the agreements on the use of techniques and instruments for efficient portfolio management and OTC will be selected according to the Fund's principles for executing orders for financial instruments (the "best execution policy"). The costs and fees to be paid to the respective counterparty or other third party will be negotiated according to market practice.

In principle, the counterparties are not affiliated companies of the Fund or companies belonging to the promoter's group.

The Fund must proceed on a daily basis to the valuation of the guarantee received.

### **3. Management of collateral for OTC financial derivatives transactions and EMT**

As security for any EMT and OTC financial derivatives transactions, the relevant sub-fund will obtain the following type of collateral covering at least the market value of the financial instruments object of EMT and OTC financial derivatives transactions.

As security for any EMT and OTC financial derivatives transactions, the relevant sub-fund will obtain the following type of collateral covering at least the market value of the financial instruments object of EMT and OTC financial derivatives transactions:

- (a) Liquid assets: only primary currencies are accepted;  
Minimum haircut 2%
- (b) Bonds issued or guaranteed by a Member State;  
Minimum haircut 2%
- (c) Shares or units issued by money market UCIs;  
Minimum haircut 2%
- (d) Shares or units issued by UCITS investing mainly in bonds;  
Minimum haircut 3%
- (e) Bonds issued or guaranteed by first class issuers offering adequate liquidity;  
Minimum haircut 2,5%

- (f) Shares admitted to or dealt in on a regulated market of a Member State of the OECD;

Minimum haircut 5%

The Fund has implemented a haircut policy in respect of each collateral received in respect of each relevant sub-fund. Such policy takes account of the characteristics of the relevant asset class, including the credit standing of the issuer of the collateral, the price volatility of the collateral and the results of any stress tests which may be performed. The haircuts above mentioned are required to cover any decrease of the market value of the assets included in the guarantee, depending on the degree of risk that such decrease occurs.

Collateral received must at all times meet with the following criteria:

- a) Liquidity: Collateral must be sufficiently liquid in order that it can be sold quickly at a robust price that is close to its pre-sale valuation.
- b) Valuation: Collateral must be capable of being valued on at least a daily basis and must be marked to market daily.
- c) Issuer credit quality: The Fund will ordinarily only accept very high quality collateral.
- d) Correlation – the collateral will be issued by an entity that is independent from the counterparty and is expected not to display a high correlation with the performance of the counterparty.
- e) Collateral diversification (asset concentration) –collateral should be sufficiently diversified in terms of country, markets and issuers. The criterion of sufficient diversification with respect to issuer concentration is considered to be respected if a sub-fund receives from a counterparty of EMT and OTC financial derivative transactions a basket of collateral with a maximum exposure to a given issuer of 20% of its net asset value. When a sub-fund is exposed to different counterparties, the different baskets of collateral will be aggregated to calculate the 20% limit of exposure to a single issuer.
- f) Safe-keeping: Collateral must be transferred to the Depositary or its agent.
- g) Enforceable: Collateral must be immediately available to the Fund without recourse to the counterparty, in the event of a default by that entity.
- h) Non-Cash collateral
  - cannot be sold, pledged or re-invested;
  - must be issued by an entity independent of the counterparty; and
  - must be diversified to avoid concentration risk in one issue, sector or country.
- i) Cash Collateral can only be:
  - placed on deposit with entities prescribed in Article 41(f) of the Law;
  - invested in high-quality government bonds;

- used for the purpose of reverse repurchase transactions provided the transactions are with credit institutions subject to prudential supervision and the Fund is able to recall at any time the full amount of cash on accrued basis;
- invested in short-term money market funds as defined in the Regulation (EU) 2017/1131 of the European Parliament and of the Council of 14 June 2017 on money market funds.

Each sub-fund may reinvest cash which it receives as collateral in connection with the use of techniques and instruments for efficient portfolio management, pursuant to the provisions of the applicable laws and regulations, including CSSF Circular 14/592.

Re-invested cash collateral will expose the sub-fund to certain risks such as the risk of a failure or default of the issuer of the relevant security in which the cash collateral has been invested.

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

Each sub-fund must make sure that it is able to claim its rights on the guarantee in case of the occurrence of an event requiring the execution thereof. Therefore, the guarantee must be available at all times, either directly or through the intermediary of a first class financial institution or a wholly-owned subsidiary of this institution, in such a manner that the sub-fund is able to appropriate or realize the assets given as guarantee, without delay, if the counterparty does not comply with its obligation to return the securities.

During the duration of the agreement, the guarantee cannot be sold or given as a security or pledged.

The Fund, when receiving collateral for at least 30% of the assets of a sub-fund, must have an appropriate stress testing policy in place to ensure regular stress tests are carried out under normal and exceptional liquidity conditions to enable the Fund to assess the liquidity risk attached to the collateral. The liquidity stress testing policy should at least prescribe the following:

- a) design of stress test scenario analysis including calibration, certification and sensitivity analysis;
- b) empirical approach to impact assessment, including back-testing of liquidity risk estimates;
- c) reporting frequency and limit/loss tolerance threshold(s); and
- d) mitigation actions to reduce loss including haircut policy and gap risk protection.

The annual reports of the Fund will notably mention the following information:

If the collateral received from an issuer has exceeded 20% of the net asset value of a sub-fund, and/or;

If a sub-fund has been fully collateralised in securities issued or guaranteed by an EU Member State.

## **APPENDIX III – Risk management and risk factors**

### **Risk management**

The Management Company shall employ for the Fund a risk management process which enables it to monitor and measure at any time the risk of the positions and their contribution to the overall risk profile of the portfolio and it shall employ a process for accurate and independent assessment of the value of OTC derivative instruments, and must communicate to the CSSF regularly and in accordance with the detailed rules the latter shall define, the types of derivatives instruments, the underlying risks, the quantitative limits and the methods which are chosen in order to estimate the risks associated with transactions in derivative instruments.

The Management Company uses the commitment approach as method to calculate the global exposure of each sub-fund.

The commitment approach is the methodology that aggregates the underlying market or notional values of financial derivative instruments to determine the degree of global exposure of each sub-fund to financial derivative instruments.

Pursuant to the Law, the global exposure for each sub-fund under the commitment approach must not exceed 100% of that sub-fund's net asset value.

### **Risk factors**

The description of the risk factors in this Appendix III are not exhaustive. Any sub-fund may be exposed to risk factors which are not described herein.

#### ***1. General risk factors***

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

#### ***2. Exchange rate risks***

A sub-fund may hold assets denominated in currencies that differ from its reference currency, and may be affected by exchange rate fluctuations between the reference currency and the other currencies and by changes in exchange rate controls. If the currency in which a security is denominated appreciates in relation to the reference currency of the sub-fund, the exchange value of the security in the reference currency will appreciate; conversely, a depreciation of the denomination currency will lead to depreciation in the exchange value of the security.

Where the Investment Manager is willing to hedge the currency exchange risk of a transaction, there is no guarantee that such operation will be completely effective.

### *3. Interest rate risks*

The value of fixed income securities held by the sub-funds generally will vary inversely with changes in interest rates and such variation may affect Share prices accordingly. Interest rates may be influenced by several elements or events, such as monetary policy, the discount rate and the inflation.

### *4. Credit risks*

Credit risk involves the risk that an issuer of a bond (or similar money-market instruments) held by a sub-fund may default on its obligations to pay interest and repay principal and the sub-fund will not recover its investment.

### *5. Risks related to equity securities*

The value of a sub-fund that invests in equity securities will be affected by changes in the stock markets and changes in the value of individual portfolio securities. At times, stock markets and individual securities can be volatile and prices can change substantially in short periods of time. The equity securities of smaller companies are more sensitive to these changes than those of larger companies. This risk will affect the value of such sub-funds, which will fluctuate as the value of the underlying equity securities fluctuates.

### *6. Risks related to contingent convertible bonds*

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

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

- Trigger risk level: each instrument has its own characteristics. The level of conversion risk may vary, for example depending on the distance between the issuer's Tier 1 ratio and a threshold defined in the terms of issue. The occurrence of the contingent event may result in a conversion into shares or even a temporary or definitive writing off of all or part of the debt.
- Conversion risk: the behaviour of this instrument in the event of conversion may be unpredictable. The Investment Managers may be required to sell its securities in the event of a conversion into shares in order to comply with the Sub-Fund's investment policy.

- Coupon cancellation: with certain type of CoCo bonds, the payments of coupons are entirely discretionary and may be cancelled by the issuer at any point, for any reason, and for any length of time.
- Capital structure inversion risk: contrary to classic capital hierarchy, CoCo bonds investors may suffer a loss of capital when equity holders do not. This is particularly the case when the trigger threshold is set at a high level.
- Call extension risk: certain type of CoCo bonds are issued as perpetual instruments, callable at pre-determined levels only with the approval of the competent authority. It cannot be assumed that investors will be able to recover their capital on the optional reimbursement dates provided for in the terms of issue.
- Yield/Valuation risk: Yield has been a primary reason this asset class has attracted strong demand but It may not be the only criterion guiding the valuation and the investment decision. It should be viewed as a complexity premium.
- Liquidity risk: as with the high yield bond market, the liquidity of CoCo bonds may be affected significantly in the event of a period of turmoil in the markets.
- Risk of concentration in a single industry: to the extent that CoCo bonds are issued by a single category of issuer, adverse events in the industry could affect investments in this type of instrument in a global manner.

#### ***7. Risks related to investments in other UCI***

The value of an investment represented by a UCI in which the Fund invests, may be affected by fluctuations in the currency of the country where such UCI invests, or by foreign exchange rules, the application of the various tax laws of the relevant countries, including withholding taxes, government changes or variations of the monetary and economic policy of the relevant countries. Furthermore, it is to be noted that the Net Asset Value per Share will fluctuate mainly in light of the net asset value of the targeted UCIs.

There shall be duplication of management fees and other operating fund related expenses, each time the Fund invests in other UCIs. The maximum proportion of management fees charged both to the Fund itself and to the UCIs in which the Fund invests shall be disclosed in the annual report of the Fund.

#### ***8. Emerging market risks***

Potential investors should note that investments in emerging markets carry risks additional to those inherent in other investments. In particular, potential investors should note that investment in any emerging market carries a higher risk than investment in a developed market; emerging markets may afford a lower level of legal protection to investors; some countries may place controls on foreign ownership; and some countries may apply accounting standards and auditing practices which do not necessarily conform with internationally accepted accounting principles.

#### ***9. Risks related to the use of options, futures, contract for differences and swaps***



Each of the sub-funds may use options, futures and swap contracts and enter into forward foreign exchange transactions. The ability to use these strategies may be limited by market conditions and regulatory limits and there can be no assurance that the objective sought to be attained from the use of these strategies will be achieved. Participation in the options or futures markets, in contract for differences, in swap contracts and in foreign exchange transactions involves investment risks and transaction costs to which the sub-funds would not be subject if they did not use these strategies. If the Fund's predictions of movements in the direction of the securities, foreign currency and interest rate markets are inaccurate, the adverse consequences to a sub-fund may leave the sub-fund in a favourable position than if such strategies were not used.

Risks inherent in the use of options, foreign currency, swaps, contract for differences and futures contracts and options on futures contracts include, but are not limited to (a) dependence on the Fund's ability to predict correctly movements in the direction of interest rates, securities prices and currency markets; (b) imperfect correlation between the price of options and futures contracts and options thereon and movements in the prices of the securities or currencies being hedged; (c) the fact that skills needed to use these strategies are different from those needed to select portfolio securities; (d) the possible absence of a liquid secondary market for any particular instrument at any time; and (e) the possible inability of a sub-fund to purchase or sell a portfolio security at a time that otherwise would be favourable for it to do so, or the possible need for a sub-fund to sell a portfolio security at a disadvantageous time.

Where a sub-fund enters into swap transactions and contract for differences transactions it is exposed to a potential counterparty risk. In case of insolvency or default of the swap counterparty or the contract for differences counterparty, such event would affect the assets of the sub-fund.

#### ***10. Credit Default Swaps (CDS) transactions***

The purchase of credit default swap protection allows the sub-fund, on payment of a premium, to protect itself against the risk of default by an issuer. In the event of default by an issuer, settlement can be effected in cash or in kind. In the case of a cash settlement, the buyer of the CDS protection receives from the seller of the CDS protection the difference between the nominal value and the attainable redemption amount. Where settlement is made in kind, the buyer of the CDS protection receives the full nominal value from the seller of the CDS protection and in exchange delivers to him the security which is the subject of the default, or an exchange shall be made from a basket of securities. The detailed composition of the basket of securities shall be determined at the time the CDS contract is concluded. The events which constitute a default and the terms of delivery of bonds and debt certificates shall be defined in the CDS contract. The sub-fund can if necessary sell the CDS protection or restore the credit risk by purchasing call options.

Upon the sale of credit default swap protection, the sub-fund incurs a credit risk comparable to the purchase of a bond issued by the same issuer at the same nominal value. In either case, the risk in the event of issuer default is in the amount of the difference between the nominal value and the attainable redemption amount.

Besides the general counterparty risk, upon the concluding of credit default swap transactions there is also in particular a risk of the counterparty being unable to establish one of the payment obligations which it must fulfil. The sub-fund will ensure that the counterparties involved in

these transactions are selected carefully and the risk associated with the counterparty is limited and closely monitored.

### ***11. Counterparty risks***

With OTC derivatives there is a risk that a counterparty will not be able to fulfil its obligations and/or that a contract will be cancelled, e.g. due to bankruptcy, subsequent illegality or a change in the tax or accounting regulations since the conclusion of the OTC derivative contract. In order to determine the counterparty risk relating to OTC financial derivative instruments, the Company will normally apply the method described in CSSF circular 11/512.

### ***12. Liquidity risks***

Despite the heavy volume of trading in securities, the markets for some securities have limited liquidity and depth. This is particularly the case for developing markets which, while generally growing in volume, have, for the most part, substantially less volume than more developed markets, and securities of many companies are less liquid and their prices more volatile than securities of comparable companies in more sizable markets. This lack of depth could be a disadvantage to the concerned sub-fund of the Fund, both in the realization of the prices which are quoted and in the execution of orders at desired prices.

### ***13. Risks related to the investments in warrants***

With regard to investment in warrants investors should note that the leverage effect of investment in warrants and the volatility of warrant prices make the risk attached to the investment in warrants higher than in the case with investment in equities.

### ***14. Sustainability Risks***

Sustainability Risks are environmental (such as climate change, biodiversity, greenhouse gas emissions, energy management, waste production, ecological impact, etc.), social (such as respect of human rights, diversity and inclusion, employee health and safety, etc.) or governance (such as business ethics, management of legal and regulatory environment, risk management, etc.) events or conditions that, if they occur, could cause an actual or a potential material negative impact on the value of the investment.

Although primarily factors other than sustainability-related factors are taken into account in the investment decision process, the sub-funds remain however exposed to a broad range of Sustainability Risks that, if occur, can have a negative impact on the investments. Considering however the diversification of the sub-funds, the Management Company deems that no single Sustainability Risks have to be considered as material.

Many economic segments and industries where a relevant sub-fund may invest or be otherwise exposed to may be subject to Sustainability Risks. Factors driving sustainability risks include changes in law, regulations, industry standards, consumer preference and influence from media, social groups, and non-governmental organisations.

The occurrence of Sustainability Risks may have a material impact on the operations, the financial and the business model of an issuer of securities which have been directly or indirectly acquired by one of the sub-funds. The value and/or the income of such a security may decrease which will ultimately have an adverse impact on the performance of the sub-funds.

### *15. Risks related to investments in the People's Republic of China ("PRC")*

Investing in the PRC is subject to the risks of investing in emerging markets and additional risks, which are specific to the PRC market.

The economy of the PRC is in a state of transition from a planned economy to a more market oriented economy and investments may be sensitive to changes in law and regulation together with political, social or economic policy which includes possible government intervention.

In extreme circumstances, the sub-funds may incur losses due to limited investment capabilities, or may not be able to fully implement or pursue its investment objectives or strategy, due to local investment restrictions, illiquidity of the Chinese domestic securities market, and/or delay or disruption in execution and settlement of trades.

The Shanghai-Hong Kong Stock Connect program is a securities trading and clearing linked program developed by Hong Kong Exchanges and Clearing Limited ("**HKEx**"), the Hong Kong Securities Clearing Company Limited ("**HKSCC**"), Shanghai Stock Exchange ("**SSE**") and China Securities Depository and Clearing Corporation Limited ("**ChinaClear**") with an aim to achieve mutual stock market access between mainland China and Hong Kong. This program will allow foreign investors to trade certain SSE listed China A-Shares through their Hong Kong based brokers.

The sub-funds seeking to invest in the domestic securities markets of the PRC may use the Shanghai-Hong Kong Stock Connect and, thus, are subject to the following additional risks:

- **General risks:** The relevant regulations are untested and subject to change. There is no certainty as to how they will be applied which could adversely affect the sub-funds. The program requires use of new information technology systems, which may be subject to operational risk due to its cross-border nature. If the relevant systems fail to function properly, trading in both Hong Kong and Shanghai markets through the program could be disrupted.
- **Clearing and settlement risks:** The HKSCC and ChinaClear have established the clearing links and each will become a participant of each other to facilitate clearing and settlement of cross-boundary trades. For cross-boundary trades initiated in a market, the clearing house of that market will on one hand clear and settle with its own clearing participants, and on the other hand undertake to fulfil the clearing and settlement obligations of its clearing participants with the counterparty clearing house.
- **Legal/beneficial ownership risks:** Where securities are held in custody on a cross-border basis, there are specific legal/beneficial ownership risks linked to compulsory requirements of the local central securities depositories, HKSCC and ChinaClear.

As in other emerging and less developed markets, the legislative framework is only beginning to develop the concept of legal/formal ownership and of beneficial ownership or interest in securities. In addition, HKSCC, as nominee holder, does not guarantee the title to Shanghai-Hong Kong Stock Connect securities held through it and is under no obligation to enforce title or other rights associated with ownership on behalf of beneficial owners. Consequently, the courts may consider that any nominee or depository bank as registered holder of Shanghai-

Hong Kong Stock Connect securities would have full ownership thereof, and that those Shanghai-Hong Kong Stock Connect securities would form part of the pool of assets of such entity available for distribution to creditors of such entities and/or that a beneficial owner may have no rights whatsoever in respect thereof. Consequently, the Sub-funds and the depository cannot ensure that the Sub-funds ownership of these securities or title thereto is assured.

To the extent that HKSCC is deemed to be performing safekeeping functions with respect to assets held through it, it should be noted that the depository and the Sub-funds will have no legal relationship with HKSCC and no direct legal recourse against HKSCC in the event that the Sub-funds suffer losses resulting from the performance or insolvency of HKSCC.

In the event ChinaClear defaults, HKSCC's liabilities under its market contracts with clearing participants will be limited to assisting clearing participants with claims. HKSCC will act in good faith to seek recovery of the outstanding stocks and monies from ChinaClear through available legal channels or the liquidation of ChinaClear. In this event, the Sub-funds may not fully recover their losses or their Shanghai-Hong Kong Stock Connect securities and the process of recovery could also be delayed.

- Operational risks: The HKSCC provides clearing, settlement, nominee functions and other related services of the trades executed by Hong Kong market participants. PRC regulations, which include certain restrictions on selling and buying will apply to all market participants. In the case of sale, some operating models could require pre-delivery of shares to the broker, increasing counterparty risk. Because of such requirements, the Sub-funds may not be able to purchase and/or dispose of holdings of China A-Shares in a timely manner.
- Quota limitation risks: The program is subject to quota limitations, which may restrict the sub-funds ability to invest in China A-Shares through the program on a timely basis.
- Investor compensation risk: The sub-fund will not benefit from local investor compensation schemes. Shanghai-Hong Kong Stock Connect will only operate on days when both the PRC and Hong Kong markets are open for trading and when banks in both markets are open on the corresponding settlement days. There may be occasions when it is a normal trading day for the PRC market but the Sub-funds cannot carry out any China A-Shares trading. The Sub-funds may be subject to risks of price fluctuations in China A-Shares during the time when Shanghai-Hong Kong Stock Connect is not trading as a result.
- Currency Risk: Investing in products/shares denominated in Renminbi- the Chinese currency ("RMB") involves currency risk. Fluctuation in the exchange rate of RMB may result in losses in the event that the customer subsequently converts RMB into another currency. Exchange controls imposed by the relevant authorities may also adversely affect the applicable exchange rate. RMB is currently not freely convertible and conversion of RMB may be subject to certain policy, regulatory requirements and/or restrictions (which are subject to changes from time to time without notice).

The actual conversion arrangement will depend on the policy, regulatory requirements and/or restrictions prevailing at the relevant time.

CNH is the offshore RMB, accessible outside the PRC and traded primarily in Hong Kong. CNY is the Chinese onshore RMB accessible within the PRC. Investments through Stock Connect are quoted in CNY (onshore RMB) whereas the settlement currency is CNH (offshore RMB). The convertibility from CNH (offshore RMB) to CNY (onshore RMB) is a managed currency process subject to foreign exchange control policies of and repatriation restrictions. The conversion rate between CNH (offshore RMB) and CNY (Onshore RMB) is currently 1 (one) but there is no guarantee that this rate remains unchanged. Any potential conversion costs would be supported by the investors. It is possible that the availability of CNH (offshore RMB) to meet redemption payments immediately may be reduced and such payments may be delayed.

The list above refers to the most frequently encountered risks and is not an exhaustive list of all the potential risks.

All these risks are correctly identified and monitored according to CSSF's circular 11/512 and 14/592 and ESMA Guidelines 2014/937. The use of efficient portfolio management techniques will not result in a change to the investment policy of a sub-fund and should not add substantial supplementary risk to the original risk policy of the relevant sub-fund.

### ***16. Legal and regulatory risks***

The Fund must comply with various legal requirements, including securities laws and tax laws as imposed by the jurisdictions under which it operates. Should any of those laws change over the life of the Fund, the legal requirements, and permissions to which the Fund and its investors may be subject could differ materially from the current situation.

There has been enhanced oversight and regulation of the financial industry following the financial crisis, and the need for significant additional rulemaking by various governmental bodies, has created uncertainty in the financial markets. Many of the regulations to which the Fund is expected to be subject locally and globally, including governmental agencies and self-regulatory organisations, are empowered to conduct investigations and administrative proceedings that can result in fines, suspensions of personnel or other sanctions, including censorship, the issuance of cease-and-desist orders or the suspension or expulsion of applicable licences and members.

There is also a material risk that regulatory agencies will continue to adopt burdensome new laws or regulations or change existing laws or regulations, or enhance the interpretation or enforcement of existing laws and regulations, as the global economy continues to struggle to improve. Any such events or changes could occur during the Fund's existence and may adversely affect the Fund and any of its sub-funds and its ability to operate and/or pursue the investment strategies. Such risks are often difficult or impossible to predict, avoid or mitigate in advance.

### ***17. Tax risks***

Investors should be aware that they may be required to pay income tax, withholding tax, capital gains tax, wealth tax, stamp taxes or any other kind of tax on distributions or deemed distributions of a sub-fund, capital gains within a sub-fund, whether or not realized, income received or accrued or deemed received within a sub-fund etc., and this will be according to the laws and practices of the country where the shares are purchased, sold, held or redeemed and in the country of residence or nationality of the investors.

Investors should be aware of the fact that they might have to pay taxes on income or deemed income received by or accrued within a sub-fund. Taxes might be calculated based on income received and/or deemed to be received and/or accrued in a sub-fund in relation to their direct investments, whereas the performance of a sub-fund, and subsequently the return investors receive after redemption of the shares, might partially or fully depend on the performance of underlying assets. This can have the effect that the investor has to pay taxes for income or/and a performance which he does not, or does not fully, receive.

Investors who are in any doubt as to their tax position should consult their own independent tax advisers. In addition, investors should be aware that tax regulations and their application or interpretation by the relevant taxation authorities' change from time to time. Accordingly, it is not possible to predict the precise tax treatment, which will apply at any given time.

### ***18. Political risks***

The performance of the shares or the possibility to purchase, sell, or redeem may be affected by changes in general economic conditions and uncertainties such as political developments, changes in government policies, the imposition of restrictions on the transfer of capital and changes in regulatory requirements.

### ***19. Cyber security risks***

The Fund and its service providers, all using digital systems for the provision of their services, are susceptible to operational and information security risks and related risks of cyber security incidents. In general, cyber incidents can result from deliberate attacks or unintentional events. Cyber security attacks may include, but are not limited to, gaining unauthorised access to digital systems (e.g., through "hacking" or malicious software coding) for purposes of misappropriating assets or sensitive information, corrupting data or causing operational disruption. Cyber security attacks also may be carried out in a manner that does not require gaining unauthorised access, such as causing denial-of-service attacks on websites (i.e., efforts to make services unavailable to intended users).

Cyber security incidents affecting the Fund's service providers and their delegates have the ability to cause disruptions and impact business operations, potentially resulting in financial losses, including by interference with the ability to calculate Net Asset Value; impediments to trading for investments; the inability of the Investors to transact business with the Fund; violations of applicable privacy, data security or other laws; regulatory fines and penalties; reputational damage; reimbursement or other compensation or remediation costs; legal fees; or additional compliance costs.

Similar adverse consequences could result from cyber security incidents affecting issuers of securities in which the sub-funds invests, counterparties with which the Fund engages in transactions, governmental and other regulatory authorities, exchange and other financial market operators, banks, brokers, dealers, insurance companies and other financial institutions and other parties.

While information risk management systems and business continuity plans have been developed which are designed to reduce the risks associated with cyber security, there are inherent limitations in any cyber security risk management systems or business continuity plans, including the possibility that certain risks have not been identified.

## ***20. Risks related to epidemic/pandemic or natural disasters***

Any occurrence of force majeure events, natural disasters, or outbreak of epidemics or pandemics, such as the 2019 novel coronavirus (COVID-19), SARS, H5N1 and H7N9 avian flu, H1N1 swine flu, Ebola, depending on their scale, may cause material disruptions to business operations of the Company and its service providers, which may in turn cause delays for instance in distributions to investors.

These events could also have a material effect on general economic conditions and market liquidity, which may in turn adversely affect the financial performance of any of the sub-funds and its assets.