

# **ALATUS UCITS**

**SOCIETE D'INVESTISSEMENT A CAPITAL VARIABLE**

**PROSPECTUS**

**DECEMBER 2022**

## IMPORTANT INFORMATION

### General

Alatus UCITS (the **Company**) is registered in the Grand Duchy of Luxembourg as an undertaking for collective investment pursuant to Part I of the act of 17 December 2010 relating to undertakings for collective investment, as amended (the **2010 Act**) and qualifies as an undertaking for collective investments in transferable securities (**UCITS**) under the EC Directive 2009/65 of 13 July 2009 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (UCITS), and may therefore be offered for sale in European Union (**EU**) Member States (subject to applicable notification process). The Company is structured as an umbrella fund to provide both institutional and retail investors with a variety of sub-funds (the **Sub-funds**, each a **Sub-fund**).

The registration of the Company does not require any Luxembourg authority to approve or disapprove either the adequacy or accuracy of this Prospectus or the assets held in the various Sub-funds.

### Definitions

Unless the context otherwise requires, or as otherwise provided in this Prospectus, capitalised words and expressions will bear the respective meanings ascribed thereto in Schedule 5.

### Stock Exchange Listing

Application may be made to list certain Classes of the Shares on the Luxembourg Stock Exchange and any other stock exchange, regulated market or other multilateral trading facility as determined by the board of directors of the Company (the **Board**).

The approval of any listing particulars pursuant to the listing requirements of the relevant stock exchange, regulated market or multilateral trading facility does not constitute a warranty or representation by such stock exchange, regulated market or multilateral trading facility as to the competence of the service providers or as to the adequacy of information contained in the listing particulars or the suitability of the Shares for investment or for any other purpose.

### Reliance

Shares in the Company are offered solely on the basis of the information and the representations contained in the current Prospectus accompanied by the KIID(s), the latest annual report and semi-annual report, if published after the latest annual report, as well as the documents mentioned herein which may be inspected by the public at the offices of the Company and Administrative Agent. The annual report and the semi-annual report form an integral part of the Prospectus. All Shareholders are entitled to the benefit of, are bound by and are deemed to have notice of, the provisions of the Prospectus and the Articles.

In addition to the General Section, investors must refer to the relevant Special Section(s) attached at the end of the Prospectus. Each Special Section sets out the specific objectives, policy and other features of the relevant Sub-fund to which the Special Section relates as well as risk factors and other information specific to the relevant Sub-fund.

No person has been authorised to issue any advertisement or to give any information, or to make any representations in connection with the offering, placing, subscription, sale, conversion or redemption of Shares other than those contained in this Prospectus and the KIID(s) and, if issued, given or made, such advertisement, information or representations must not be relied upon as

having been authorised by the Company. Neither the delivery of this Prospectus or of the KIID(s) nor the offer, placement, subscription or issue of any of the Shares will under any circumstances create any implication or constitute a representation that the information given in this Prospectus and in the KIID(s) is correct as of any time subsequent to the date hereof.

### **Responsibility for the Prospectus**

The members of the Board, whose names appear under the Section "General Information", accept joint responsibility for the information and statements contained in this Prospectus and in the KIID issued for each Sub-fund. They have taken all reasonable care to ensure that the information contained in this Prospectus and in the KIID(s) is, to the best of their knowledge and belief, true and accurate in all material respects and that there are no other material facts the omission of which makes misleading any statement herein, whether of fact or opinion at the date indicated on this Prospectus.

### **Umbrella structure and Sub-funds**

Investors may, subject to applicable law, invest in any Sub-fund offered by the Company. Investors should choose the Sub-fund that best suits their specific risk and return expectations as well as their diversification needs and are encouraged to seek independent advice in that regard. A separate pool of assets will be maintained for each Sub-fund and will be invested in accordance with the Investment Policy applicable to the relevant Sub-fund in seeking to achieve its Investment Objective. The Net Asset Value and the performance of the Shares of the different Sub-funds and Classes thereof are expected to differ. The price of Shares and the income (if any) from them may fall as well as rise and there is no guarantee or assurance that the stated Investment Objective of a Sub-fund will be achieved.

### **General risk warnings**

An investment in the Company involves investment risks including those set out in Schedule 2. In addition, investors should refer to the Section "Specific risk factors" of the Special Section of the relevant Sub-fund (if any) in order to assess and inform themselves on the specific risks associated with an investment in such Sub-fund.

The Company is allowed to invest in financial derivative instruments. While the prudent use of derivatives can be beneficial, derivatives also involve risks different from, and, in certain cases, greater than, the risks presented by more traditional investments. A more detailed description of the risks relating to the use of derivatives is set out in Schedule 2. The Special Section relating to each Sub-fund will give more precise information on the types of derivatives, if any, which may be used by a Sub-fund for investment purposes.

### **Selling restrictions**

The distribution of this Prospectus and the offering or purchase of Shares is restricted in certain jurisdictions. This Prospectus and the KIID(s) do not constitute an offer of or invitation or solicitation to subscribe for or acquire any Shares in any jurisdiction in which such offer or solicitation is not permitted, authorised or would be unlawful. Persons receiving a copy of this Prospectus or of the KIID(s) in any jurisdiction may not treat this Prospectus or KIID(s) as constituting an offer, invitation or solicitation to them to subscribe for or acquire Shares notwithstanding that, in the relevant jurisdiction, such an offer, invitation or solicitation could lawfully be made to them without compliance with any registration or other legal requirement. It is the responsibility of any persons in possession of this Prospectus or of the KIID(s) and any persons wishing to apply for or acquire Shares to inform themselves of, and to observe, all applicable laws and regulations of any relevant jurisdiction. In particular, prospective applicants for

or purchasers of Shares should inform themselves as to the legal requirements of so applying or purchasing, and any applicable exchange control regulations and taxes in the countries of their respective citizenship, residence or domicile. Prospective investors should review this Prospectus carefully and in its entirety and consult with their legal, tax and financial advisers in relation to (i) the legal and regulatory requirements within their own countries for the subscribing, purchasing, holding, switching, redeeming or disposing of Shares; (ii) any foreign exchange restrictions to which they are subject in their own countries in relation to the subscribing, purchasing, holding, switching, redeeming or disposing of Shares; (iii) the legal, tax, financial or other consequences of subscribing for, purchasing, holding, switching, redeeming or disposing of Shares; and (iv) any other consequences of such activities.

## **United States**

The Shares have not been registered under the US Securities Act of 1933, as amended (the **US Securities Act**) or the securities laws of any state or political subdivision of the United States, and may not be offered, sold, transferred or delivered, directly or indirectly, in the United States or to, or for the account or benefit of, any US Person except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and any applicable state laws. The Company has not registered and does not intend to register under the United States Investment Company Act of 1940, as amended (the **Investment Company Act**) in reliance on the exemption from such registration pursuant to Section 3(c)(7) thereunder. Accordingly, the Shares are being offered and sold only outside the United States to persons other than US Persons in offshore transactions that meet the requirements of Regulation S under the US Securities Act and inside the United States in reliance on Regulation D promulgated under the US Securities Act and Section 4(a)(2) thereof.

This Prospectus does not constitute an offer to sell or a solicitation of an offer to buy any Shares in any jurisdiction in which such offer, solicitation or sale would be unlawful or to any person to whom it is unlawful to make such offer in any jurisdiction.

Each applicant for the Shares that is a US Person must certify that it is an “accredited investor” within the meaning of Regulation D of the US Securities Act and a “qualified purchaser” within the meaning of Section 2(a)(51) of the Investment Company Act, thereby also qualifying as a “qualified eligible person” as defined in Rule 4.7 of the United States Commodity Exchange Act, as amended (**CEA**).

If you are in any doubt as to your status, you should consult your financial, tax, legal or other professional adviser.

The Management Company has filed a claim of exemption from registration as a commodity pool operator (**CPO**) with the United States Commodity Futures Trading Commission (the **CFTC**) in respect of each Sub-fund in connection with private investment funds whose participants are accredited investors, as defined in Regulation D under the US Securities Act, certain family trusts and certain persons affiliated with the Management Company. At all times, each Sub-fund will utilise commodity interests such that either (1) no more than five per cent of its assets are used to establish commodity interest positions or (2) the notional value of its commodity interest positions does not exceed 100 per cent of the Sub-fund’s liquidation value. Unlike a registered CPO, the Management Company is not required to provide subscribers for Shares with a disclosure document or certified annual report meeting the requirements of the CFTC rules otherwise applicable to registered CPOs. This Prospectus has not been, and is not required to be, filed with the CFTC, and the CFTC has not reviewed or approved this Prospectus or the offering of Shares.

The CFTC does not pass upon the merits of participating in a pool or upon the adequacy or accuracy of this Prospectus. Consequently, the CFTC has not reviewed or approved this offering

or this Prospectus. Unlike a registered CPO, the Management Company is not required to deliver a disclosure document and a certified annual report to participants in the Company.

**Notice to prospective purchasers in New Hampshire:** Neither the fact that a registration statement or an application for a license has been filed under Chapter 421-b of the New Hampshire Revised Statutes with the state of New Hampshire nor the fact that a security is effectively registered or a person is licensed in the state of New Hampshire constitutes a finding by the Secretary of State that any document filed under RSA 421-b is true, complete and not misleading. Neither any such fact nor the fact that an exemption or exception is available for a security or a transaction means that the Secretary of State has passed in any way upon the merits or qualifications of, or recommended or given approval to, any person, security, or transaction. It is unlawful to make, or cause to be made, to any prospective purchaser, customer or client any representation inconsistent with the provisions of this paragraph.

### **ERISA and Retirement Plan Matters**

The following is a summary of certain aspects of laws and regulations applicable to retirement plan investments as in existence on the date hereof, all of which are subject to change. This summary is general in nature and does not address every issue that may be applicable to the Company or a particular investor.

The Company may accept subscriptions from pension and profit-sharing plans maintained by US corporations and/or unions, individual retirement accounts and Keogh plans, entities that invest the assets of such accounts or plans and other entities investing plan assets (all such entities are herein referred to as **Benefit Plan Investors**) as well as subscriptions from plans maintained by governmental entities, churches and non-US companies. It is not anticipated that the assets of the Sub-funds will be subject to ERISA or the prohibited transaction provisions of Section 4975 of the US Internal Revenue Code of 1986, as amended (the **Code**) because the Company intends to limit the investments by Benefit Plan Investors in the Sub-funds. It is further anticipated that the assets of the Sub-funds will not be subject to any other law or regulation specifically applicable to governmental, church or non-US plans (**Similar Laws**). Under ERISA and the regulations thereunder, each Sub-fund is treated as a separate hypothetical entity and the assets of a Sub-fund will not be deemed to be plan assets subject to Title I of ERISA or Section 4975 of the Code if less than 25 per cent of the value of each class of equity interest in that Sub-fund is held by Benefit Plan Investors, excluding from this calculation any non-Benefit Plan Investor interests held by the Management Company, the Investment Manager or Investment Adviser to that Sub-fund, the Board and certain affiliated persons or entities. The Company will not knowingly accept subscriptions for Shares or permit transfers of Shares to the extent that such investment or transfer would subject a Sub-fund's assets to Title I of ERISA or Section 4975 of the Code. In addition, the Company has the authority to require the redemption of all or some of the Shares held by any Benefit Plan Investor or other plan investor if the continued holding of such Shares, in the opinion of the Management Company or the Directors, could result in a Sub-fund being subject to Title I of ERISA, Section 4975 of the Code, or any Similar Law.

Certain duties, obligations and responsibilities are generally imposed on persons who serve as fiduciaries with respect to employee benefit plans or accounts (**Plans**); for example, ERISA and the Code prohibit acts of fiduciary self-dealing and certain transactions between Plans and "parties-in-interest" or "disqualified persons" (as such terms are defined in ERISA and the Code). In its application to subscribe for Shares, each Plan investor will be required to make certain representations, including that the person who is making the decision to invest in the Company is independent and has not relied on any advice from the Company, the Management Company, any Investment Manager or Investment Adviser, the Directors, any placement agent associated with the Company, or any of their affiliates with respect to the investment in the Company. Accordingly, Plan fiduciaries should consult their own investment advisors and their own legal counsel regarding

the investment in the Company and its consequences under applicable law, including ERISA, the Code and any Similar Law.

All Plans subject to Title I of ERISA (**ERISA Plans**) are required to file annual reports (Form 5500) with the US Department of Labor setting forth the fair market value of all ERISA Plan assets. Under ERISA's general reporting and disclosure rules, ERISA Plans are required to include information regarding their assets, expenses and liabilities. To facilitate a plan administrator's compliance with these requirements, it is noted that the descriptions of the fees and expenses contained in this Prospectus, including but not limited to the Management Fee and the Performance Fee, as supplemented annually by the Company's audited financial statements and the notes thereto, are intended to satisfy the alternative reporting option for "eligible indirect compensation" on Schedule C of Form 5500.

### **Prevailing language**

The distribution of this Prospectus and the KIID(s) in certain countries may require that these documents be translated into the official languages of those countries. Should any inconsistency arise between the translated versions of this Prospectus, the English version will always prevail.

### **Currency references**

All references in the Prospectus to "**USD**" refer to the currency of the United States of America; "**Euro(s)**" or "**EUR**" refer to the currency of the member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Economic Community (signed in Rome on 25 March 1957), as amended; "**JPY**" or "**Yen**" refer to the currency of Japan; "**GBP**" refer to the currency of the United Kingdom; "**CHF**" refer to the currency of Switzerland and "**SEK**" refer to the currency of Sweden.

### **Data protection**

Investors or individuals related to potential investors are hereby informed that the Schedule 3 to the Prospectus headed "Privacy Notice" (the **Privacy Notice**) applies to the processing of their personal data by the Company. If investors share personal data on individuals relating to such investors with the Company, investors must ensure that they have provided a fair processing notice informing the data subjects of the Company's processing of such personal data as described in the Privacy Notice, including notifying data subjects of any updates to the Privacy Notice. Where required, investors must obtain the necessary consent from data subjects to the processing of personal data as described in the Privacy Notice. Investors who share personal data relating to such investors with the Company shall indemnify and hold the Company harmless for any and against all direct and indirect damages and financial consequences arising from any breach of these warranties.

### **Benchmark Regulation**

In accordance with the provisions of the Benchmark Regulation, supervised entities may use benchmarks in the EU if the benchmark is provided by an administrator which is included in the register of administrators and benchmarks maintained by ESMA pursuant to Article 36 of the Benchmark Regulation (the "**Register**"). Benchmark administrators located in the EU whose indices are used by the Company are inscribed in the Register. Benchmark administrators located in a third country whose indices are used by the Company benefit from the transitional arrangements afforded under the Benchmark Regulation and accordingly may not appear on the Register. Benchmark administrators whose indices are used by the Company are set forth in the relevant Special Section.

The Management Company maintains a written plan setting out the actions that will be taken in the event that an index materially changes or ceases to be provided. The written plan is available upon request and free of charge at the registered office of the Management Company.

## **Sustainability Risk**

SFDR is part of a broader legislative package under the European Commission's Sustainable Action Plan which came into effect on 10 March 2021. To meet the SFDR disclosure requirements, the Management Company identifies and analyses Sustainability Risk as part of its risk management process. The Management Company therefore requires the Investment Manager to integrate Sustainability Risks in its investment process. The Investment Manager believes that the integration of this risk analysis could help to enhance long-term risk adjusted returns for investors, in accordance with the investment objectives and policies of the Sub-fund. Sustainability Risks are integrated into the Investment Manager's investment decisions based on (i) the identification and analysis of ESG issues that encompasses the full investment life-cycle of the Sub-fund and (ii) the early-stage identification of potential ESG concerns. For more information, the Investment Manager's ESG policy is available on its website at <https://www.alatus.ch/esg/>.

For the purposes of Article 7(2) of SFDR, the Management Company confirms in relation to the Company and each Sub-fund that it does not consider the adverse impacts of investment decisions on sustainability factors at the present time. Sustainability factors are defined by SFDR as environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

The main reasons for which the Management Company is currently not considering adverse impacts is the absence of sufficient data and data of a sufficient quality to allow the Management Company to define material metrics for disclosure.

The Management Company intends to monitor the industry position closely and to update its approach in due course as the industry position evolves and further regulatory guidance is made available. Pictet Group, of which the Management Company is an integral part, has committed to comply with the provisions of a number of international and Swiss codes for responsible investment. In addition, as outlined in the Group's Sustainability & Responsible ambitions 2025, it is Pictet's intention to not only consider, but mitigate where possible, material adverse impacts of investments and operations.

## **Disclosure of identity**

The Company, the Management Company, the Administrative Agent or the Depositary may be required by law, regulation or government authority or where it is in the best interests of the Company to disclose information in respect of the identity of investors.

The Company is required under Luxembourg Law to (i) obtain and hold accurate and up-to-date information (i.e. full names, nationality/ies, date and place of birth, address and country of residence, national identification number, nature and extent of the interest in the Company) about its beneficial owners (as such term is defined under the Luxembourg Law of 12 November 2004 relating to the fight against money-laundering, as amended) and relevant supporting evidence and (ii) file such information and supporting evidence with the Luxembourg Register of beneficial owners (the "**RBO**") in accordance with the Luxembourg act of 13 January 2019 creating a Register of beneficial owners (the "**RBO Law 2019**").

The attention of investors is drawn to the fact that the information contained in the RBO (save for the national identification number and address of the beneficial owner) will be available to the public, unless a limited access exemption is applied for and granted. Luxembourg national

authorities and professionals (as referred to in the Luxembourg Law of 12 November 2004 relating to the fight against money-laundering, as amended) may request that the Company gives them access to the information on the beneficial owner(s) of the Company (as well as its legal owners). investors, their direct or indirect (share)holders who are natural persons, the natural person(s) who directly or indirectly control(s) the Company, the natural person(s) on whose behalf investors may act, may qualify as beneficial owner(s), and beneficial ownership may evolve or change from time to time in light of the factual or legal circumstances. Beneficial owners are under a statutory obligation to provide to the Company all relevant information about them as referred to above. Non-compliance with this obligation may expose beneficial owners to criminal sanctions.

Each investor, by subscribing to Shares, accepts and agrees that the Company and any service provider cannot incur any liability for any disclosure about a beneficial owner made in good faith to comply with Luxembourg Law.

Each investor, by subscribing to Shares, accepts and agrees to promptly provide upon request the Company with all information, documents and evidence that the Company may require to satisfy its obligations under any applicable laws and in particular the RBO Law 2019.



## GENERAL INFORMATION

### Registered office

15, avenue J.F. Kennedy  
L-1855 Luxembourg  
Grand Duchy of Luxembourg

### Members of the board of directors

- Chairman: Véronique Gillet, Independent Director
- Alain Guérard, Independent Director
- Jérôme Haag, Chief Operating Officer and Chief Financial Officer, Alatus Capital S.A.

### Management Company

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

### Directors of the Management Company

- Mr Marc Briol, CEO Pictet Asset Services, Banque Pictet & Cie S.A., Geneva
- Mr Dorian Jacob, Managing Director, Chief Executive Officer, FundPartner Solutions (Europe) S.A.
- Mr Geoffroy Linard De Guertechin, Independent Director

### Conducting persons of the Management Company

- Mr Dorian Jacob, Managing Director, Chief Executive Officer, FundPartner Solutions (Europe) S.A.
- Mr Abdellali Khokha, Conducting Officer in charge of Risk Management, Conducting Officer in charge of Compliance, FundPartner Solutions (Europe) S.A., Luxembourg
- Mr Pierre Bertrand, Conducting Officer in charge of Fund Administration of Classic Funds and Valuation, FundPartner Solutions (Europe) S.A., Luxembourg
- Mr Frédéric Bock, Conducting Officer in charge of Fund Administration of Alternative Funds, FundPartner Solutions (Europe) S.A., Luxembourg

### Depositary

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

### Administrative Agent

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

### Auditor

Ernst & Young S.A.  
35E, Avenue J.F. Kennedy  
L-1855 Luxembourg  
Grand Duchy of Luxembourg

**Legal and tax adviser**

Allen & Overy, Société en commandite simple  
5, Avenue J.F. Kennedy  
L-1855 Luxembourg  
Grand Duchy of Luxembourg

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## **PART A – GENERAL SECTION**

The General Section applies to all Sub-funds of the Company. Each Sub-fund is subject to specific rules which are set forth in the Special Section.

## **1. STRUCTURE OF THE COMPANY**

### **1.1 The Company**

The Company is an open-ended investment company organised under the laws of Luxembourg as an investment company with variable capital (*société d'investissement à capital variable*) (**SICAV**), incorporated under the form of a public limited liability company (*société anonyme*) on 22 April 2014 and authorised under part I of the 2010 Act. The Company is registered with the Luxembourg trade and companies register under number B186448. Its deed of incorporation was published in the Luxembourg Official Gazette on 8 May 2014. The Company is subject to the provisions of the 2010 Act and of the 1915 Act insofar as the 2010 Act does not derogate therefrom. The Company will exist for an indefinite period. However, the Company will be automatically put into liquidation upon the termination of a Sub-fund if no further Sub-fund is active at that time.

The registration of the Company pursuant to the 2010 Act constitutes neither approval nor disapproval by any Luxembourg authority as to the adequacy or accuracy of this Prospectus or as to the assets held in the various Sub-funds.

There is no limit to the number of Shares which may be issued. Shares will be issued to subscribers in registered form or dematerialised form.

Shares will have the same voting rights and will have no pre-emptive subscription rights. In the event of the liquidation of the Company, each Share is entitled to its proportionate share of the relevant Sub-fund's assets after payment of the Company's debts and expenses, taking into account the Company's rules for the allocation of assets and liabilities.

The initial subscribed capital of the Company was EUR 50,000. The minimum share capital of the Company must at all times be EUR 1,250,000 which amount has to be attained within six months of the Company's authorisation to operate as a UCI, being provided that Shares of a Target Sub-fund held by an Investing Sub-fund will not be taken into account for the purpose of the calculation of the EUR 1,250,000 minimum capital requirement. The Company's share capital is at all times equal to its Net Asset Value. The Company's share capital is automatically adjusted when additional Shares are issued or outstanding Shares are redeemed, and no special announcements or publicity are necessary in relation thereto.

### **1.2 Shares**

Any Eligible Investor may acquire Shares in the Company against payment of the subscription price as defined in Section 5.1 of the General Section.

Shares may be issued in registered or dematerialised form. A holder of dematerialised Shares will have its Shares deposited on a securities account in the name of its beneficiary. All Shares must be fully paid up. Fractional Shares may be issued up to five (5) decimal places and will carry rights in proportion to the fraction of a Share they represent but will carry no voting rights.

The register of the Shareholders will be kept by the Administrative Agent on behalf of the Company, and the register (and the Shareholders' personal data contained therein) will be available for inspection by any Shareholder. The register will contain the name of each owner of registered Shares, his/her/its residence or elected domicile as indicated to the Company and the number and Class held by him/her/it and the transfer of Shares and the dates of such transfers. The ownership of the Shares will be established by the entry in this register.

Each registered Shareholder will provide the Company with an address, fax number and email address to which all notices and announcements may be sent. Such address will also be entered into the register of Shareholders. Shareholders may, at any time, change their address as entered into the register of Shareholders by way of a written notification sent to the Company.

The Shares confer no preferential subscription rights at the time of the issue of new Shares.

Within the same Sub-fund, all Shares have equal rights as regards voting rights in all general meetings of Shareholders and in all meetings of the Sub-fund concerned.

The Special Sections indicate, for each Sub-fund, which Classes are available and their characteristics.

For each Sub-fund, the Board may, in respect of Shares in one or several Class(es) if any, decide to close subscriptions temporarily or definitively, including those arising from the conversion of Shares of another Class or another Sub-fund.

Shareholders may ask for the conversion of all or a part of their Shares from one Class to another in compliance with the provisions of Section 6 of the General Section.

### **1.3 Umbrella structure - Sub-funds and Classes**

The Company has an umbrella structure consisting of one or several Sub-funds. A separate portfolio of assets is maintained for each Sub-fund and is invested in accordance with the Investment Objective and Investment Policy applicable to that Sub-fund. The Investment Objective, Investment Policy, as well as the other specific features of each Sub-fund (such as risk profile and duration (including limited duration)) are set forth in the relevant Special Section.

The Company is one single legal entity. However, the rights of the Shareholders and creditors relating to a Sub-fund or arising from the setting-up, operation and liquidation of a Sub-fund are limited to the assets of that Sub-fund. The assets of a Sub-fund are exclusively dedicated to the satisfaction of the rights of the Shareholders relating to that Sub-fund and the rights of those creditors whose claims have arisen in connection with the setting-up, operation and liquidation of that Sub-fund.

The Company may be comprised of one or more feeder Sub-funds, with each such feeder Sub-fund being authorised to invest up to 100% of its assets in units of another eligible master UCITS (or sub-fund thereof) under the conditions set out by applicable law, as may be set forth in the relevant Special Section.

Within a Sub-fund, the Board may decide to issue one or more Classes the assets of which will be commonly invested but subject to different fee structures, distribution, marketing targets, currency or other specific features, including special rights as regards the appointment of Class S Directors in accordance with article 13 of the Articles. A separate Net Asset Value per Share, which may differ as a consequence of these variable factors, will be calculated for each Class. The Board may, at any time, create additional Classes whose features may differ from the existing Classes and additional Sub-funds whose Investment Objectives may differ from those of the Sub-funds then existing. Upon creation of new Sub-funds or Classes, the Prospectus will be updated, if necessary, or supplemented by a new Special Section. Classes of some Sub-funds, indicated in the Special Sections, may, on the decision of the Board, be subdivided into several Sub-Classes with a different valuation currency. **The attention of investors is drawn to the**

**fact that, depending on whether foreign exchange hedging instruments are used in respect of each Class, an investor may be exposed to the risk that the Net Asset Value of one Class denominated in a given valuation currency may fluctuate in a way that compares unfavourably to that of another Class denominated in another valuation currency. It should nevertheless be noted that all expenses associated with the financial instruments, if any, used for the purpose of hedging foreign exchange risks related to the Sub-Class concerned will be allocated to that Sub-Class.** To the extent permitted by the Prospectus, and in relation to Sub-Classes that are denominated in a currency other than the Reference Currency of a Sub-fund or Class, the Company may (but is under no obligation to) employ techniques and instruments intended to provide protection, so far as possible, against movements of the currency in which the relevant Sub-Class is denominated. Any decision to hedge will be systematically applied and the cost relating to the hedging will be borne by the relevant Class.

The Company is comprised of one single sub-fund, Alatus UCITS – Inflection Long Only. The Sub-funds are described in more detail in the relevant Special Sections.

Investors should note however that some Sub-funds or Classes may not be available to all investors. The Company retains the right to offer only one or more Classes for purchase by investors in any particular jurisdiction in order to conform to local law, customs or business practice or for fiscal or any other reason. The Company may further reserve one or more Sub-funds or Classes to Institutional Investors only.

## 2. MANAGEMENT, ADMINISTRATION AND DISTRIBUTION

### 2.1 The Board

The Company will be managed by the Board. The Board is vested with the broadest powers to perform all acts of administration and disposition in the Company's interests. All powers not expressly reserved by law to the general meeting of Shareholders fall within the competence of the Board.

The Board will issue, in at least one Sub-fund, at least one **Class S Share**, as more fully described in article 13 of the Articles and the relevant Special Section. The holders of Class S Share(s) will be entitled to propose to the general meeting of Shareholders a (common) list containing the names of candidates for the position of Director. The Board must be composed at all times of at least three Directors (including the chairman of the Board), of which the majority must at all times have been appointed out of the list proposed by the holder(s) of Class S Share(s). If the general meeting of Shareholders were to refuse to appoint a candidate proposed by the holder(s) of the Class S Share(s), then the relevant holder(s) will make another proposal to the general meeting of Shareholders.

Any Director may be removed with or without cause or be replaced at any time by resolution adopted by the general meeting of Shareholders, provided however that if a Class S Director is removed, the remaining Directors must call for an extraordinary general meeting of Shareholders without delay in order for a new Class S Director to be appointed in his/her place in accordance with the requirements above and as set out in article 13.5 of the Articles. The new Class S Director so appointed will be chosen from the candidates on the list presented by the holder(s) of the Class S Share(s).

The Company may indemnify any Director or officer, and his/her/its heirs, executors and administrators against expenses reasonably incurred by him/her/it in connection with any action, suit proceeding to which he/she/it may be made a party by reason of him/her/it her being or having been a director or officer of the Company or, at its request, of any other company of which the Company is a shareholder or creditor and from which he/she/it is not entitled to be indemnified, except in relation to matters as which he/she/it will be finally adjudged in such action, suit or proceeding to be liable for gross negligence or wilful misconduct; in the event of a settlement, indemnification will be provided only in connection with such matters covered by the settlement as to which the Company is advised by counsel that the person to be indemnified did not commit such a breach of duty. The foregoing right of indemnification will not exclude other rights to which he/she/it may be entitled.

The Board is currently composed as follows:

- Chairman: Véronique Gillet, Independent Director
- Alain Guérard, Independent Director
- Jérôme Haag, Chief Operational Officer and Chief Financial Officer, Alatus Capital S.A.

The Board will appoint a chairman. The chairman will be appointed by the Board among the Class S Directors. The chairman will have a casting vote in case of a tied vote.



## 2.2 Management Company and Administrative Agent

### Corporate information

The Board has appointed FundPartner Solutions (Europe) S.A. (the **Management Company**) as the management company of the Company to serve as its designated management company within the meaning of Part I of the 2010 Act pursuant to a management company agreement with effect as of 24 April 2014 (the **Management Company Agreement**).

FundPartner Solutions (Europe) S.A. is a public limited company incorporated under the laws of Luxembourg for an unlimited duration on 17 July 2008. Its articles have been published in the Luxembourg Official Gazette on 26 August 2008. It is registered on the official list of Luxembourg management companies governed by Chapter 15 of the Law of 2010. At the date of this Prospectus, the authorised capital of the Management Company which is fully paid up is CHF6,250,000 and the own funds of the Management Company comply with the requirements of the 2010 Act and of the CSSF Circular 12/546. Its board of directors is composed as follows:

- Mr Marc Briol, CEO Pictet Asset Services, Banque Pictet & Cie S.A., Geneva
- Mr Dorian Jacob, Managing Director, Chief Executive Officer, FundPartner Solutions (Europe) S.A.
- Mr Geoffroy Linard De Guertechin , Independent Director

### Duties of FundPartner Solutions (Europe) S.A. as Management Company

The Management Company will provide, subject to the overall control of the Board and without limitation, (i) investment management services, (ii) administrative services and (iii) marketing, distribution and sales services to the Company as listed in Annex II of the 2010 Act. The rights and duties of the Management Company are further laid down in articles 107 et seq. of the 2010 Act. The Management Company must at all times act honestly and fairly in conducting its activities in the best interest of the Shareholders and in conformity with the 2010 Act, the Prospectus and the Articles.

The Management Company is vested with the day-to-day administration of the Company. In fulfilling its duties as set forth by the 2010 Act and the Management Company Agreement, the Management Company is authorised, for the purpose of more efficient conduct of its business, to delegate, under its responsibility and control, and with the prior consent of the Company and subject to the approval of the CSSF, part or all of its functions and duties to any third party, which, having regard to the nature of the functions and duties to be delegated, must be qualified and capable of undertaking the duties in question. The Management Company shall remain liable to the Company in respect of all matters so delegated.

The Management Company will require any such agent to which it intends to delegate its duties to comply with the provisions of the Prospectus, the Articles and the relevant provisions of the Management Company Agreement.

In relation to any delegated duty, the Management Company will implement appropriate control mechanisms and procedures, including risk management controls, and regular reporting processes in order to ensure an effective supervision of the third parties to whom functions and duties have been delegated and that the services provided by such third

party service providers are in compliance with the Articles, the Prospectus and the agreement entered into with the relevant third party service provider.

The Management Company will be careful and diligent in the selection and monitoring of the third parties to whom functions and duties may be delegated and ensure that the relevant third parties have sufficient experience and knowledge as well as the necessary authorisations required to carry out the functions delegated to them.

The following functions may be delegated by the Management Company to third parties: investment management of certain Sub-funds, administration, marketing and distribution, as further set forth in this Prospectus and in the Special Sections.

The Management Company has established and applies a remuneration policy and practices that are consistent with, and promote, sound and effective risk management and that neither encourage risk taking which is inconsistent with the risk profiles, rules, this Prospectus or the Articles nor impair compliance with the Management Company's obligation to act in the best interest of the Company (the **Remuneration Policy**).

The Remuneration Policy includes fixed and variable components of salaries and applies to those categories of staff, including senior management, risk takers, control functions and any employee receiving total remuneration that falls within the remuneration bracket of senior management and risk takers whose professional activities have a material impact on the risk profiles of the Management Company, the Company or the Sub-funds.

The Remuneration Policy is in line with the business strategy, objectives, values and interests of the Management Company, the Company and the Shareholders and includes measures to avoid conflicts of interest.

In particular, the Remuneration Policy will ensure that:

- a) the staff engaged in control functions are compensated in accordance with the achievement of the objectives linked to their functions, independently of the performance of the business areas that they control;
- b) the assessment of performance is set in a multi-year framework appropriate to the holding period recommended to the investors of the Company in order to ensure that the assessment process is based on the longer-term performance of the Company and its investment risks and that the actual payment of performance-based components of remuneration is spread over the same period;
- c) 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;
- d) the measurement of performance used to calculate variable remuneration components or pools of variable remuneration components includes a comprehensive adjustment mechanism to integrate all relevant types of current and future risks;
- e) if at any point of time, the management of the Company were to account for 50 % or more of the total portfolio managed by the Management Company, at least 50 %, of any variable remuneration component will have to consist of Shares, equivalent ownership interests, or share-linked instruments or equivalent non-cash instruments

with equally effective incentives as any of the instruments referred to in this item (e); and

- f) a substantial portion, and in any event at least 40 %, of the variable remuneration component, is deferred over a period which is appropriate in view of the holding period recommended to the Shareholders and is correctly aligned with the nature of the risks of the Company.

Details of the Remuneration Policy, including the persons in charge of determining the fixed and variable remunerations of the staff, a description of the key remuneration elements and an overview of how remuneration is determined, is available on the website [http://www.pictet.com/content/dam/pictet\\_documents/pdf\\_documents/pas\\_documentation/FPS-Europe\\_politique\\_remuneration\\_fr.pdf](http://www.pictet.com/content/dam/pictet_documents/pdf_documents/pas_documentation/FPS-Europe_politique_remuneration_fr.pdf). A paper copy of the summarised Remuneration Policy is available free of charge to the Shareholders upon request.

The Management Company Agreement has been entered into for an undetermined period of time and may be terminated by either party upon serving to the other a three months' prior written notice. At the date of this Prospectus, the Management Company has also been appointed to act as the management company for other investment funds, the list of which is available at the registered office of the Management Company and which will be set out in the Management Company's annual reports.

### **Conducting persons**

The conducting persons of the Management Company are responsible for the conduct of the day-to-day business of the Management Company. As at the date of this Prospectus, the conducting persons of the Management Company are Michèle Berger, Pascal Chauvaux, Céline Cottet Bendayan and Dorian Jacob.

The conducting persons, acting as a management committee, have the duty to ensure that the different service providers to which the Management Company has delegated certain functions perform their functions in compliance with the 2010 Act, the CSSF Circular 18/698, the Articles, the Prospectus and the provisions of the relevant services agreements between the Management Company, the Company and each of them. The conducting persons will also ensure compliance of the Company with the investment restrictions and oversee the implementation of the Sub-funds' investment policies. The conducting persons shall also report to the board of directors of the Management Company on a regular basis and inform the board of directors of the Management Company without delay of any non-compliance of the Company with the investment restrictions.

### **Duties of FundPartner Solutions (Europe) S.A. as Administrative Agent**

The Management Company also provides under the terms of the Management Company Agreement administrative agency, registrar and transfer agency, paying agency and domiciliary services to the Company (the Management Company in this capacity, the **Administrative Agent**). In that context, the Administrative Agent will:

- as register and transfer agent, be responsible to maintain the register of Shareholders of the Company and to proceed with the issue, conversion and redemption of Shares in accordance with this Prospectus and the Articles;
- as administrative agent and paying agent, be responsible for the calculation and publication of the Net Asset Value of the Shares of each Sub-fund and Class pursuant to the 2010 Act, the Articles and the Prospectus and to perform

administrative and accounting services for the Company as necessary as well as to arrange for the payment of dividend or distributions and redemption proceeds to Shareholders;

- as domiciliary agent, be primarily responsible for receiving and keeping safely any and all notices, correspondence, telephonic advice or other representations and communications received for the account of the Company, as well as for providing such other facilities as may from time to time be necessary in the course of the day-to-day administration of the Company.

### **2.3 Investment Manager(s)**

The Management Company may, with the consent of the Company, determine that an Investment Manager be appointed to carry out investment management services and to be responsible for a Sub-fund's investment activities within the parameters and restrictions set out in this Prospectus and the relevant Special Section.

The Investment Manager will provide or procure each such Sub-fund investment advisory and investment management services, pursuant to the provisions of the Investment Management Agreement and in accordance with the investment policy, objective and restrictions of the relevant Sub-fund as set out in the Articles, the Prospectus and the relevant Special Section and with the aim to achieve the Sub-fund's investment objective.

Any such Investment Manager may be assisted by one or more Investment Advisers or delegate its functions, with the approval of the CSSF, the Management Company and the Board, to one or more sub-managers. In case sub-managers/advisers are appointed, the relevant Special Section will be updated.

Based on article 110(1)(g) of the 2010 Act, the Management Company may (i) give any further instructions to, and (ii) terminate the mandate of, any Investment Manager which is appointed in accordance with the above paragraph, at any time when this is in the interests of the Shareholders.

Unless otherwise stated in the relevant Special Section, the Investment Manager is responsible for, among other matters, identifying and acquiring the investments of the Company. The Investment Manager is granted full power and authority and all rights necessary to enable it to manage the investments of the relevant Sub-funds and provide other investment management services to assist the Company and the Management Company to achieve the investment objectives and policy set out in this Prospectus and any specific investment objective and policy set out in the relevant Special Section. Consequently, the responsibility for making decisions to buy, sell or hold a particular security or asset rests with the Board, the Management Company, the Investment Manager and, as the case may be, the relevant sub-investment manager appointed by them, subject always to the overall policies, direction, control and responsibility of the Board and the Management Company.

If an Investment Manager is entitled to receive a remuneration out of the assets of the relevant Sub-fund, then such remuneration will be disclosed in the relevant Special Section.

### **2.4 Investment Adviser(s)**

The Management Company or an Investment Manager may appoint one or more Investment Advisers to provide advisory services in respect of a Sub-fund as stipulated in the relevant Special Section.

If an Investment Adviser is entitled to receive a remuneration directly out of the assets of the relevant Sub-fund, then such remuneration will be disclosed in the relevant Special Section.

## 2.5 Depositary

Pictet & Cie (Europe) S.A. has been appointed as depositary of the Company (the **Depositary**) pursuant to a depositary agreement (the **Depositary Agreement**) entered into for an unlimited duration and can be terminated by either party by giving three months' prior written notice.

Pictet & Cie (Europe) S.A. was incorporated as a société anonyme (limited company) under Luxembourg law for an indefinite period on 3 November 1989. Its fully paid-up capital is CHF 70,000,000 at the date of this Prospectus.

The Depositary will assume its functions and responsibilities in accordance with applicable Luxembourg law and regulations and the Depositary Agreement. With respect to its duties under the 2010 Act, the Depositary will ensure the safekeeping of the Company's assets. The Depositary has also to ensure that the Company's cash flows are properly monitored in accordance with the 2010 Act.

In addition, the Depositary will:

- a) ensure that the subscription, issue, redemption, conversion, cancellation and transfer of ensure that the sale, issue, repurchase, redemption and cancellation of the Shares are carried out in accordance with the Luxembourg law or this Prospectus and the Articles;
- b) ensure that the value of the Shares is calculated in accordance with Luxembourg law and the Articles;
- c) carry out the instructions of the Company and the Management Company, unless they conflict with Luxembourg law or the Articles;
- d) ensure that in transactions involving the Company's assets any consideration is remitted to the Company within the usual time limits;
- e) ensure that the Company's incomes are applied in accordance with Luxembourg law and the Articles;
- f) ensure that in the case of transactions involving the assets of the Company, any consideration is remitted to it within the customary settlement dates; and
- g) ensure that the income of the Company is allocated in accordance with the Articles.

The Depositary may delegate its safekeeping duties with respect to the Company's financial instruments held in custody or any other assets (except for the cash) in accordance with the UCITS Directive, the UCITS-CDR and applicable law.

An up-to-date list of the delegates (and sub-delegates) of the Depositary is available on the website [http://www.pictet.com/corporate/fr/home/asset\\_services/custody\\_services/sub-custodians.html](http://www.pictet.com/corporate/fr/home/asset_services/custody_services/sub-custodians.html).

The Depositary will be liable to the Company or to the Shareholders for the loss of the Company's financial instruments held in custody by the Depositary or its delegates to which

it has delegated its custody functions. A loss of a financial instrument held in custody by the Depositary or its delegate will be deemed to have taken place when the conditions of article 18 of the UCITS-CDR are met. The liability of the Depositary for losses other than the loss of the Company's financial instruments held in custody will be incurred pursuant to the provisions of the Depositary Agreement.

In case of loss of the Company's financial instruments held in custody by the Depositary or any of its delegates, the Depositary will return financial instruments of identical type or the corresponding amount to the Company without undue delay. However, the Depositary's liability will not be triggered if the Depositary can prove that the loss has arisen as a result of an external event beyond its reasonable control or, if the safekeeping of financial instruments held in custody has been delegated, beyond the reasonable control of its delegate, the consequences of which would have been unavoidable despite (i) adopting all precautions incumbent on a diligent depositary as reflected in common industry practice all reasonable efforts to the contrary; and (ii) respecting a rigorous and comprehensive due diligence procedure.

In carrying out its functions, the Depositary will act honestly, fairly, professionally, independently and solely in the interest of the Company and the Shareholders.

Potential conflicts of interest may nevertheless arise from time to time from the provision by the Depositary and/or its affiliates of other services to the Company, the Management Company and/or other parties. Depositary's affiliates are also appointed as third-party delegates of the Depositary. Potential conflicts of interest which have been identified between the Depositary and its delegates are mainly fraud (unreported irregularities to the competent authorities to avoid bad reputation), legal recourse risk (reluctance or avoidance to take legal steps against the depositary), selection bias (the choice of the depositary not based on quality and price), insolvency risk (lower standards in asset segregation or attention to the depositary's solvency) or single group exposure risk (intragroup investments).

On the basis of a strict reading of the depositary's regulation, the Depositary has pre-defined all kind of situations which could potentially lead to a conflict of interest and has accordingly carried out a screening exercise on all activities provided to the Company either by the Depositary itself or by entities linked to him by a common management or control. Such exercise resulted in the identification and the listing of some potential conflicts of interest however adequately managed. This list of potential conflict of interest is available on the following website: [https://www.group.pictet/corporate/fr/home/asset\\_services/custody\\_services/sub-custodians.html](https://www.group.pictet/corporate/fr/home/asset_services/custody_services/sub-custodians.html). On a regular basis, the Depositary monitors that list by re-assessing those services and delegations to and from affiliates from which conflicts of interest may arise.

Where a conflict or potential conflict of interest arises, the Depositary will have regard to its obligations to the Company and will treat the Company and the other funds for which it acts fairly and such that, so far as is reasonably practicable, any transactions are effected on terms which are not materially less favourable to the Company than if the conflict or potential conflict had not existed. Such potential conflicts of interest are identified, managed and monitored in various other ways including, without limitation, the hierarchical and functional separation of the Company's functions from its other potentially conflicting tasks and by the Depositary adhering to its own conflicts of interest policy.

Details of the conflict of interest policy of the Depositary is available on the website [https://www.group.pictet/corporate/fr/home/asset\\_services/custody\\_services/sub-](https://www.group.pictet/corporate/fr/home/asset_services/custody_services/sub-)

custodians.html. A paper copy of the summarised conflict of interest policy of the Depositary is available free of charge to the Shareholders upon request.

Under no circumstances will the Depositary be liable to the Company, the Management Company or any other person for indirect or consequential damages and the Depositary will not in any event be liable for the following direct losses: loss of profits, loss of contracts, loss of goodwill, whether or not foreseeable, even if the Depositary has been advised of the likelihood of such loss or damage and regardless of whether the claim for loss or damage is made in negligence, for breach of contract or otherwise.

The Depositary or the Company may terminate the Depositary Agreement at any time, by giving at least three months' written notice to the other party, it being understood that any decision by the Company to end the Depositary's appointment is subject to another depositary bank taking on the duties and responsibilities of the Depositary as defined in the Articles within two months, provided furthermore that, if the Company terminates the Depositary's duties, the Depositary will continue to perform its duties until such time as the Depositary has been relieved of all the Company's assets that it held or had arranged to be held on behalf of the Company. Should the Depositary itself give notice to terminate the contract, the Company will be required to appoint a new depositary bank to take over the duties and responsibilities of the Depositary within two months, on the understanding that, as of the date when the notice of termination expires and until such time as a new depositary bank is appointed by the Company, the Depositary will only be required to take any necessary measures to safeguard the best interests of Shareholders.

The Depositary is remunerated in accordance with customary practice in the Luxembourg financial market. Such remuneration is expressed as a percentage of the Company's net assets and paid on a quarterly basis, as further detailed under Section 13 below. The fees paid to the Depositary will be shown in the Company's financial statements.

## **2.6 Distributors and nominees**

FundPartner Solutions (European) S.A. in its capacity as management company of the Company will be in charge of the distribution of the Shares. The Management Company may appoint one or more distributors with the consent of the Company.

It is expected that the Management Company and/or any distributor(s) will offer to enter into arrangements with investors to provide nominee services to those investors in relation to the Shares or arrange for third party nominee service providers to provide such nominee services to the underlying investors.

All distributors that are entitled to receive subscription monies and/or subscription, redemption or conversion orders on behalf of the Company and nominee service providers must be (i) professionals of the financial sector of a FATF member country which are subject under their local regulations to anti money laundering rules equivalent to those required by Luxembourg law or (ii) professionals established in a non-FATF member State provided they are a subsidiary of a professional of the financial sector of a FATF member State and they are obliged to follow anti money laundering and terrorism financing rules equivalent to those required by Luxembourg law because of internal group policies. Whilst and to the extent that such arrangements subsist, underlying investors will not appear in the register of the Company and will have no direct right of recourse against the Company.

The Management Company and/or any distributors or nominee service providers holding their Shares through Euroclear or Clearstream or any other relevant clearing system as an accountholder also will not be recognised as the registered Shareholder in the register. The

relevant nominee of Euroclear or Clearstream or the other relevant clearing system will be recognised as the registered Shareholder in the register in such event, and in turn would hold the Shares for the benefit of the relevant accountholders in accordance with the relevant arrangements.

The terms and conditions of any (sub-)distribution agreement(s) with arrangements to provide nominee services will have to allow that an underlying investor who (i) has invested in the Company through a nominee and (ii) is an Eligible Investor, may at any time, require the transfer in his/her/its name of the Shares subscribed through the nominee. After this transfer, the investor will receive evidence of his shareholding at the confirmation of the transfer from the nominee.

Investors may subscribe directly to the Company without having to go through the Management Company or any distributors or nominee.

Copies of the various agreements between the Company, the Management Company and distributors or nominee(s) are available at the registered office of the Company as well as at the registered office of the Administrative Agent or of the Management Company, distributor(s)/nominee(s) during the normal business hours on any Business Day.

The Management Company and any Investment Manager or Investment Adviser may enter into retrocession fee arrangements with any distributor in relation to their distribution services. Any such retrocession fee will be paid by the Management Company, the Investment Manager or the Investment Adviser out of its own remuneration.

The Management Company is entitled, with regard to the distribution of certain Classes, to a Shareholder servicing fee (the **Shareholder Servicing Fee**) based on the average net assets of the relevant Class in each Sub-fund as set out in the relevant Special Section. The Management Company has the right, at its discretion to reallocate such fee, in whole or in part, to distributors.

## **2.7 Auditor**

Ernst & Young S.A. has been appointed as the Company's approved statutory auditor and will fulfil all duties prescribed by the 2010 Act.



### **3. INVESTMENT OBJECTIVE, POLICY AND RESTRICTIONS**

#### **3.1 Investment Objective and Investment Policy**

The Investment Objective and Investment Policy of each Sub-fund is as set out in respect of that Sub-fund in the relevant Special Section.

#### **3.2 Investment Restrictions**

The Company and the Sub-funds are subject to the Investment Restrictions set forth in Schedule 1.

#### **3.3 Use of financial derivative instruments**

Certain Sub-funds are authorised to use financial derivative instruments either for hedging or efficient portfolio management purposes or as part of their investment strategies as described in the relevant Special Sections. Unless stated otherwise in a Special Section, a Sub-fund which uses financial derivative instruments derivatives will do so for hedging and/or efficient portfolio management purposes only. Sub-funds using derivatives will do so within the limits specified in Schedule 1. **Investors should refer to the risk factors in Schedule 2, Section 1.4 for special risk considerations applicable to financial derivative instruments. The Sub-funds will only enter into OTC transactions with first class financial institutions specialised in those transactions.**

#### **4. CO-MANAGEMENT**

Subject to the general provisions of the Articles, the Board may choose to co-manage the assets of certain Sub-funds on a pooled basis for the purposes of efficient portfolio management. In these cases, assets of the Sub-funds participating in the co-management process will be managed according to a common investment objective and will be referred to as a "pool". These pools, however, are used solely for internal management efficiency purposes or to reduce management costs.

The pools do not constitute separate legal entities and are not directly accessible to Shareholders. Cash, or other assets, may be allocated from one or more Sub-funds into one or more of the pools established by the Company. Further allocations may be made, from time to time, thereafter. Transfers from the pool(s) back to the Sub-funds may only be made up to the amount of that Sub-fund's participation in the pool(s).

The proportion of any Sub-fund's participation in a particular pool will be measured by reference to its initial allocation of cash and/or other assets to such a pool and, on an ongoing basis, according to adjustments made for further allocations or withdrawals.

The entitlement of each Sub-fund participating in the pool, to the co-managed assets applies proportionally to each and every single asset of such pool.

Where the Company incurs a liability relating to any asset of a particular pool or to any action taken in connection with an asset of a particular pool, such liability is allocated to the relevant pool. Assets or liabilities of the Company which cannot be attributed to a particular pool, are allocated to the Sub-fund they belong or relate to. Assets or expenses which are not directly attributable to a particular Sub-fund are allocated among the various Sub-funds pro rata, in proportion to the Net Asset Value of each Sub-fund.

Upon dissolution of the pool, the pool's assets will be allocated to the Sub-fund(s) in proportion to its/their participation in the pool.

Dividends, interest, and other distributions of an income nature earned in respect of the assets of a particular pool will be immediately credited to the Sub-funds in proportion to its respective participation in the pool at the time such income is recorded.

Expenses directly attributable to a particular pool will be recorded as a charge to that pool and, where applicable, will be allocated to the Sub-funds in proportion to their respective participation in the pool at the time such expense is incurred. Expenses, that are not attributable to a particular pool, will be charged to the relevant Sub-fund(s).

In the books and accounts of the Company the assets and liabilities of a Sub-fund, whether participating or not in a pool, will, at all times, be identified or identifiable as an asset or liability of the Sub-fund concerned including, as the case may be, between two accounting periods a proportionate entitlement of a Sub-fund to a given asset. Accordingly such assets can, at any time, be segregated. On the Depositary's records for the Sub-fund such assets and liabilities will also be identified as a given Sub-fund's assets and liabilities and, accordingly, segregated on the Depositary's books.

## **5. SUBSCRIPTION FOR SHARES**

### **5.1 Initial Subscription Period/Date and Ongoing Subscriptions**

During the Initial Subscription Period or on the Initial Subscription Date or on the Class Launch Date, the Company is offering the Shares under the terms and conditions as set forth in the relevant Special Section. The Company may offer Shares in one or several Sub-funds or in one or more Classes in each Sub-fund. If so provided for in a Special Section, the Board may extend the Initial Subscription Period and/or postpone the Launch Date subject to the terms of the relevant Special Section.

After the Initial Subscription Period, the Initial Subscription Date or the Class Launch Date, the Company may offer Shares of each existing Class in each existing Sub-fund on any day that is a Valuation Day, as stipulated in the relevant Special Section. The Company may decide that for a particular Class or Sub-fund no further Shares will be issued after the Initial Subscription Period or Initial Subscription Date (as will be set forth in the relevant Special Section). However, the Board reserves the right to authorise at any time and without notice the issue and sale of Shares for Classes or Sub-funds that were previously closed for further subscriptions. Such decision will be made by the Board with due regard to the interest of the existing Shareholders in the relevant Class or Sub-fund.

The Board may in its discretion decide to cancel the offering of a Sub-fund. The Board may also decide to cancel the offering of a new Class. In such case, investors having made an application for subscription will be duly informed and any subscription monies already paid will be returned. For the avoidance of doubt, no interest will be payable on such amount prior to their return to the relevant investors.

Shareholders or prospective investors may subscribe for a Class in a Sub-fund at a subscription price per Share equal to:

- (a) the Initial Subscription Price where the subscription relates to the Initial Subscription Period, the Initial Subscription Date or the Class Launch Date; or
- (b) the Net Asset Value per Share or the Adjusted Price as of the Valuation Day on which the subscription is effected where the subscription relates to a subsequent offering (other than the Initial Subscription Period, the Initial Subscription Date or the Class Launch Date) of Shares of an existing Class in an existing Sub-fund.

A Subscription Fee may be added to the subscription price to be paid by the investor. The applicable Subscription Fee will be stipulated in the relevant Special Section. This fee will be payable to the Company, the Management Company or the Distributor, unless otherwise specified in respect of a Sub-fund in the relevant Special Section.

Subscriptions will be accepted in amounts and number of Shares.

With regard to the Initial Subscription Period or Initial Subscription Date, Shares will be issued on the Initial Subscription Date or the first Business Day following the end of the Initial Subscription Period. With regards to the Class Launch Date, Shares will be issued on the Class Launch Date.

## 5.2 Subscription procedure

After the end of the Initial Subscription Period, the Initial Subscription Date or the Class Launch Date, subscriptions may be made only by investors who are Eligible Investors by:

- (a) submitting a written subscription request by fax, swift or any other transmission method allowed by the Administrative Agent to the Administrative Agent to be received by the Administrative Agent by such time as set out in the relevant Special Section (the **Subscription Cut-Off Time**). Subscription orders for Shares received by the Administrative Agent in respect of a Valuation Day prior to the relevant Subscription Cut-Off Time, will be processed on the first NAV Calculation Day following such Valuation Day on the basis of the Net Asset Value or the Adjusted Price per Share calculated on such NAV Calculation Day. Any applications received after the Subscription Cut-Off Time in respect of the relevant Valuation Day will be deferred to the next Valuation Day and will be dealt with on the basis of the Net Asset Value or the Adjusted Price per Share calculated on the NAV Calculation Day immediately following such next Valuation Day;
- (b) delivering to the account of the Depositary cleared funds for the full amount of the subscription price (plus any Subscription Fee) of the Shares being subscribed for pursuant to the subscription request by such time as set out in the relevant Special Section.

If the Depositary does not receive the funds in time the investor will be liable for the costs of late or non-payment in which the case the Board will have the power to redeem all or part of the investor's holding of Shares in the Company in order to meet such costs. In circumstances where it is not practical or feasible to recoup a loss from an applicant for Shares, any losses incurred by the Company due to late or non-payment of the subscription proceeds in respect of subscription applications received may be borne by the relevant Sub-fund.

Subscribers for Shares must make payment in the Reference Currency of the relevant Sub-fund or Class.

Subscribers for Shares are to indicate the allocation of the subscription monies among one or more of the Sub-funds and/or Classes offered by the Company. Subscription requests are irrevocable, unless in the period during which the calculation of the Net Asset Value is suspended in accordance with Section 11.2 of the General Section.

In the event that the subscription order is incomplete (i.e., all requested papers are not received by the Administrative Agent or a Distributor by the relevant deadline set out above) the subscription order will be rejected and a new subscription order will have to be submitted.

The applicable Minimum Subscription Amount, Minimum Holding Amount and Minimum Subsequent Subscription Amount may be waived or varied on a case-by-case basis, by the Company.

In the event that the Company decides to reject any application to subscribe for Shares the monies transferred by a relevant applicant will be returned to the prospective investor without undue delay (unless otherwise provided for by law or regulations).

### **5.3 Ownership Restrictions**

A person who is a Restricted Person may not invest in the Company. In addition, each applicant for Shares must certify that it is either (a) not a US Person or (b) an "accredited investor" within the meaning of Regulation D of the US Securities Act and a "qualified purchaser" within the meaning of Section 2(a)(51) of the Investment Company Act. The Company may, in its sole discretion, decline to accept an application to subscribe for Shares from any prospective subscriber, including any Restricted Person or any person failing to make the certification set forth in (a) or (b) above. Shares may not be transferred to or owned by any Restricted Person. The Shares are subject to restrictions on transferability to a US Person and may not be transferred or re-sold except pursuant to an exemption from registration under the US Securities Act or an effective registration statement under the US Securities Act. In the absence of an exemption or registration, any resale or transfer of any of the Shares in the United States or to US Persons may constitute a violation of US law (See "Important Information – United States"). It is the responsibility of the Board to verify that Shares are not transferred in breach of the above. The Company reserves the right to redeem any Shares which are or become owned, directly or indirectly, by a Restricted Person or by a person who fails to meet the requirements set forth in (a) or (b) above. Any prospective investor will only be issued Shares for Institutional Investor if such person provides a representation that it qualifies as an Institutional Investor pursuant to Luxembourg law.

### **5.4 Subscription in kind**

At the entire discretion of the Board, Shares may be issued against contributions of Transferable Securities or other eligible assets to the Sub-funds provided that these assets are Eligible Investments and the contributions comply with the investment policies and restrictions laid out in the Prospectus and the relevant Special Sections and have a value equal to the issue price of the Shares concerned. The assets contributed to the Sub-fund, as described above, will be valued separately in a special report of the Auditor. These contributions in kind of assets are not subject to brokerage costs. The Board will only have recourse to this possibility (i) at the request of the relevant investor and (ii) if the transfer does not negatively affect current Shareholders. All costs related to a contribution in kind will be paid for by the Sub-fund concerned provided that they are lower than the brokerage costs which the Sub-fund would have paid if the assets concerned had been acquired on the market. If the costs relating to the contribution in kind are higher than the brokerage costs which the Sub-fund concerned would have paid if the assets concerned had been acquired on the market, the exceeding portion thereof will be supported by the subscriber.

### **5.5 Institutional Investors**

The sale of Shares of certain Sub-funds or Classes may be restricted to Institutional Investors and the Company will not issue or give effect to any transfer of Shares of such Sub-funds or Classes to any investor who may not be considered as an Institutional Investor. The Company may, at its discretion, delay the acceptance of any subscription for shares of a Sub-fund or Class restricted to Institutional Investors until such date as it has received sufficient evidence on the qualification of the investor as an Institutional Investor. If it appears at any time that a holder of Shares of a Sub-fund or Class restricted to Institutional Investors is not an Institutional Investor, the Company will, at its discretion, either redeem the relevant shares in accordance with Section 7.9 of this General Section or convert such Shares into Shares of a Sub-fund or Class which is not restricted to Institutional Investors (provided there exists such a Sub-fund or Class with similar characteristics) and which is essentially identical to the restricted Sub-fund or Class in terms of its investment object (but, for avoidance of doubt, not necessarily in terms of the

fees and expenses payable by such Sub-fund or Class), unless such holding is the result of an error of the Company or its agents, and notify the relevant Shareholder of such conversion.

Considering the qualification of a subscriber or a transferee as Institutional Investor, the Company will have due regard to the guidelines or recommendations (if any) of the competent supervisory authorities.

Institutional Investors subscribing in their own name, but on behalf of a third party, may be required to certify that such subscription is made either on behalf of an Institutional Investor or on behalf of a Retail Investor provided in the latter case that the Institutional Investor is acting within the framework of a discretionary management mandate and that the Retail Investor has no right to lay a claim against the Company for direct ownership of the Shares.

## **5.6 Closed Classes – Launch of Classes**

In the event that a Class, closed for subscriptions because all the Shares issued in that Class have been redeemed, is reopened for subscriptions or in the event that no Shares of a Class are subscribed during the Initial Offering Period or Initial Offering Date of a Sub-fund, as set out in the relevant Special Section, the Initial Subscription Price per Share of the Class concerned will, at the time of the (re)launch of the Class, be equal to 100 EUR or the equivalent amount in the different currencies of the Class concerned.

## **6. CONVERSION OF SHARES**

### **6.1 General**

Unless otherwise stated in the relevant Special Section, Shareholders are allowed to convert all, or part, of the Shares of a given Class into Shares of the same Class of another Sub-fund. However, the right to convert Shares is subject to compliance with any condition (including any Minimum Subscription Amounts and eligibility requirements) applicable to the Class into which conversion is to be effected. Therefore, if, as a result of a conversion, the value of a Shareholder's holding in the new Class would be less than the applicable Minimum Subscription Amount, the Board may decide not to accept the request for conversion of the Shares. In addition, if, as a result of a conversion, the value of a Shareholder's holding in the original Class would become less than the relevant Minimum Holding Amount as stipulated in the relevant Special Section, the Shareholder may be deemed (if the Board so decides) to have requested the conversion of all of his Shares. Shareholders are not allowed to convert all, or part, of their Shares into Shares of a Sub-fund which is closed for further subscriptions after the Initial Subscription Period or Initial Subscription Date (as will be set forth in the relevant Special Section).

### **6.2 Procedure**

If the criteria to become a Shareholder of such other Class and/or such other Sub-fund are fulfilled, the Shareholder will make an application to convert Shares by sending a written request by swift or fax for conversion to the Distributor or the Administrative Agent. Shares may be converted at the request of the Shareholders on any day that is a Valuation Day. The conversion request must be received by the Distributor or the Administrative Agent by such time as set out in the relevant Special Section on the relevant Valuation Day. Conversion requests received after this deadline will be deemed received at the next forthcoming Valuation Day and will be processed on the basis of the Net Asset Value or the Adjusted Price per Share as of the first Valuation Day after the relevant Valuation Day. The conversion request must state the number of Shares of the relevant Classes in the relevant Sub-fund, which the Shareholder wishes to convert.

### **6.3 10% Gate**

If any application for conversion is received in respect of any one Valuation Day (the **First Valuation Day**) which either singly or when aggregated with other applications so received (including redemption requests), is more than 10% of the total net assets of the relevant Sub-fund, the Company reserves the right in its sole and absolute discretion (and taking into account the best interests of the remaining Shareholders) to scale down pro rata each application with respect to such First Valuation Day so that not more than 10% of the total net assets of the Sub-fund be redeemed or converted on such First Valuation Day. To the extent that any application is not given full effect on such First Valuation Day by virtue of the exercise of the power to prorate applications, it will be treated with respect to the unsatisfied balance thereof as if a further request had been made by the Shareholder in respect of the next Valuation Day and, if necessary, subsequent Valuation Days. With respect to any application received in respect of the First Valuation Day, to the extent that subsequent applications will be received in respect of following Valuation Days, such later applications will be postponed in priority to the satisfaction of applications relating to the First Valuation Day, but subject thereto will be dealt with as set out in the preceding sentence.

#### **6.4 Conversion Fee**

A Conversion Fee, in favour of Sub-fund from which the Shares are converted, of up to 1% of the Net Asset Value or Adjusted Price of the Shares of the relevant Class of the relevant new Sub-fund to be issued may be levied to cover conversion costs. The same rate of Conversion Fee will be applied to all conversion requests (deemed) received on the same Valuation Day.

#### **6.5 Conversion process**

Conversion of Shares will be effected on the first NAV Calculation Day after the relevant Valuation Day on which the conversion request is deemed received, by the simultaneous:

- (a) redemption of the number of Shares of the relevant Class in the relevant Sub-fund specified in the conversion request at the Net Asset Value or Adjusted Price per Share of the relevant Class in the relevant Sub-fund; and
- (b) issue of Shares on that Valuation Day in the new Sub-fund or Class, into which the original Shares are to be converted, at the Net Asset Value or Adjusted Price per Share for Shares of the relevant Class in the (new) Sub-fund.

Subject to any currency conversion (if applicable) the proceeds resulting from the redemption of the original Shares will be applied immediately as the subscription monies for the Shares in the new Class or Sub-fund into which the original Shares are converted.

If conversion requests would result in a residual holding in any one Sub-fund or Class of less than the Minimum Net Asset Value applicable, the Company reserves the right to compulsorily redeem the residual Shares in that Sub-fund or Class at the relevant redemption price and make payment of the proceeds thereof to the Shareholders.



## **7. REDEMPTION OF SHARES**

### **7.1 Timing, form of redemption request**

Shares in a Sub-fund may be redeemed at the request of the Shareholders on any day that is a Valuation Day. Redemption requests must be sent in writing by fax, swift or any other transmission method allowed by the Administrative Agent to the Distributor(s) or the Administrative Agent or such other place as the Company may advise. Redemption requests must be received by the Administrative Agent at the time specified in the relevant Special Section (the **Redemption Cut-Off Time**) to be eligible for processing as of such Valuation Day (unless another Redemption Cut-Off Time is specified in respect of a Sub-fund in the relevant Special Section). Redemption requests received after the Redemption Cut-Off Time will be deemed received at the next forthcoming Valuation Day and will be processed on the basis of the Net Asset Value per Share as of the first NAV Calculation Day after the relevant Valuation Day.

The Board, the Administrative Agent and the Distributor(s) will ensure that the relevant Redemption Cut-Off Times of each Sub-fund are strictly complied with and will therefore take all adequate measures to prevent practices known as "Late Trading".

Requests for redemption must be for either a number of Shares or an amount denominated in the Reference Currency of the Class of the Sub-fund. Redemption requests must be addressed to the Administrative Agent or the Distributor. Redemption requests will not be accepted by telephone or telex. Redemption requests are irrevocable (except during any period where the determination of the Net Asset Value, the issue, redemption and conversion of Shares is suspended) and proceeds of the redemption will be remitted to the account indicated by the Shareholder in its subscription request. The Company reserves the right not to redeem any Shares if it has not been provided with evidence satisfactory to the Company that the redemption request was made by a Shareholder of the Company. Failure to provide appropriate documentation to the Administrative Agent may result in the withholding of redemption proceeds.

### **7.2 Redemption Price**

A Shareholder who redeems his/her/its Shares will receive an amount per Share redeemed equal to the Net Asset Value or Adjusted Price per Share as of the applicable Valuation Day for the relevant Class in the relevant Sub-fund, less, as the case may be, the Redemption Fee as stipulated in the relevant Special Section and any tax or duty imposed on the redemption of the Shares.

### **7.3 Redemption Fee**

If a Shareholder wants to redeem Shares of the Company, a Redemption Fee may be levied on the amount to be paid to the Shareholder. The applicable Redemption Fee will be stipulated in the relevant Special Section. This fee will be payable to the Company, unless otherwise specified in respect of a Sub-fund in the relevant Special Section. For the avoidance of doubt, the Redemption Fee is calculated on the redemption price of the Shares.

### **7.4 Payment of the redemption price**

Payment of the redemption proceeds will be made generally within three (3) Business Days following the relevant Valuation Day (unless otherwise specified in respect of a Sub-fund in the relevant Special Section). Where a Shareholder redeems Shares that he/she/it has not

paid for within the required subscription settlement period, in circumstances where the redemption proceeds would exceed the subscription amount that he/she/it owes, the Company will be entitled to retain such excess for the benefit of the Company.

#### **7.5 Minimum Holding Amount - Minimum Net Asset Value**

If as a result of a redemption, the value of a Shareholder's holding would become less than the relevant Minimum Holding Amount as stipulated in the relevant Special Section, the Shareholder may be deemed (if the Board so decides) to have requested the redemption of all his Shares.

If redemption requests would result in a residual holding in any one Sub-fund or Class of less than the Minimum Net Asset Value applicable, the Company reserves the right to compulsorily redeem the residual Shares in that Sub-fund or Class at the relevant redemption price and make payment of the proceeds thereof to the Shareholder.

#### **7.6 Suspension of redemption**

Redemption of Shares may be suspended for certain periods of time as described under Section 11.2 of the General Section.

#### **7.7 10% Gate**

If any application for redemption is received in respect of a Valuation Day which either singly or when aggregated with other applications so received (including conversion requests), is more than 10% of the total net assets of the relevant Sub-fund, the Company reserves the right in its sole and absolute discretion (and taking into account the best interests of the remaining Shareholders) to scale down pro rata each application with respect to such Valuation Day so that not more than 10% of the total net assets of the Sub-fund be redeemed or converted on such Valuation Day. To the extent that any application is not given full effect on such Valuation Day by virtue of the exercise of the power to prorate applications, it will be treated with respect to the unsatisfied balance thereof as if a further request had been made by the Shareholder in respect of the next Valuation Day and, if necessary, subsequent Valuation Days. With respect to any application received in respect of the relevant Valuation Day, to the extent that subsequent applications will be received in respect of following Valuation Days, such later applications will be postponed in priority to the satisfaction of applications relating to the relevant Valuation Day, but subject thereto will be dealt with as set out in the preceding sentence.

#### **7.8 Redemption in-kind**

The Company may, at the request of a Shareholder, agree to make, in whole or in part, a distribution in-kind of securities of the Sub-fund to that Shareholder in lieu of paying to that Shareholder redemption proceeds in cash. The Company will agree to do so if it determines that such a transaction would not be detrimental to the best interests of the remaining Shareholders of the relevant Sub-fund. Such redemption will be effected at the Net Asset Value or Adjusted Price per Share of the relevant Class of the Sub-fund which the Shareholder is redeeming, and thus will constitute a pro rata portion of the Sub-fund's assets attributable in that Class in terms of value. The assets to be transferred to such Shareholder will be determined by the Company and the Depositary, with regard to the practicality of transferring the assets and to the interests of the Sub-fund and continuing participants therein and to the Shareholder. Such a Shareholder may incur brokerage and/or local tax charges on any transfer or sale of securities so received in satisfaction of redemption. The net proceeds from this sale by the redeeming Shareholder of such

securities may be more or less than the corresponding redemption price of Shares in the relevant Sub-fund due to market conditions and/or differences in the prices used for the purposes of such sale or transfer and the calculation of the Net Asset Value or Adjusted Price of Shares of the Sub-fund. The selection, valuation and transfer of assets will be subject to the review and approval of the Auditor of the Company.

Any costs incurred in connection with a redemption in-kind will be borne by the relevant Shareholder.

## **7.9 Compulsory redemptions by the Company**

The Company may redeem Shares of any Shareholder if the Board whether on its own initiative or at the initiative of a Distributor, determines that:

- (a) any of the representations given by the Shareholder to the Company or the Management Company were not true and accurate or have ceased to be true and accurate; or
- (b) the Shareholder is not or ceases to be an Eligible Investor; or
- (c) the continuing ownership of Shares by the Shareholder would cause an undue risk of adverse tax consequences to the Company or any of its Shareholders; or
- (d) the continuing ownership of Shares by such Shareholder may be prejudicial to the Company or any of its Shareholders; or
- (e) further to the satisfaction of a redemption request received by a Shareholder, the number or aggregate amount of Shares of the relevant Class held by this Shareholder is less than the Minimum Holding Amount.

## 8. PRICE ADJUSTMENT POLICY

The basis on which the assets of each Sub-fund are valued for the purposes of calculating the Net Asset Value per Shares is set out in Section 11 of the General Section. The actual cost of purchasing or selling assets and investments for a Sub-fund may however deviate from the latest available price or net asset value used, as appropriate, in calculating the Net Asset Value per Shares due to duties and charges and spreads from buying and selling prices of the underlying investments. These costs have an adverse effect on the value of a Sub-fund and are known as "dilution". To mitigate the effects of dilution, the Company may, at its discretion, make a dilution adjustment to the Net Asset Value per Shares.

Shares will in principle be issued and redeemed on the basis of a single price, i.e., the Net Asset Value per Share. However – to mitigate the effect of dilution – the Net Asset Value per Share may be adjusted on any Valuation Day in the manner set out below depending on whether or not a Sub-fund is in a net subscription position or in a net redemption position on such Valuation Day to arrive at the applicable adjusted price (the **Adjusted Price**). Where there is no dealing on a Sub-fund or Class of a Sub-fund on any Valuation Day, the applicable price will be the unadjusted Net Asset Value per Share. The Company will retain the discretion in relation to the circumstances under which to make such a dilution adjustment. As a general rule, the requirement to make a dilution adjustment will depend upon the volume of subscriptions or redemptions of Shares in the relevant Sub-fund. The Company may make a dilution adjustment if, in their opinion, the existing Shareholders (in case of subscriptions) or remaining Shareholders (in case of redemptions) might otherwise be adversely affected. In particular, the dilution adjustment may be made where, for example but without limitation:

- (a) a Sub-fund is in continual decline (i.e. is experiencing a net outflow of redemptions);
- (b) a Sub-fund is experiencing large levels of net subscriptions relevant to its size;
- (c) a Sub-fund is experiencing a net subscription position or a net redemption position on any Valuation Day;
- (d) in any other case where the Company is of the opinion that the interests of Shareholders require the imposition of a dilution adjustment.

The dilution adjustment will involve adding to, when the Sub-fund is in a net subscription position, and deducting from, when the Sub-fund is in a net redemption position, the Net Asset Value per Share such figure as the Board considers represents an appropriate figure to meet duties and charges and spreads. In particular, the Net Asset Value of the relevant Sub-fund will be adjusted (upwards or downwards) by an amount which reflects (i) the estimated fiscal charges, (ii) dealing costs that may be incurred by the Sub-fund and (iii) the estimated bid/offer spread of the assets in which the Sub-fund invests. As certain stock markets and jurisdictions may have different charging structures on the buy and sell sides, the resulting adjustment may be different for net inflows than for net outflows. Adjustments will however be limited to a maximum of 2% of the then applicable Net Asset Value per Share.

The Adjusted Price of each Class in the Sub-fund will be calculated separately but any dilution adjustment will in percentage terms affect the Adjusted Price of each Class in an identical manner. On the occasions when the dilution adjustment is not made there may be an adverse impact on the total assets of a Sub-fund.

## 9. RESTRICTIONS ON TRANSFER OF SHARES

All transfers of Shares will be effected by a transfer in writing in any usual or common form or any other form approved by the Company and every form of transfer will state the full name and address of the transferor and the transferee. The instrument of transfer of a Share will be signed by or on behalf of the transferor and the transferee. The transferor will be deemed to remain the holder of the Share until the name of the transferee is entered on the Share register in respect thereof. The Company may decline to register any transfer of a Share if, in consequence of such transfer, the value of the holding of the transferor or transferee does not meet the minimum subscription or holding levels of the relevant Share Class or Sub-fund as set out in this Prospectus or the relevant Special Section. The registration of transfer may be suspended at such times and for such periods as the Company may from time to time determine, provided, however, that such registration will not be suspended for more than five (5) days in any calendar year. The Company may decline to register any transfer of Shares unless the original instruments of transfer, and such other documents that the Company may require are deposited at the registered office of the Company or at such other place as the Company may reasonably require, together with such other evidence as the Company may reasonably require to show the right of the transferor to make the transfer and to verify the identity of the transferee. Such evidence may include a declaration as to whether the proposed transferee (i) is a US Person or acting for or on behalf of a US Person, and if, so whether the proposed transferee (or the person on whose behalf it is acting) is an “accredited investor” within the meaning of Regulation D of the US Securities Act and a “qualified purchaser” within the meaning of Section 2(a)(51) of the Investment Company Act, (ii) is a Restricted Person or acting for or on behalf of a Restricted Person or (iii) does qualify as Institutional Investor.

The Company may decline to register a transfer of Shares:

- (a) if in the opinion of the Company, the transfer will be unlawful or will result or be likely to result in any adverse regulatory, tax or fiscal consequences to the Company or its Shareholders; or
- (b) if the transferee is a US Person or is acting for or on behalf of a US Person and fails to certify that it (or the person on whose behalf it is acting) is an “accredited investor” within the meaning of Regulation D of the US Securities Act and a “qualified purchaser” within the meaning of Section 2(a)(51) of the Investment Company Act; or
- (c) if the transferee is a Restricted Person or is acting for or on behalf of a Restricted Person; or
- (d) in relation to Classes reserved for subscription by Institutional Investors, if the transferee is not an Institutional Investor; or
- (e) in circumstances as set out in Section 10.2 of this General Section; or
- (f) if such transfer will cause any assets of the Company to be “plan assets” for the purposes of ERISA, Section 4975 of the Code or Similar Law; or
- (g) if in the opinion of the Company, the transfer of the Shares would lead to the Shares being registered in a depository or clearing system in which the Shares could be further transferred otherwise than in accordance with the terms of this Prospectus or the Articles.

## **10. ANTI-MONEY LAUNDERING AND TERRORIST FINANCING REQUIREMENTS – MARKET TIMING AND LATE TRADING**

### **10.1 Anti-money laundering and terrorist financing requirements**

Measures aimed towards the prevention of money laundering as provided by Luxembourg Law and the circulars as issued by the CSSF are the responsibility of the Company, who delegates to the Administrative Agent (acting in capacity as registrar and transfer agent) such controls.

These measures may require the Administrative Agent to request verification of the identity of any prospective investor. By way of example, an individual may be required to produce a copy of his passport or identification card duly certified by a competent authority (e.g. embassy, consulate, notary, police officer, solicitor, financial institution domiciled in a country imposing equivalent identification requirements or any other competent authority. In the case of corporate applicants, this may require, amongst others, production of a certified copy of the certificate of incorporation (and any change of name) and investor's memorandum and articles of association (or equivalent), a recent list of its shareholders showing a recent stake in its capital, printed on the letterhead of the investor duly dated and signed, an authorised signature list and an excerpt of the trade register. It should be noted that the above list is not exhaustive and that the investors may be required to provide further information to the Administrative Agent in order to ensure the identification of the final beneficial owner of the Shares.

Until satisfactory proof of identity is provided by potential investors or transferees as determined by the Administrative Agent, it reserves the right to withhold issue or approval of registration of transfers of Shares. Similarly, redemption proceeds will not be paid unless compliance with these requirements has been made in full. In any such event, the Administrative Agent will not be liable for any interest, costs or compensation.

In case of a delay or failure to provide satisfactory proof of identity, the Administrative Agent may take such action as it thinks fit.

These identification requirements may be waived by the Administrative Agent in the following circumstances:

- (a) in the case of a subscription through a financial intermediary which is supervised by a regulatory authority which imposes an investors' or transferees' identification obligation equivalent to that required under Luxembourg Law for the prevention of money laundering and to which the financial intermediary is subject;
- (b) in the case of a subscription through a financial intermediary whose parent is supervised by a regulatory authority which imposes an investors' or transferees' identification obligation equivalent to that required under Luxembourg Law for the prevention of money laundering and where the law applicable to the parent or the group policy imposes an equivalent on its subsidiaries or branches.

### **10.2 Market Timing and Late Trading**

Prospective investors and Shareholders should note that the Company may reject or cancel any subscription, conversion or redemption orders for any reason and in particular in order to comply with the Circular 04/146 relating to the protection of UCIs and their investors against Late Trading and Market Timing practices.

For example, excessive trading of Shares in response to short-term fluctuations in the market, a trading technique sometimes referred to as Market Timing, has a disruptive effect on portfolio management and increases the Sub-funds' expenses. Accordingly, the Company may, in the sole discretion of the Board, compulsorily redeem Shares or reject any subscription orders and conversions orders from any investor that the Company reasonably believes has engaged in Market Timing activity. For these purposes, the Company may consider an investor's trading history in the Sub-funds and accounts under common control or ownership.

Furthermore, the Company will ensure that the relevant deadlines for requests for subscriptions, redemptions or conversions are strictly complied with and will therefore take all adequate measures to prevent practices known as Late Trading.

## **11. CALCULATION AND SUSPENSION OF NET ASSET VALUE**

### **11.1 Net Asset Value calculation**

The Company, each Sub-fund and each Class in a Sub-fund have a Net Asset Value determined in accordance with the Articles. The Reference Currency of the Company is the EUR. The Net Asset Value of each Sub-fund and Class will be calculated in the Reference Currency of the Sub-fund or Class, as it is stipulated in the relevant Special Section, and will be determined by the Administrative Agent for each Valuation Day as at each NAV Calculation Day as stipulated in the relevant Special Section, by calculating the aggregate of:

- (a) the value of all assets of the Company which are allocated to the relevant Sub-fund in accordance with the provisions of the Articles; less
- (b) all the liabilities of the Company which are allocated to the relevant Sub-fund and Class in accordance with the provisions of the Articles, and all fees attributable to the relevant Sub-fund and Class, which fees have accrued but are unpaid on the relevant Valuation Day.

The Net Asset Value per Share for a Valuation Day will be calculated in the Reference Currency of the relevant Sub-fund and will be calculated by the Administrative Agent as at the NAV Calculation Day of the relevant Sub-fund by dividing the Net Asset Value of the relevant Sub-fund by the number of Shares which are in issue on such Valuation Day in the relevant Sub-fund (including Shares in relation to which a Shareholder has requested redemption on such Valuation Day in relation to such NAV Calculation Day). The Net Asset Value will be calculated up to five decimal place, provided that the Administrative Agent can apply its own rounding policy to such calculation.

If the Sub-fund has more than one Class in issue, the Administrative Agent will calculate the Net Asset Value per Share of each Class for a Valuation Day by dividing the portion of the Net Asset Value of the relevant Sub-fund attributable to a particular Class by the number of Shares of such Class in the relevant Sub-fund which are in issue on such Valuation Day (including Shares in relation to which a Shareholder has requested redemption on such Valuation Day in relation to such NAV Calculation Day).

The Net Asset Value per Share may be rounded up or down to the nearest whole hundredth share of the currency in which the Net Asset Value of the relevant Shares are calculated.

The allocation of assets and liabilities of the Company between Sub-funds (and within each Sub-fund between the different Classes) will be effected so that:

- (a) The subscription price received by the Company on the issue of Shares, and reductions in the value of the Company as a consequence of the redemption of Shares, will be attributed to the Sub-fund (and within that Sub-fund, the Class) to which the relevant Shares belong.
- (b) Assets acquired by the Company upon the investment of the subscription proceeds and income and capital appreciation in relation to such investments which relate to a specific Sub-fund (and within a Sub-fund, to a specific Class) will be attributed to such Sub-fund (or Class in the Sub-fund).
- (c) Assets disposed of by the Company as a consequence of the redemption of Shares and liabilities, expenses and capital depreciation relating to investments made by the Company and other operations of the Company, which relate to a specific Sub-fund (and within a Sub-fund, to a specific Class) will be attributed to such Sub-fund (or Class in the Sub-fund).
- (d) Where the use of foreign exchange transactions, instruments or financial techniques relates to a specific Sub-fund (and within a Sub-fund, to a specific Class) the consequences of their use will be attributed to such Sub-fund (or Class in the Sub-fund).
- (e) Where assets, income, capital appreciations, liabilities, expenses, capital depreciations or the use of foreign exchange transactions, instruments or techniques relate to more than one Sub-fund (or within a Sub-fund, to more than one Class), they will be attributed to such Sub-funds (or Classes, as the case may be) in proportion to the extent to which they are attributable to each such Sub-fund (or each such Class).
- (f) Where assets, income, capital appreciations, liabilities, expenses, capital depreciations or the use of foreign exchange transactions, instruments or techniques cannot be attributed to a particular Sub-fund they will be divided equally between all Sub-funds or, in so far as is justified by the amounts, will be attributed in proportion to the relative Net Asset Value of the Sub-funds (or Classes in the Sub-fund) if the Company, in its sole discretion, determines that this is the most appropriate method of attribution.
- (g) Upon payment of dividends to the Shareholders of a Sub-fund (and within a Sub-fund, to a specific Class) the net assets of this Sub-fund (or Class in the Sub-fund) are reduced by the amount of such dividend.

The assets of the Company will be valued as follows:

- (a) Transferable Securities or Money Market Instruments quoted or traded on an official stock exchange or any other Regulated Market, are valued on the basis of the last known price as of the relevant Valuation Day, and, if the securities or Money Market Instruments are listed on several stock exchanges or Regulated Markets, the last known price of the stock exchange which is the principal market for the security or Money Market Instrument in question, unless these prices are not representative.
- (b) For Transferable Securities or Money Market Instruments not quoted or traded on an official stock exchange or any other Regulated Market, and for quoted



Transferable Securities or Money Market Instruments, but for which the last known price as of the relevant Valuation Day is not representative, valuation is based on the probable sales price estimated prudently and in good faith by the Board.

- (c) Units and shares issued by UCITS or other UCIs will be valued at their last available net asset value as of the relevant Valuation Day.
- (d) The liquidating value of futures, forward or options contracts that are not traded on exchanges or on other Regulated Markets will be determined pursuant to the policies established in good faith by the Board, on a basis consistently applied. The liquidating value of futures, forward or options contracts traded on exchanges or on other Regulated Markets will be based upon the last available settlement prices as of the relevant Valuation Day of these contracts on exchanges and Regulated Markets on which the particular futures, forward or options contracts are traded; provided that if a futures, forward or options contract could not be liquidated on such Business Day with respect to which a Net Asset Value is being determined, then the basis for determining the liquidating value of such contract will be such value as the Board may, in good faith and pursuant to verifiable valuation procedures, deem fair and reasonable.
- (e) Liquid assets and Money Market Instruments with a maturity of less than 12 months may be valued at nominal value plus any accrued interest or using an amortised cost method (it being understood that the method which is more likely to represent the fair market value will be retained). This amortised cost method may result in periods during which the value deviates from the price the Company would receive if it sold the investment. The Board may, from time to time, assess this method of valuation and recommend changes, where necessary, to ensure that such assets will be valued at their fair value as determined in good faith pursuant to procedures established by the Board. If the Board believes that a deviation from the amortised cost may result in material dilution or other unfair results to Shareholders, the Board will take such corrective action, if any, as it deems appropriate, to eliminate or reduce, to the extent reasonably practicable, the dilution or unfair results.
- (f) The swap transactions will be consistently valued based on a calculation of the net present value of their expected cash flows. For certain Sub-funds using OTC Derivatives as part of their main Investment Policy, the valuation method of the OTC Derivative will be further specified in the relevant Special Section.
- (g) Accrued interest on securities will be taken into account if it is not reflected in the share price.
- (h) Cash will be valued at nominal value, plus accrued interest.
- (i) All assets denominated in a currency other than the Reference Currency of the respective Sub-fund/Class will be converted at the mid-market conversion rate as of the relevant Valuation Day between the Reference Currency and the currency of denomination.
- (j) All other securities and other permissible assets as well as any of the above mentioned assets for which the valuation in accordance with the above paragraphs would not be possible or practicable, or would not be representative of their probable realisation value, will be valued at probable realisation value, as determined with care and in good faith pursuant to procedures established by the Board.

In the context of Sub-funds which invest in other UCIs, valuation of their assets may be complex in some circumstances and the administrative agents of such UCIs may be late or delay communicating the relevant net asset values. Consequently, the Administrative Agent, under the responsibility of the Board, may estimate the assets of the relevant Sub-funds as of the Valuation Day considering, among other things, the last valuation of these assets, market changes and any other information received from the relevant UCIs. In this case, the Net Asset Value estimated for the Sub-funds concerned may be different from the value that would have been calculated on the said Valuation Day using the official net asset values calculated by the administrative agents of the UCIs in which the Sub-fund invested. Nevertheless, the Net Asset Value calculated using this method will be considered as final and applicable despite any future divergence.

For the purpose of determining the value of the Company's assets, the Administrative Agent, having due regards to the standard of care and due diligence in this respect, may, when calculating the Net Asset Value, completely and exclusively rely, unless there is manifest error or negligence on its part, upon the valuations provided either (i) by the Board or the Management Company, (ii) by various pricing sources available on the market such as pricing agencies (i.e., Bloomberg, Reuters, etc) or administrators of underlying UCIs, (iii) by prime brokers and brokers, or (iv) by (a) specialist(s) duly authorised to that effect by the Board. In particular, for the valuation of any assets for which market quotations or fair market values are not publicly available (including but not limited to non listed structured or credit-related instruments and other illiquid assets), the Administrative Agent will exclusively rely on valuations provided either by the Board, the Management Company or by third party pricing sources appointed by the Board (or the Management Company) under its responsibility or other official pricing sources like UCIs' administrators and others like Telekurs, Bloomberg, Reuters and will not check the correctness and accuracy of the valuations so provided. If the Board or the Management Company gives instructions to the Administrative Agent to use a specific pricing source, the Board or the Management Company will make its own prior due diligence on such agents as far as its competence, reputation, professionalism are concerned so as to ensure that the prices which will be given to the Administrative Agent are reliable and the Administrative Agent will not, and will not be required to, carry out any additional due diligence or testing on any such pricing source.

If one or more sources of quotation is not able to provide relevant valuations to the Administrative Agent, the latter is authorised to not calculate the Net Asset Value and, consequently, not to determine subscription, redemption and conversion prices. The Administrative Agent will immediately inform the Board and the Management Company if such a situation arises. If necessary, the Board may decide to suspend the calculation of the Net Asset Value in accordance with the procedures described in Section 11.2 of the General Section.

## **11.2 Suspension of Determination of Net Asset Value, Issue, Redemption and Conversion of Shares**

The Company may at any time and from time to time suspend the determination of the Net Asset Value of Shares of any Sub-fund or Class and/or the issue of the Shares of such Sub-fund or Class to subscribers and/or the redemption of the Shares of such Sub-fund or Class from its Shareholders as well as conversions of Shares of any Class in a Sub-fund:

- (a) when one or more stock exchanges or markets, which provide the basis for valuing a substantial portion of the assets of the relevant Sub-fund or Class, or when one or more foreign exchange markets in the currency in which a substantial portion of the

assets of the relevant Sub-fund or Class are denominated, are closed otherwise than for ordinary holidays or if dealings therein are restricted or suspended;

- (b) when, as a result of political, economic, military or monetary events or any circumstances outside the responsibility and the control of the Board, disposal of the assets of the relevant Sub-fund or Class is not reasonably or normally practicable without being seriously detrimental to the interests of the Shareholders;
- (c) in the case of a breakdown in the normal means of communication used for the valuation of any investment of the relevant Sub-fund or Class or if, for any reason beyond the responsibility of the Board, the value of any asset of the relevant Sub-fund or Class may not be determined as rapidly and accurately as required;
- (d) if, as a result of exchange restrictions or other restrictions affecting the transfer of funds, transactions on behalf of the Company are rendered impracticable or if purchases and sales of the Sub-fund's assets cannot be effected at normal rates of exchange;
- (e) when the Board so decides, provided that all Shareholders are treated on an equal footing and all relevant laws and regulations are applied (i) upon publication of a notice convening a general meeting of Shareholders of the Company or of a Sub-fund for the purpose of deciding on the liquidation, dissolution, the merger or absorption of the Company or the relevant Sub-fund and (ii) when the Board is empowered to decide on this matter, upon their decision to liquidate, dissolve, merge or absorb the relevant Sub-fund;
- (f) in case of the Company's liquidation or in the case a notice of termination has been issued in connection with the liquidation of a Sub-fund or a Class;
- (g) where, in the opinion of the Board, circumstances which are beyond the control of the Board make it impracticable or unfair vis-à-vis the Shareholders to continue trading the Shares.

Any such suspension may be notified by the Company in such manner as it may deem appropriate to the persons likely to be affected thereby. The Company will notify Shareholders requesting redemption or conversion of their Shares of such suspension.

Such suspension as to any Sub-fund will have no effect on the calculation of the Net Asset Value per Share, the issue, redemption and conversion of Shares of any other Sub-fund.

Any request for subscription, redemption and conversion will be irrevocable except in the event of a suspension of the calculation of the Net Asset Value per Share in the relevant Sub-fund. Withdrawal of a subscription or of an application for redemption or conversion will only be effective if written notification (by electronic mail, regular mail, courier or fax) is received by the Administrative Agent before termination of the period of suspension, failing which subscription, redemption applications not withdrawn will be processed on the first Valuation Day following the end of the suspension period, on the basis of the Net Asset Value per Share determined for such Valuation Day.

## **12. GENERAL INFORMATION**

### **12.1 Fiscal Year - Reporting**

The Fiscal Year will begin on 1 January and terminate on 31 December of each year.

Audited annual reports of the end of each Fiscal Year will be established as at 31 December of each year. In addition, unaudited semi-annual reports will be established as per the last day of the month of June. Those financial reports will provide for information on each of the Sub-fund's assets as well as the consolidated accounts of the Company and be made available to the Shareholders free of charge at the registered office of the Company and of the Administrative Agent.

The financial statements of each Sub-fund will be established in the Reference Currency of the Sub-fund but the consolidated accounts will be in EUR.

Audited annual reports will be published within 4 months following the end of the accounting year and unaudited semi-annual reports will be published within 2 months following the end of period to which they refer.

The Net Asset Value per Share and Adjusted Price of each Class within each Sub-fund will be made public at the offices of the Company and the Administrative Agent on each NAV Calculation Day.

### **12.2 Documents available to Shareholders**

Documents available for inspection by Shareholders free of charge, during usual business hours at the offices of the Company and the Administrative Agent in Luxembourg (copies of these documents may also be delivered without cost to Shareholders at their request):

- (a) the Articles;
- (b) the Depositary Agreement;
- (c) the Management Company Services Agreement; and
- (d) the most recent annual and semi-annual financial statements of the Company.

The above agreements may be amended from time to time by all the parties involved.

A copy of the Prospectus, KIID, the most recent financial statements and the Articles may be obtained free of charge upon request at the registered office of the Company.

### **12.3 General Meeting of Shareholders**

The annual general meeting of the Shareholders in the Company will be held at the registered office of the Company or on the place specified in the convening notice on the fourth Thursday of April of each year at 4.00 p.m. (Luxembourg time).

Notice of any general meeting of shareholders (including those considering amendments to the Articles or the dissolution and liquidation of the Company or of any Sub-fund) will be mailed to each registered Shareholder at least eight days prior to the meeting and will be published to the extent required by Luxembourg law in the Luxembourg Official Gazette and in any Luxembourg and other newspaper(s) that the Board may determine.

Such notices will contain the agenda, the date and place of the meeting, the conditions of admission to the meeting and they will refer to the applicable quorum and majority requirements. The meetings of Shareholders of Shares of a particular Sub-fund may decide on matters which are relevant only for the Sub-fund concerned.

The convening notice to a General Meeting may provide that the quorum and majority requirements will be assessed against the number of Shares issued and outstanding at midnight (Luxembourg time) on the fifth day prior to the relevant meeting (the **Record Date**) in which case, the right of any Shareholder to participate in the meeting will be determined by reference to his/her/its holding as at the Record Date.

## **12.4 Dividend policy**

Each year the general meeting of Shareholders will decide, based on a proposal from the Board, for each Sub-fund, on the use of the balance of the year's net income of the investments. A dividend may be distributed, either in cash or Shares. Further, dividends may include a capital distribution, provided that after distribution the net assets of the Company total more than EUR1,250,000 (being provided that Shares of a Target Sub-fund held by an Investing Sub-fund will not be taken into account for the purpose of the calculation of the EUR1,250,000 minimum capital requirement).

Over and above the distributions mentioned in the preceding paragraph, the Board may decide to the payment of interim dividends in the form and under the conditions as provided by law.

The Company may issue Accumulation Classes and Distribution Classes within the Classes of each Sub-fund, as indicated in the Special Section. Accumulation Classes capitalise their entire earnings whereas Distribution Classes pay dividends.

For Distribution Classes, dividends, if any, will be declared and distributed on an annual basis. Moreover, interim dividends may be declared and distributed from time to time at a frequency determined by the Company within the conditions set forth by law, as further described in the relevant Special Section.

Payments will be made in the Reference Currency of the relevant Sub-fund. With regard to Shares held through Euroclear or Clearstream (or their successors), dividends will be paid by bank transfer to the relevant bank. Dividends remaining unclaimed for five years after their declaration will be forfeited and revert to the relevant Sub-fund.

Unless otherwise stated for a particular Sub-fund in the relevant Special Section, the Company is authorised to make in-kind distributions/payments of securities or other assets with the consent of the relevant Shareholder(s). Any such distributions/payments in kind will be valued in a report established by an auditor qualifying as a réviseur d'entreprises agréé drawn up in accordance with the requirements of Luxembourg Law, the costs of which report will be borne by the relevant Shareholder.

## **12.5 Liquidation and merger of Sub-funds or Classes**

### **(a) Dissolution of the Company**

The duration of the Company is not limited by the Articles. The Company may be wound up by decision of an extraordinary general meeting of Shareholders. If the total net assets of the Company falls below two-thirds of the minimum capital prescribed by law (i.e. EUR1,250,000), the Board must submit the question of the Company's dissolution to a

general meeting of Shareholders for which no quorum is prescribed and which will pass resolutions by simple majority of the Shares represented at the meeting.

If the total net assets of the Company fall below one-fourth of the minimum capital prescribed by law, the Board must submit the question of the Company's dissolution to a general meeting of Shareholders for which no quorum is prescribed. A resolution dissolving the Company may be passed by Shareholders holding one-fourth of the voting rights represented at the meeting.

The meeting must be convened so that it is held within a period of forty days from the date of ascertainment that the net assets have fallen below two-thirds or one-fourth of the legal minimum, as the case may be.

If the Company is dissolved, the liquidation will be carried out by one or several liquidators appointed in accordance with the provisions of the 2010 Act. The decision to dissolve the Company will be published in the Luxembourg Official Gazette and two newspapers with adequate circulation, one of which must be a Luxembourg newspaper. The liquidator(s) will realise each Sub-fund's assets in the best interests of the Shareholders and apportion the proceeds of the liquidation, after deduction of liquidation costs, amongst the Shareholders of the relevant Sub-fund according to their respective prorata entitlement. Any amounts unclaimed by the Investors at the closing of the liquidation and, at the latest, at the expiration of a period of nine (9) months following the decision to liquidate the Company will be deposited with the Caisse de Consignation in Luxembourg for a duration of thirty (30) years. If amounts deposited remain unclaimed beyond the prescribed time limit, they will be forfeited.

As soon as the decision to wind up the Company is made, the issue, redemption or conversion of Shares in all Sub-funds will be prohibited and will be deemed void.

(b) Liquidation of Sub-funds or Classes

If, for any reason, the net assets of a Sub-fund or of any Class fall below the equivalent of the Minimum Net Asset Value, or if a change in the economic or political environment of the relevant Sub-fund or Class may have material adverse consequences on the Sub-fund or Class's investments, or if an economic rationalisation so requires, the Board may decide on a compulsory redemption of all Shares outstanding in such Sub-fund or Class on the basis of the Net Asset Value per Share (after taking account of current realisation prices of the investments as well as realisation expenses), calculated as of the day the decision becomes effective. The Company will serve a notice to the holders of the relevant Shares at the latest on the effective date for the compulsory redemption, which will indicate the reasons of and the procedure for the redemption operations. Registered Shareholders will be notified in writing. Unless the Board decides otherwise in the interests of, or in order to keep equal treatment between the Shareholders, the Shareholders of the Sub-fund or Class concerned may continue to request redemption or conversion of their Shares free of redemption or conversion charge. However, the liquidation costs will be taken into account in the redemption and conversion price. Any amounts unclaimed by the Investors at the closing of the liquidation will be deposited with the Caisse de Consignation in Luxembourg for a duration of thirty (30) years. If amounts deposited remain unclaimed beyond the prescribed time limit, they will be forfeited.

Notwithstanding the powers granted to the Board as described in the previous paragraph, a general meeting of Shareholders of a Sub-fund or Class may, upon proposal of the Board, decide to repurchase all the Shares in such Sub-fund or Class and to reimburse the Shareholders on the basis of the Net Asset Value of their Shares (taking account of current

realisation prices of the investments as well as realisation expenses) calculated as of the Valuation Day on which such decision will become effective. No quorum will be required at this general meeting and resolutions will be passed by a simple majority of the shareholders present or represented, provided that the decision does not result in the liquidation of the Company.

All the Shares redeemed will be cancelled.

(c) Merger of the Company and the Sub-funds

In accordance with the provisions of the 2010 Act and of the Articles, the Board may decide to merge or consolidate the Company with, or transfer substantially all or part of the Company's assets to, or acquire substantially all the assets of, another UCITS established in Luxembourg or another EU Member State. For the purpose of this Section 12.5(c), the term UCITS also refers to a sub-fund of a UCITS and the term Company also refers to a Sub-fund.

Any merger leading to termination of the Company must be approved by Supermajority Resolution at the Shareholders' meeting.

Shareholders will receive shares of the surviving UCITS or sub-fund and, if applicable, a cash payment not exceeding 10% of the net asset value of those shares.

The Company will provide appropriate and accurate information on the proposed merger to its Shareholders so as to enable them to make an informed judgment of the impact of the merger on their investment and to exercise their rights under this Section 12.5(c) and the 2010 Act.

The Shareholders have the right to request, without any charge other than those retained by the Company to meet disinvestment costs, the redemption of their Shares.

Under the same circumstances as provided by Section 12.5(b) above, the Board may decide to allocate the assets of a Sub-fund to those of another existing Sub-fund within the Company or to another Luxembourg UCITS or to another sub-fund within such other Luxembourg UCITS (the **New Sub-fund**) and to repatriate the Shares of the Class or Classes concerned as Shares of another Class (following a split or consolidation, if necessary, and the payment of the amount corresponding to any fractional entitlement to Shareholders). Such decision will be published one month before its effectiveness (and, in addition, the publication will contain information in relation to the New Sub-fund), in order to enable the Shareholders to request redemption of their Shares, free of charge, during such period.

Notwithstanding the powers conferred to the Board by the paragraph above, a contribution of the assets and of the liabilities attributable to any Sub-fund to another Sub-fund within the Company may in any other circumstances be decided by a general meeting of Shareholders of the Class or Classes issued in the Sub-fund concerned for which there will be no quorum requirements and which will decide upon such a merger by resolution taken by simple majority of those present or represented and voting at such meeting.

If the interest of the Shareholders of the relevant Sub-fund or in the event that a change in the economic or political situation relating to a Sub-fund so justifies, the Board may proceed to the reorganisation of a Sub-fund by means of a division into two or more Sub-funds. Information concerning the New Sub-fund(s) will be provided to the relevant Shareholders. Such publication will be made one month prior to the effectiveness of the reorganisation in

order to permit Shareholders to request redemption of their Shares free of charge during such one month prior period.



## 13. FEES AND EXPENSES

### 13.1 Fees and Expenses payable directly by the Company

#### (a) Operation and administration expenses

The Company will pay out of the assets of the relevant Sub-fund all expenses incurred by it, which will include but not be limited to: all taxes which may be due on the assets and the income of the Company; the reasonable disbursements and out-of-pocket expenses (including without limitation telephone, telex, cable and postage expenses) incurred by the Depositary and any custody charges of banks and financial institutions to whom custody of assets of the Company is entrusted; usual banking fees due on transactions involving securities or other assets (including derivatives) held in the portfolio of the Company (such fees to be included in the acquisition price and to be deducted from the selling price); the fees, expenses and all reasonable out-of-pocket expenses properly incurred by the Company, the Service Providers and any other agent appointed by the Company; legal expenses incurred by the Company or the Service Providers while acting in the interests of the Shareholders; the cost and expenses of preparing and/or filing and printing the Articles and all other documents concerning the Company (in such languages as are necessary), including registration statements, prospectuses and explanatory memoranda with all authorities (including local securities dealers' associations) having jurisdiction over the Company or the offering of Shares of the Company; the cost of preparing, in such languages as are necessary for the benefit of the Shareholders (including the beneficial holders of the Shares), and distributing annual and semi-annual reports and such other reports or documents as may be required under applicable laws or regulations; the cost of accounting, bookkeeping and calculating the Net Asset Value (and Adjusted Price); the cost of preparing and distributing notices to the Shareholders; a reasonable share of the cost of promoting the Company, as determined in good faith by the Company, including reasonable marketing and advertising expenses; the costs incurred with the admission and the maintenance of the Shares on the stock exchanges on which they are listed (if listed). The Company may accrue in its accounts for administrative and other expenses of a regular or recurring nature based on an estimated amount rateably for yearly or other periods.

The Depositary and the Administrative Agent are remunerated out of the assets of each Class within each Sub-fund, as disclosed in the relevant Special Section.

#### (b) Remuneration of the Management Company

Unless otherwise specified in respect of a Sub-fund in the relevant Special Section, the Management Company is entitled to the following management company fee (the **Management Company Fee**):

- for its corporate and substance support services, a fee at a rate of minimum 0.025% and up to 0.08% p.a. of the NAV of each Sub-fund. The Management Company is also entitled to a minimum fee of EUR 50,000 p.a., provided that such fixed minimum fee is not payable during the first twelve month period following the launch of the Company
- for its Administrative Agent services at a rate of minimum 0.06% and up to 0.10% p.a. of the NAV of a Sub-fund. The Management Company is also entitled to a minimum fee of EUR 20,000 p.a. per Sub-fund, provided that such fixed minimum fee is not payable during the first twelve month period following the launch of the Company. This minimum fee will be

increased up to EUR 30'000 p.a. per Sub-fund as from the twenty-fourth month following the launch of the Company.

(c) Remuneration of the Investment Manager(s) or Investment Adviser(s)

If an Investment Manager or Investment Adviser is entitled to receive a remuneration out of the assets of a Sub-fund, then such remuneration will be disclosed in the relevant Special Section.

(d) Formation and launching expenses

All formation and launching expenses (including but not limited to legal fees related to the set-up of the Company, travel expenses, etc.) incurred on behalf of, or in connection with, the formation of the Company except for the direct costs in relation to the launching of the Initial Sub-fund (together the **Company Formation Expenses**) will be borne by the Company (and the Initial Sub-fund). Expenses incurred in connection with the creation of any additional Sub-fund (**Additional Sub-fund Formation Expenses**) may be borne by the relevant Sub-fund and be written off over a period not exceeding five years.

(e) Annual subscription tax (Taxe d'abonnement)

The Company's assets are subject to tax (taxe d'abonnement) in Luxembourg at a rate of 0.05% p.a. on net assets (except for Sub-funds or Classes which are reserved to Institutional Investors which are subject to a tax at a reduced rate of 0.01% p.a. on net assets), payable quarterly. Some Sub-funds are exempt from the subscription tax, as more fully described in Section 14.1 of the General Section.

### 13.2 Fees and expenses payable directly by the investor

(a) Subscription Fee

If an investor wants to subscribe for Shares, a Subscription Fee may be added to the subscription price to be paid by the investor. The applicable Subscription Fee will be stipulated in the relevant Special Section. This fee will be payable to the Company, the Management Company or the Distributor, unless otherwise specified in respect of a Sub-fund in the relevant Special Section.

(b) Redemption Fee

If a Shareholder wants to redeem Shares of the Company, a Redemption Fee may be levied on the amount to be paid to the Shareholder. The applicable Redemption Fee will be stipulated in the relevant Special Section. This fee will be payable to the Company, unless otherwise specified in respect of a Sub-fund in the relevant Special Section.

(c) Conversion Fee

A Conversion Fee, in favour of Sub-fund from which the Shares are converted, of up to 1% of the Net Asset Value or Adjusted Price of the Shares of the relevant Class of the relevant new Sub-fund to be issued may be levied to cover conversion costs. The same rate of Conversion Fee will be applied to all conversion requests received on the same Valuation Day.

## **14. TAXATION**

### **14.1 General**

The Company's assets are subject to a subscription tax (taxe d'abonnement) in Luxembourg at a rate of 0.05% p.a. on net assets (except for Sub-funds or Classes which are reserved to Institutional Investors or UCIs which are subject to a tax at a reduced rate of 0.01% p.a. on net assets), payable quarterly. In the case some Sub-funds are invested in other Luxembourg UCIs, which in turn are subject to the subscription tax provided for by the 2010 Act or the Luxembourg act of 13 February 2007 relating to specialised investment funds, as amended, no subscription tax is due by the Company on the portion of assets invested therein. Are exempt from the subscription tax, Sub-funds (i) whose Shares are listed or traded on at least one stock exchange or another regulated market operating regularly, recognised and open to the public and (ii) whose exclusive objective is to replicate the performance of one or more indices, it being understood that this condition of exclusive objective does not prevent the management of liquid assets, if any, on an ancillary basis, or the use of techniques and instruments used for hedging or for purposes of efficient portfolio management. In case of several Classes within a Sub-fund, the exemption only applies to the Classes fulfilling condition (i) above. Moreover, and without prejudice to additional or alternative criteria that may be determined by applicable law, the index referred to under condition (ii) above must represent an adequate benchmark for the market to which it refers and must be published in an appropriate manner.

The Company's income is not taxable in Luxembourg. Income received by the Company may be subject to withholding taxes in the country of origin of the issuer of the security, in respect of which such income is paid. No duty or tax is payable in Luxembourg in connection with the issue of Shares of the Company, except for a fixed registration duty of EUR 75 due each time the Articles are amended.

Under current legislation, Shareholders are not subject to any capital gains, income, withholding, or other taxes in Luxembourg with respect to their investment in the Shares, except for those Shareholders resident of, or established in Luxembourg, or having a permanent establishment or permanent representative in Luxembourg.

The information referred to in the previous paragraph is limited to the taxation of the Shareholders in Luxembourg in respect of their investment in the Shares and does not include an analysis of their taxation resulting from the underlying investments of the Company.

### **14.2 Exchange of information for tax purposes**

The Company may be required to report certain information about its Shareholders and, as the case may be, about individuals controlling Shareholders that are entities, on an automatic and annual basis to the Luxembourg direct tax administration (*Administration des contributions directes*) in accordance with, and subject to, the Luxembourg law of 24 July 2015 concerning FATCA, and/or the Luxembourg legislation implementing Council Directive 2014/107/EU and the standard for automatic exchange of financial account information in tax matters developed by the OECD with the G20 countries (commonly referred to as the "Common Reporting Standard"), each as amended from time to time (each an AEOI Law and collectively the AEOI Laws). Such information, which may include personal data (including, without limitation, the name, address, country(ies) of tax residence, date and place of birth and tax identification number(s) of any reportable individual) and certain financial data about the relevant Shares (including, without limitation,

their balance or value and gross payments made thereunder), will be transferred by the Luxembourg direct tax administration to the competent authorities of the relevant foreign jurisdictions in accordance with, and subject to, the relevant Luxembourg legislation and international agreements.

Each Shareholder and prospective investor agrees to provide, upon request by the Company (or its delegates), any such information, documents and certificates as may be required for the purposes of the Company's identification and reporting obligations under any AEOI Law. The Company reserves the right to reject any application for Shares or to redeem Shares (i) if the prospective investor or Shareholder does not provide the required information, documents or certificates or (ii) if the Company (or its delegates) has reason to believe that the information, documents or certificates provided to the Company (or its delegates) are incomplete or incorrect and the Shareholder does not provide, to the satisfaction of the Company (or its delegates), sufficient information to cure the situation. Prospective investors and Shareholders should note that incomplete or inaccurate information may lead to multiple and/or incorrect reporting under the AEOI Laws. Neither the Company nor any other person accepts any liability for any consequences that may result from incomplete or inaccurate information provided to the Company (or its delegates). Any Shareholder failing to comply with the Company's information requests may be charged with any taxes and penalties imposed on the Company attributable to such Shareholder's failure to provide complete and accurate information.

Each Shareholder and prospective investor acknowledges and agrees that the Company will be responsible to collect, store, process and transfer the relevant information, including the personal data, in accordance with the AEOI Laws. Each individual whose personal data has been processed for the purposes of any AEOI Law has a right of access to his/her personal data and may ask for a rectification thereof in case where such data is inaccurate or incomplete.

### **14.3 United States**

Persons interested in subscribing for the Company's Shares should consult their own tax advisors with respect to the tax consequences, including the income tax consequences, if any, to them of the purchase, holding, redemption, sale or transfer of Shares.

In general, the Company's investment and trading gains are not expected to be subject to US federal income tax because the Company intends to structure its investments and operations so that it will not be treated as engaged in a "trade or business" in the United States for US federal income tax purposes. However, the Company may earn certain US source interest income and dividend income that are subject to US federal withholding tax at a rate of 30%. This tax will apply even if the Company complies with its obligations under the US HIRE Act (as discussed below).

US HIRE Act. The Foreign Account Tax Compliance Act (**FATCA**) provisions of the US HIRE Act provide that certain "reporting financial institutions" (**Reporting FIs**) must disclose the name, address and taxpayer identification number of certain US persons that own, directly or indirectly, an interest in such Reporting FI, as well as certain other information relating to any such interest, pursuant to the terms of the intergovernmental agreement between the United States and Luxembourg and implementing legislation and regulations adopted by Luxembourg. If such Reporting FI fails to comply with the requirements, then a 30% withholding tax will be imposed on payments to the Reporting FI of US source income and proceeds from the sale of property that could give rise to US source interest or dividends. The withholding tax provisions of the US HIRE Act became effective on 1 July 2014 (and will become effective on 1 January 2019 in the case of proceeds from the sale of

property). Although the Company does not expect to be treated as a Reporting FI, if it is so treated it will attempt to satisfy any obligations imposed on it to avoid the imposition of this withholding tax. There can be no assurance, however, that the Company will be able to do so. In this regard, the Company may require investors to provide any documentation or other information regarding the investor and its beneficial owners that the Company determines is necessary or desirable in order for the Company to avoid the withholding tax and otherwise comply with the US HIRE Act. If the Company becomes subject to a withholding tax as a result of the US HIRE Act, the value of Shares held by all shareholders may be materially affected.

**US Tax-Exempt Shareholders.** Shares may be sold to a limited number of US investors which are pension and profit sharing trusts or other tax-exempt organizations (**US Exempt Shareholders**). The Company is a “passive foreign investment company” (**PFIC**) as defined in section 1297 of the US Internal Revenue Code of 1986, as amended (the **Code**). The Company is not required to furnish information necessary for a US person to treat the Company as a “qualified electing fund” in the event that a US person that is not a US Exempt Shareholder is considered to own Shares under the constructive ownership rules of Code section 1298.

Assuming a US Exempt Shareholder does not borrow money or otherwise utilize leverage in connection with its acquisition of Shares, the US Exempt Shareholder generally should not realize “unrelated debt-financed income” as defined in Code section 514 or otherwise realize “unrelated business taxable income” as defined in Code section 512 with respect to its investment in the Company and generally should not be subject to US federal income tax under the PFIC provisions of the Code with respect to its investment in the Company.

US Exempt Shareholders may be subject to certain US Internal Revenue Service (**IRS**) filing requirements. For example, pursuant to Code section 6038B, a US person which transfers property (including cash) to a foreign corporation in exchange for stock in the corporation is in some cases required to file an information return with the IRS with respect to such transfer. Accordingly, a US Exempt Shareholder may be required to file an information return with respect to its investment in the Company. Additional reporting requirements may be imposed on a US Exempt Shareholder that acquires Shares with a value equal to at least 10% of the aggregate value of all of the Shares. US Exempt Shareholders also may be required to file other information returns with the US Treasury Department or the IRS with respect to their investment in the Company. Shareholders should consult their own tax advisors with respect to any applicable filing requirements.

#### **14.4 Other jurisdictions**

Interest, dividend and other income realised by the Company on the sale of securities, may be subject to withholding and other taxes levied by the jurisdictions in which the income is sourced. It is impossible to predict the rate of foreign tax the Company will bear since the amount of the assets to be invested in various countries and the ability of the Company to reduce such taxes is not known.

It is expected that Shareholders may be resident for tax purposes in many different countries. Consequently, no attempt is made in this Prospectus to summarise the tax consequences for each prospective investor of subscribing, converting, holding, redeeming or otherwise acquiring or disposing of Shares in the Company. These consequences will vary in accordance with the law and practice currently in force in a Shareholder's country of citizenship, residence, domicile or incorporation and with his or her personal circumstances.

#### **14.5 Future changes in applicable law**

The foregoing description of Luxembourg and United States tax consequences of an investment in, and the operations of, the Company is based on laws and regulations which are subject to change through legislative, judicial or administrative action. Other legislation could be enacted that would subject the Company to income taxes or subject Shareholders to increased income taxes.

THE INFORMATION SET OUT ABOVE IS A SUMMARY OF THOSE TAX ISSUES WHICH COULD ARISE IN LUXEMBOURG AND THE UNITED STATES AND DOES NOT PURPORT TO BE A COMPREHENSIVE ANALYSIS OF THE TAX ISSUES WHICH COULD AFFECT A PROSPECTIVE SUBSCRIBER.

THE TAX AND OTHER MATTERS DESCRIBED IN THIS PROSPECTUS DO NOT CONSTITUTE, AND SHOULD NOT BE CONSIDERED AS, LEGAL OR TAX ADVICE TO PROSPECTIVE SUBSCRIBERS. PROSPECTIVE SUBSCRIBERS SHOULD CONSULT THEIR OWN COUNSEL REGARDING TAX LAWS AND REGULATIONS OF ANY OTHER JURISDICTION WHICH MAY BE APPLICABLE TO THEM.

## 15. CONFLICTS OF INTEREST

The Directors, the Management Company, the Distributor(s), the Investment Manager, the Investment Adviser, the Depositary and the Administrative Agent may, in the course of their business, have potential conflicts of interests with the Company. Each of the Directors, the Management Company, the Distributor(s), the Investment Manager, the Investment Adviser, the Depositary and the Administrative Agent will have regard to their respective duties to the Company and other persons when undertaking any transactions where conflicts or potential conflicts of interest may arise. In the event that such conflicts do arise, each of such persons has undertaken or will be requested by the Company to undertake to use its reasonable endeavours to resolve any such conflicts of interest fairly (having regard to its respective obligations and duties) and to ensure that the Company and the Shareholders are fairly treated.

### Interested dealings

The Directors, the Management Company, the Distributor(s), the Investment Manager, the Investment Adviser, the Depositary and the Administrative Agent and any of their respective subsidiaries, affiliates, associates, agents, directors, officers, employees or delegates (together the **Interested Parties** and, each, an **Interested Party**) may:

- contract or enter into any financial, banking or other transaction with one another or with the Company including, without limitation, investment by the Company, in securities in any company or body any of whose investments or obligations form part of the assets of the Company or any Sub-fund, or be interested in any such contracts or transactions;
- invest in and deal with Shares, securities, assets or any property of the kind included in the property of the Company for their respective individual accounts or for the account of a third party;
- act as counterparty to the OTC Derivative (including TRS) transactions or contracts entered on behalf of the Company or act as index sponsor or calculation agent in respect of underlyings to which the Company will be exposed via derivative transactions; and
- deal as agent or principal in the sale, issue or purchase of securities and other investments to, or from, the Company through, or with, the Investment Manager or the Depositary or any subsidiary, affiliate, associate, agent or delegate thereof.

Any assets of the Company in the form of cash may be invested in certificates of deposit or banking investments issued by any Interested Party. Banking or similar transactions may also be undertaken with or through an Interested Party (provided it is licensed to carry out this type of activity).

There will be no obligation on the part of any Interested Party to account to Shareholders for any benefits so arising and any such benefits may be retained by the relevant party.

Any such transactions involving Interested Parties must be carried out as if effected on normal commercial terms negotiated at arm's length.

Notwithstanding anything to the contrary herein and unless otherwise provided for in a Special Section for a particular Sub-fund, the Management Company, the Investment Manager or the Investment Adviser and their respective Affiliates may actively engage in

transactions on behalf of other investment funds and accounts which involve the same securities and instruments in which the Sub-funds will invest. The Management Company, the Investment Manager or the Investment Adviser and their respective Affiliates may provide investment management/advisory services to other investment funds and accounts that have investment objectives similar or dissimilar to those of the Sub-funds and/or which may or may not follow investment programs similar to the Sub-funds, and in which the Sub-funds will have no interest. The portfolio strategies of the Management Company, the Investment Manager or the Investment Adviser and their respective Affiliates used for other investment funds or accounts could conflict with the transactions and strategies advised by the Management Company, the Investment Manager or the Investment Adviser in managing a Sub-fund and affect the prices and availability of the securities and instruments in which such Sub-fund invests.

The Management Company, the Investment Manager or the Investment Adviser and their respective Affiliates may give advice or take action with respect to any of their other clients which may differ from the advice given or the timing or nature of any action taken with respect to investments of a Sub-fund. The Management Company, the Investment Manager or the Investment Adviser have no obligation to advise any investment opportunities to a Sub-fund which they may advise to other clients.

The Management Company, the Investment Manager or the Investment Adviser will devote as much of their time to the activities of a Sub-fund as they deem necessary and appropriate. The Management Company, the Investment Manager or the Investment Adviser and their respective Affiliates are not restricted from forming additional investment funds, from entering into other investment advisory/management relationships, or from engaging in other business activities, even though such activities may be in competition with a Sub-fund. These activities will not qualify as creating a conflict of interest.

Additional considerations relating to conflicts of interest may be applicable, as the case may be, for a specific Sub-fund as further laid down in the relevant Special Section.



## **PART B – SPECIAL SECTIONS**

## SPECIAL SECTION 1 – ALATUS UCITS – INFLECTION LONG ONLY

This Special Section must be read in conjunction with the General Section of the Prospectus. This Special Section refers only to the Alatus UCITS – Inflection Long Only (the **Sub-fund**).

### 1. INVESTMENT OBJECTIVE AND INVESTMENT POLICY

- 1.1 The investment objective of the Sub-fund is to provide its investors with returns superior to the equity index STOXX Europe 600 Net Return Index (the **Benchmark**) by investing primarily in the publicly traded equities of companies worldwide with a special focus in Europe. There can be no assurance that the investment objective will be achieved and investment result may vary over time.
- 1.2 The Sub-fund is actively managed. The Benchmark is mentioned only for information purposes and the Sub-fund does not track the index. The portfolio management of the Sub-fund will not be made in reference to a benchmark. The Sub-fund can deviate significantly from the Benchmark index.
- 1.3 In pursuing its investment objective, the Sub-fund gives emphasis to investing in companies that are perceived to offer a compelling investment opportunity and the possibility of significant capital appreciation as a result of proposed business strategies which may substantially increase Shareholders value over the medium term.
- 1.4 The Sub-fund will offer an exposure to any kind of equity and equity-related securities (including but not limited to ordinary or preferred shares, ADR (American Depositary Receipt), GDR (Global Depositary Receipt), convertible bonds, reverse convertible bonds) of companies which are domiciled, headquartered or exercise the predominant part of their economic activity in Europe.
- 1.5 In order to achieve its objective, the Sub-fund will mainly invest:
  - (a) directly in the securities mentioned above; and/or
  - (b) in any Transferable Securities (such as structured products) linked (or offering an exposure) to the performance of the above-mentioned securities. For the purpose of this item (b), **structured products** means instruments such as but not limited to notes, certificates or any other Transferable Securities whose returns are correlated with changes in, among others, an index selected in accordance with the article 9 of the grand-ducal regulation dated 8 February 2008 (the **2008 Regulation**) (including indices on volatility, commodities, precious metals, etc.), currencies, exchange rates, Transferable Securities or a basket of Transferable Securities or an undertaking for collective investment, at all times in compliance with the 2008 Regulation.
- 1.6 Despite the geographical focus on Europe, the choice of investments will not be limited neither by geographical area (including emerging markets), nor economic sector, nor in terms of currencies in which investments will be denominated, provided that the Sub-fund's investments in Russia, other than those which are listed on the MICEX-RTS and any other regulated markets in Russia, combined with investments that are made in other assets as referred in the Investment Restrictions under item 1.1(b) of Schedule 1, shall not exceed 10% of the net assets of the Sub-fund. However, depending on financial market conditions, a particular focus can be placed in a single country, and/or in a single economic sector, and/or in a single currency.

- 1.7 On an ancillary basis, within the limits allowed by the 2010 Act, the Sub-fund may invest directly in debt securities, Money Market Instruments and UCIs.
- 1.8 For hedging and for any other purposes, within the limits set out in 0, the Sub-fund may use all types of financial derivative instruments traded on a regulated market and/or OTC provided they are contracted with leading financial institutions specialised in this type of transactions and subject to regulatory supervision. In particular, the Sub-fund may take exposure through any financial derivative instruments such as but not limited to warrants, futures, options, swaps (including but not limited to contracts for difference, credit default swaps) and forwards on any underlying in line with the 2010 Act as well as this Section 1, including but not limited to, currencies (including non-delivery forwards), interest rates, Transferable Securities, basket of Transferable Securities, indices (including but not limited to commodities, precious metals or volatility indices) and UCIs.
- 1.9 The Sub-fund promotes certain environmental and social characteristics within the meaning of article 8 of SFDR but does not have a sustainable investment objective. The investee companies in which the Sub-fund invests will follow good governance practices based on such policies which are further detailed in Annex 1 of this Sub-Fund's appendix (the **Annex**).
- 1.10 In the context of the Taxonomy Regulation, in view of its ESG strategy, the Sub-fund promotes environmental characteristics and will not invest in environmentally sustainable economic activities.
- 1.11 Therefore, the investments underlying the Sub-fund do not take into account the EU criteria for environmentally sustainable economic activities, within the meaning of the Taxonomy Regulation and as a consequence thereof, the "*do no significant harm*" principle does not apply to the investments underlying the Sub-fund.
- 1.12 In accordance with SFDR RTS, further information related to environmental and/or social characteristics is available in the Annex.**

*Likely impacts of Sustainability Risks on the returns of the Sub-fund*

- 1.13 The Investment Manager seeks to mitigate the impacts of Sustainability Risks on the Sub-fund's returns by integrating a consideration of such Sustainability Risks into its investment decisions in the manner set out above. However, notwithstanding the Investment Manager's mitigating actions, it is nevertheless possible that one or more of these Sustainability Risks may materialise and have a material negative impact on the value of the investments of the Sub-fund, thereby affecting the Sub-fund's returns.
- 1.14 Pursuant to SFDR, the Investment Manager is required to disclose the "likely" impact of the Sustainability Risks on the overall financial returns of the Sub-fund. Taking into consideration different Sustainability Risks in the context of the Sub-fund's portfolio and given that the Investment Manager seeks to mitigate the impacts of such Sustainability Risks on the Sub-fund's returns by integrating a consideration of such Sustainability Risks into its investment decisions in the manner set out above, the Investment Manager currently considers that the likely impact of Sustainability Risks on the overall financial returns of the Sub-fund's portfolio will not be material.

*TRS*

- 1.15 The Sub-fund will use TRS within the limits described below as percentages of the Sub-fund's net assets:

	<b>Expected percentage</b>	<b>Maximum percentage</b>
<b>TRS</b>	10%	20%

- 1.16 TRS will be used on a temporary basis.
- 1.17 TRS and other financial derivative instruments may have as underlying assets any financial instrument in which the Sub-fund may invest in accordance with its investment strategy and policy.
- 1.18 The Sub-fund will not make use of SFTs.
- 1.19 As of the date of this Prospectus, STOXX Ltd., the administrator of the Benchmark is on the list of administrators held with ESMA, in accordance with article 36 of the Benchmark Regulation.

## **2. GLOBAL EXPOSURE**

The Sub-fund will use the commitment approach to monitor its global exposure.

## **3. ADDITIONAL INVESTMENT RESTRICTION**

In addition to the Investment Restrictions set out in Section 3 of the General Section, the Sub-fund will not invest more than 10% of its net assets in UCIs or UCITS.

## **4. VALUATION DAY**

For the purpose of this Special Section, a **Valuation Day** means any Wednesday that is a Business Day (and if such Wednesday is not a Business Day, the immediately following Business Day). An additional Net Asset Value calculation will take place on the last Business Day of each month (except if this day is a Saturday or Sunday, in which case such calculation will be made on the Business Day immediately prior to such Saturday or Sunday), however, the Net Asset Value calculated on that date although available for publication, will be produced for benchmarking or reporting purposes only, and no subscription, redemption or conversion orders will be accepted on the basis of such Net Asset Value.

## **5. INVESTMENT MANAGER**

With the approval of the Company, the Management Company has appointed Alatus Capital S.A. as the investment manager of the Sub-fund (the **Investment Manager**) pursuant to an investment management agreement entered into between the Company, the Management Company and the Investment Manager on 24 April 2014 (the **Investment Management Agreement**).

The Investment Manager is a public limited liability company formed under the laws of Switzerland with registered office at 2, rue Vallin, CH-1201, Geneva, Switzerland. Alatus Capital S.A. is registered as an authorised investment manager of collective investment schemes under the laws of Switzerland and under the on-going supervision of the Swiss Financial Market Authority (**FINMA**) and registered as an investment adviser with the United States Securities and Exchange Commission (the **SEC**). Its board of directors is composed as follows:

- Serge Cadelli, Chairman of the Board of Directors, Alatus Capital S.A., Geneva, Switzerland;
- Pierre-Laurent Rivara, Managing Director, Rivafid société fiduciaire S.A., Geneva, Switzerland;
- Richard Vogel, Chief Executive Officer and Chief Investment Officer, Alatus Capital S.A., Geneva, Switzerland;
- Mariana Mayer-Wolf, Director, Alatus Capital S.A., Geneva, Switzerland;
- Antoine Firmenich, Managing Director, Aquilus Pte Ltd, Singapore.

The key executives of the Investment Manager are:

- Richard Vogel, Chief Executive Officer and Chief Investment Officer
- Patrick McNeill, Investment Director
- Jérôme Haag, Chief Operating Officer and Chief Financial Officer

The Investment Manager will be remunerated out of the assets of the Sub-fund and will be entitled to the Management Fee described in Section 10 of this Special Section. In addition, the Investment Manager is entitled to be reimbursed for reasonable out of pocket expenses in carrying its duties for the Sub-fund.

The Investment Management Agreement may be terminated by either party upon a three months' written notice. It may be terminated without notice in certain circumstances as set out in the Investment Management Agreement.

## 6. CLASSES

6.1 For the time being, the following Classes are available for subscription by investors:

	<b>P Classes</b>	<b>I Classes</b>	<b>EB Classes<sup>(iii)</sup></b>	<b>Z Classes</b>
<b>Classes</b>	P EUR P USD P CHF	I EUR I USD I CHF	EB EUR EB USD EB CHF	Z EUR Z USD Z CHF
<b>Reference Currency</b>	P EUR: EUR P USD: USD P CHF: CHF	I EUR: EUR I USD: USD I CHF: CHF	EB EUR: EUR EB USD: USD EB CHF: CHF	Z EUR: EUR Z USD: USD Z CHF: CHF
<b>Eligible investors</b>	Institutional and Retail investors	Institutional and Retail Investors	Institutional and Retail Investors	Institutional Investors who have concluded a specific remuneration agreement with the Investment Manager
<b>Minimum Subscription Amount (in relevant Reference Currency)<sup>(i)</sup></b>	25,000	2,000,000	2,000,000	N/A
<b>ISIN</b>	P EUR: LU1063489287	I EUR: LU1063489360	EB EUR: LU1063489444	Z EUR: LU1063489527

	P USD: LU1063489790 P CHF: LU1063490293	I USD: LU1063489873 I CHF: LU1063490376	EB USD: LU1063489956 EB CHF: LU1063490459	Z USD: LU1063490020 Z CHF: LU1063490533
<b>Initial Subscription Price (in relevant Reference Currency)</b>	100	100	100	100
<b>Distribution/ Accumulation</b>	Accumulation	Accumulation	Accumulation	Accumulation
<b>Subscription Fee</b>	Max. 3%	Max. 3%	N/A	Max. 3%
<b>Redemption Fee</b>	Max. 1%	Max. 1%	Max. 1%	Max. 1%
<b>Conversion fee</b>	Max. 1%	Max. 1%	N/A	Max. 1%
<b>Management Fee</b>	Max. 2.2% p.a.	Max. 1.6% p.a.	Max. 1.35% p.a.	N/A
<b>Performance Fee Rate</b>	20% over the Benchmarks subject to the High Water Mark <sup>(i)</sup>	20% over the Benchmarks subject to the High Water Mark <sup>(i)</sup>	20% over the Benchmark subject to the High Water Mark <sup>(i)</sup>	N/A
<b>Subscription Tax Rate</b>	0.05%	0.05%	0.05%	0.01%

- (i) The initial amount subscribed by an investor in Shares of the EB Class will be taken into account for the purpose of assessing compliance with the Minimum Subscription Amount of each Class described in the above table in respect of a subscription by an investor holding EB Class Shares in any other Class.
- (ii) Please refer to Sections 10.3 to 10.17 below for a description of the Performance Fee model.
- (iii) Class EB Shares were available for subscription between the Launch Date and 27 February 2015 and were reserved for subscription and holding by Institutional and Retail Investors. As from that date no further subscriptions of Class EB Shares will be accepted by the Board.

In addition:

- (a) **Class T Shares** may be issued from time to time in the Sub-fund and reserved for subscription and holding by eligible employees, officers and directors of the Investment Manager or any entity, company, trust, partnership or other person as the Directors may from time to time determine. Class T Shares will be denominated in CHF, will be Accumulation Shares and will not be subject to any Subscription Fee, Redemption Fee, Conversion Fee or Performance Fee but will be subject to a Management Fee of up to 1.35% p.a. and a Minimum Subscription Amount of CHF 10,000. The subscription tax rate applicable to Class T Shares will be 0.05%. The Initial Subscription Price of Class T Shares is CHF 100.
- (b) There will be at least one **Class S Share** issued within the Class T Shares, which will have the same financial features as any other Class T Shares and will be and will be reserved for subscription by an eligible employee, officer or director of the Investment Manager or its Affiliates.

## 7. SUBSCRIPTIONS – REDEMPTIONS - CONVERSIONS

### Ongoing Subscriptions

Ongoing subscriptions for Shares can be made to the Administrative Agent or the relevant Distributor on any day that is a Valuation Day in accordance with and subject to the terms of Section 4 of the General Section.

After the Initial Subscription Date or the Class Launch Date, subscriptions may be made only by investors who are Eligible Investors by:

- (a) submitting a written subscription request by fax, swift or any other transmission method allowed by the Administrative Agent to the Administrative Agent by 4.00 p.m. (Luxembourg time) 1 Business Day before the relevant Valuation Day at the latest (the **Subscription Cut-Off Time**). Subscription orders for Shares received by the Administrative Agent in respect of a Valuation Day prior to the relevant Subscription Cut-Off Time will be processed on the first NAV Calculation Day following such Valuation Day on the basis of the Net Asset Value or the Adjusted Price per Share calculated on such NAV Calculation Day. Any applications received after the Subscription Cut-Off Time in respect of the relevant Valuation Day will be deferred to the next Valuation Day and will be dealt with on the basis of the Net Asset Value or the Adjusted Price per Share calculated on the NAV Calculation Day immediately following such next Valuation Day;
- (b) delivering to the account of the Depositary cleared funds for the full amount of the subscription price (plus any Subscription Fee) of the Shares being subscribed for pursuant to the subscription request within 2 Business Days following the relevant Valuation Day.

## **Redemption**

Redemption requests for Shares in part or in whole can be made to the Administrative Agent or the relevant Distributor on any day that is a Valuation Day in accordance with and subject to the terms of Section 7 of the General Section. Redemption requests must be received by the Administrative Agent by 4.00 p.m. (Luxembourg time) 6 Business Days before the relevant Valuation Day (the **Redemption Cut-Off Time**) to be eligible for processing as of such Valuation Day. Redemption requests received after the Redemption Cut-Off Time will be deemed received at the next forthcoming Valuation Day and will be processed on the basis of the Net Asset Value per Share as of the first NAV Calculation Day after the relevant Valuation Day. Payment of the redemption proceeds will be made generally three (3) Business Days following the relevant Valuation Day.

## **Conversion**

Conversion requests for Shares in part or in whole can be made to the Administrative Agent or the relevant Distributor on any day that is a Valuation Day in accordance with and subject to the terms of Section 6 of the General Section. Conversion request must be received by 4.00 p.m. (Luxembourg time) 6 Business Days before the relevant Valuation Day by the Administrative Agent.

## **8. PRICE ADJUSTMENT**

With respect to subscriptions, redemptions and conversions of Shares of the Sub-fund, the Net Asset Value per Share on the relevant Valuation Day may be adjusted to the Adjusted Price in accordance with Section 8 of the General Section.

## **9. REFERENCE CURRENCY AND HEDGING**

9.1 The Reference Currency of the Sub-fund is the EUR.

9.2 In relation to Classes that are denominated in a currency other than the Reference Currency of the Sub-fund, the Company will systematically employ techniques and instruments intended to provide protection (full or partial, as the case may be) so far as possible against movements of the currency in which the relevant Class is denominated against movements in the Reference Currency of the Sub-fund. All costs and gains/losses of such hedging transactions are borne separately by the respective Classes. These Classes will not be leveraged as a result of such currency exposure. In relation to investments that are denominated in a currency other than the currency of any particular Class, the Company may decide (but is not obliged) to enter into hedging transactions so as to mitigate the risk borne by the holder of that Class arising out of (adverse) currency exchange rate changes.

## **10. MANAGEMENT COMPANY FEE, MANAGEMENT FEE, PERFORMANCE FEE AND DEPOSITARY FEE**

### **Management Company Fee**

10.1 The Management Company is entitled to the Management Company Fee as described in Section 13.1(b) of the General Section, based on the average of the value of the NAV of the relevant Class over the relevant period and is payable quarterly in arrears.

### **Management Fee**

10.2 The Investment Manager is entitled to a management fee at such rate as set out in respect of each Class in Section 7 of this Special Section (the **Management Fee**). The Management Fee is based on the average of the value of the NAV of the relevant Class over the relevant period and is payable quarterly in arrears.

### **Performance Fee**

10.3 A performance fee in respect of each Class, accrued on each Valuation Day, paid yearly, based on the NAV of the relevant Class, equivalent to such percentage as set out in respect of each relevant Class in the table in Section 6.1 above of the performance of the NAV per Share of that Class (measured against the High Water Mark) over the return of the Benchmark, calculated since the last performance fee payment (the **Performance Fee**) will be paid to the Investment Manager on each Performance Fee Payment Date.

10.4 Each period commencing as of the day following the last day of the preceding Calculation Period for the Shares and ending as of the last Business Day of such calendar year is a **Calculation Period**.

10.5 The Performance Fee in respect of each Class and each Calculation Period will be calculated by reference to the Net Asset Value of such Class after deduction of all expenses, liabilities and any accrued Management Fee and is adjusted to take into account all Subscriptions and Redemptions. For the avoidance of doubt, the Performance Fee is not deducted for this calculation.

10.6 The Performance Fee is equal to the outperformance of the NAV of the relevant Class multiplied by the number of Shares in circulation during the Calculation Period. No Performance Fee will be due if the NAV of the relevant Class before Performance Fee turns out to be below the High Water Mark for the relevant Calculation Period (as defined below). The performance reference period equals the whole life of the Sub-fund.

10.7 In respect of each Class of Shares, the **High Water Mark** is the greater of



- (a) the last Net Asset Value per Share of the relevant Class in respect of which a Performance Fee has been paid at the end of the previous Calculation Period;
- (b) the Initial Issue Price.
- 10.8 The High Water Mark will be decreased by the dividends paid to Shareholders (if any) in any Distribution Class.
- 10.9 If the performance of the NAV of a Class is positive, but the performance of the Benchmark is negative, the calculated Performance Fee will be the lesser of (i) the absolute performance of the NAV of that Class and (ii) 20% of the outperformance over the Benchmark. In the event that the Performance Fee would be, based on the terms of this Section 10, equal to the absolute performance of the NAV of that Class, the Board may decide not to proceed to a payment of the relevant Performance Fee and to continue to accrue the Performance Fee until a later Performance Fee Payment Date.
- 10.10 Provision will be made for this Performance Fee on each Valuation Day. If the NAV of the relevant Class decreases during the Calculation Period, the provisions made in respect of the Performance Fee will be reduced accordingly. If these provisions fall to zero, no Performance Fee will be payable.
- 10.11 If Shares are redeemed on a date other than on which Performance Fee is paid while provision has been made for Performance Fees, the Performance Fees for which provision has been made and which are attributable to the Shares redeemed will be paid at the end of the period even if provision for Performance Fees is no longer made at that date. Gains which have not been realised may be taken into account in the calculation and payment of Performance Fees.
- 10.12 In case of subscription, the Performance Fee calculation is adjusted to avoid that such subscription impacts the amount of Performance Fee accruals. To perform this adjustment, the outperformance of the NAV against the Benchmark until the Subscription Cut-Off Time is not taken into account in the Performance Fee calculation. This adjustment amount is equal to the product of the number of subscribed Shares by the positive difference between the Net Asset Value or the Adjusted Price per Share and the High Water Mark adjusted by the Benchmark performance on the relevant Valuation Day. This cumulated adjustment amount is used in the Performance Fee calculation until the end of the relevant Calculation Period and is adjusted in case of subsequent Redemptions during the Calculation Period.
- 10.13 Performance Fees are payable within 20 Business Days following the closing of the Fiscal Year. Each date on which a Performance Fee is paid is a **Performance Fee Payment Date**.
- 10.14 The formula for the calculation of the Performance Fee is as follows:

$$F = \begin{cases} 0 & \text{If } [(B/E - 1) - (G/H - 1)] \leq 0 \\ & \text{Or if } B \leq E \end{cases}$$

$$F = [(B/E - 1) - (G/H - 1)] * E * C * A \begin{cases} \text{If } [(B/E - 1) - (G/H - 1)] > 0 \\ \text{And if } B > E \end{cases}$$

And if G>H

$$F = \text{MIN} [ (B / E - 1); ((B / E - 1) - (G / H - 1)) * C ] * E * A$$

If [( B / E - 1) - (G / H - 1)] > 0  
 And if B>E  
 And if G<H

The new High Water Mark = If F=0 => E

If F>0 => D

Number of Shares outstanding = A

NAV before performance = B

Performance Fee rate (20%) = C

NAV after performance = D

High Water Mark = E

Performance fees = F

Benchmark value on Valuation Day = G

Benchmark value at the last Performance Fee payment date = H

10.15 An illustrative example of the calculation of the Performance Fee is as follows:

	NAV before Perf Fee	HWM per share	NAV per share performance	Yearly benchmark performance	Cumulated benchmark performance <sup>(1)</sup>	Perf Fee	Max Perf Fee (NAV - HWM)	NAV after Perf Fee
Year 1:	112,0	100,0	12,0%	2,0%	2,0%	2,0	12,0	110,0
Year 2:	120,0	110,0	9,1%	-1,0%	-1,0%	2,2	10,0	117,8
Year 3:	117,0	117,8	-0,7%	-1,0%	-1,0%	0,0	0,0	117,0
Year 4:	118,5	117,8	0,6%	2,0%	1,0%	0,0	0,7	118,5
Year 5:	118,0	117,8	0,2%	-2,0%	-1,0%	0,3	0,2	117,8

<sup>(1)</sup> Benchmark performance since the last Valuation Day at the end of a calculation period, on which a performance fee has been calculated.

With a performance fee rate equal to 20%.

Year 1: The NAV per share performance (12%) is superior to the benchmark performance (2%)  
 The excess of performance is 10% and generates a performance fee equal to 2

Year 2: The NAV per share performance (9,1%) is superior to the benchmark performance (-1%)  
 The excess of performance is 10,1% and generates a performance fee equal to 2,2

Year 3: The NAV per share performance (-0,7%) is superior to the benchmark performance (-1%)  
As the NAV per share performance against the HWM is negative, no performance fee is calculated

Year 4: The NAV per share performance (0,6%) is inferior to the benchmark performance since the last performance fees payment (1%)  
No performance fee is calculated

Year 5: The NAV per share performance (0,2%) is superior to the benchmark performance since the last performance fees payment (-1%)

The excess of performance is 1,2% and generates a performance fee equal to 0,3. As the maximum performance fee is 0,2, the final performance fee is 0,2

10.16 If the Sub-fund terminated before the end of a Calculation Period, the Performance Fee in respect of the Calculation Period will be calculated and paid as though the date of termination were the end of the relevant Calculation Period.

10.17 Transfers of Shares will be treated as redemption and subscription for Performance Fee calculation purposes. Such treatment will result in the crystallization of any Performance Fee due to holding at such time, in relation to the transferred Shares.

### **Depository Fee**

10.18 The Depository is entitled to a depository fee of up to 0.06% p.a. on the average of the value of the NAV of the relevant Class over the relevant period and is payable quarterly in arrears with a minimum of EUR10,000 p.a. as of one year after the Initial Offering Date.

## **11. PROFILE OF THE TYPICAL INVESTOR**

11.1 The Sub-fund is suitable for Retail Investors and Institutional Investors who understand and are able to bear the risks of an investment in the Sub-fund, including the risk of losing all or substantially all of their investment.

11.2 Shareholders should note that the value of their investment could fall as well as rise and they should accept that there is no guarantee that they will recover their initial investment.

## **12. SPECIFIC RISK FACTORS**

12.1 In addition to the risk factors set out below, Shareholders should refer to the risk factors set out in Schedule 2.

12.2 **Price Adjustment Policy.** Investors should note that in certain circumstances the Net Asset Value of the Shares in the Sub-fund may be adjusted to the Adjusted Price in accordance with Section 8 of the General Section (by increasing or decreasing the applicable Net Asset Value per Share by up to 2%). Where the Adjusted Price is not applicable, the Sub-fund may incur dilution which may constrain capital growth.

12.3 **Classes denominated in non-Reference Currencies.** Where Shares of the Sub-fund are available in a Sub-Class which is denominated in a different currency from the Reference Currency in which the Sub-fund is denominated, investors should note that the Net Asset Value of the Sub-fund will be calculated in the Sub-fund's Reference Currency and will be stated in the other currency by reference to the current exchange rate between the Reference Currency and such other currency. Fluctuations in that currency exchange rate may affect the performance of the Shares of that Sub-Class independent of the performance of the Sub-fund's investments. In normal circumstances the costs and expenses of currency exchange transactions in connection with the purchase, redemption

and exchange of Shares of that Sub-Class will be borne by the relevant Sub-Class and will be reflected in the Net Asset Value of that Sub-Class.

- 12.4 **Hedged Classes.** While the Management Company will, in accordance with Section 9 above, attempt to hedge currency risks of hedged Classes, there can be no guarantee that it will be successful in doing so and it may result in mismatches between the currency position of the Sub-fund and the relevant hedged Class. The hedging strategies may be entered into whether the Sub-fund's Reference Currency is declining or increasing in value relative to the relevant currency of the hedged Class and so, where such hedging is undertaken it may substantially protect investors in the relevant Class against a decrease in the value of the Sub-fund's Reference Currency relative to the relevant currency of the hedged Class, but it may also preclude investors from benefiting from an increase in the value of the Sub-fund's Reference Currency.
- 12.5 Hedged Classes in non-major currencies may be affected by the fact that capacity of the relevant currency market may be limited, which could further affect the volatility of the hedged Class.
- 12.6 All gains/losses or expenses arising from hedging transactions are borne separately by the Shareholders of the respective hedged Classes. Given that there is no segregation of liabilities between Classes, there is a remote risk that, under certain circumstances, currency hedging transactions in relation to one Class could result in liabilities which might affect the Net Asset Value of the other Classes of the Sub-fund.
- 12.7 **Sustainability Risks.** The consideration of Sustainability Risks may include the consideration of criteria which are open to subjective interpretation. The Investment Manager may adapt its implementation of ESG considerations and Sustainability Risk integration in accordance with relevant local laws or regulations. Assessment of Sustainability Risks is complex and may be based on ESG data which is difficult to obtain and incomplete, estimated, out of date or otherwise materially inaccurate. There can be no guarantee that the actual impact of the Sustainability Risks on the Sub-fund's returns will not be materially greater than the likely impact as assessed by the Investment Manager.

## ANNEX 1

### Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.



**Product name:** Alatus UCITS -  
Inflection Long Only (the **Sub-fund**)

**Legal entity identifier:**  
5493006EIYM5L5Y20514

## Environmental and/or social characteristics

### Does this financial product have a sustainable investment objective?

**Yes**

**No**

It will make a minimum of **sustainable investments with an environmental objective:** %

in economic activities that qualify as environmentally sustainable under the EU Taxonomy

in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

It will make a minimum of **sustainable investments with a social objective:** %

0

It promotes **Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of % of sustainable investments

with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy

with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

with a social objective

It promotes E/S characteristic, but **will not make any sustainable investments**

### What environmental and/or social characteristics are promoted by this financial product?

The Investment Manager aims to promote a range of environmental and social characteristics that the underlying investments of the Sub-fund may be exposed to:

- Environmental
  - Limiting impact of companies' activities on climate change
  - Mindful use of natural resources within the companies' scope of activities
- Social
  - Promotion of diversity within the company's workforce

**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

No reference benchmark has been designated for the purpose of attaining the environmental or social characteristics promoted by the Sub-fund.

- **What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?**

The Investment Manager uses the following sustainability indicators to measure the attainment of the environmental and social characteristics promoted by the Sub-Fund:

- Limiting impact of companies' activities on climate change is assessed by looking at companies' GHG emissions, track record in reducing emissions intensity and commitment on carbon neutrality.
- Mindful use of natural resources is assessed by looking at companies' energy use, water consumption, waste production and track record in reducing intensity along these metrics.
- Promotion of diversity within the company's workforce is assessed by looking at companies' current and historical evolution in ratio of female employees, ratio of female managers, employee turnover, employee engagement.

- **What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?**

Not applicable.

- **How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?**

Not applicable.

*How have the indicators for adverse impacts on sustainability factors been taken into account?*

Not applicable.

*How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:*

Not applicable.

*The EU Taxonomy sets out a "do not significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.*

*The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.*

*Any other sustainable investments must also not significantly harm any environmental or social objectives.*



**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

**Does this financial product consider principal adverse impacts on sustainability factors?**

Yes, .

No



**What investment strategy does this financial product follow?**

The Investment Manager invests in a concentrated, high-conviction portfolio of 17-20 positions with an investment horizon of 3-5 years, and frequently longer.

A disciplined, bottom-up, free-cash-flow based approach to securities valuation and selection is applied and combined with private equity-like independent market research and competitive analysis. Portfolio companies generate strong, visible and growing free cash flow (FCF), and enjoy sustainable barriers to entry to value-added niches, leading to high and defensible returns on capital. The team seeks to enter positions at attractive equity FCF yields and thrives to identify upcoming inflections in FCF to achieve significant capital appreciation.

The Investment Manager invests in companies that are steered by strong management teams, whose interests are aligned to shareholders', and where quality corporate governance practices are in place. The team regularly engages in open-ended and constructive dialogues with the management teams of portfolio companies.

The investment strategy followed by the Sub-fund to attain the promoted environmental and social characteristics is based on investment strategy that integrates ESG considerations through a combined qualitative and quantitative analysis as follows:

- Investment exclusion: the Investment Manager excludes from the investment universe companies with a significant part of their revenue resulting from activities that may harm environment and/or society, such as, but not limited to, oil & gas, utilities, mining, steel, tobacco, weapons, or companies with a history of significant breaches and violations of human, and labor rights. Additionally, the Investment Manager may also exclude companies with poor ESG scores, based on data provided by third party providers.
- Integration of ESG considerations throughout the whole investment life-cycle via qualitative analysis: the Investment Manager's analysts follow a structured process to the analysis of ESG issues that encompasses the full investment cycle, from initial investment evaluation to monitoring the position after an investment is made. This is completed in parallel to the in-depth strategic and financial assessments the Investment Manager develops for every investment. The Investment Manager's ESG analysis process is designed to identify at an early-stage areas of potential ESG concern and, when deemed relevant, discuss these with management to get comfort around the

issues at stake and the course of action to address them. Once an investment is made, the Investment Manager monitors portfolio companies' ESG performance and tracks the evolution of the issues originally identified (if any) in the Investment Manager's regular management interactions.

**The investment strategy** guides investment decisions based on factors such as investment objectives and risk tolerance.

- **What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?**

Binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by the Sub-fund:

- Investment exclusion:
  - Exclusion of sectors based on the Global Industry Classification Standard (GICS) list. GICS sub-industries that may harm environment and/or society, such as, but not limited to, oil & gas, utilities, mining, steel, tobacco, and weapons are excluded.
  - Exclusion of companies with a history of significant breaches and violations of human, and labor rights.
  - Exclusion of companies with MSCI ESG rating B or below while concurrently being defined as high risk by Sustainalytics.
  - Companies that do not respect the Oslo Convention on Cluster Munitions (production of cluster munitions).
- In relation to the integration of ESG considerations, companies for which red flags are identified, deemed material and not currently addressed by tangible actions during the due diligence undertaken by the Investment Manager team. The team identifies red flags by analysing the company's current and historical performance along with the previously indicated sustainability indicators. Red flags are deemed material when a qualitative assessment performed by the team identifies the topic as a potential risk to the investment thesis / company financial performance. If a material red flag is identified, the Investment Manager seeks to discuss with the company's management team to understand if a credible action plan is in place to address it.
  - **What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?**

The Investment Manager estimates that 10-20% of the stocks in the STOXX Europe 600 index are excluded based on the exclusion criteria listed above.

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.

- **What is the policy to assess good governance practices of the investee companies?**

Good governance practices are evaluated by the investment team by looking at current and historical performance on multiple indicators:

- Board size: size of the board that is in line with the company's size in terms of revenues and market cap to ensure smooth decision making.



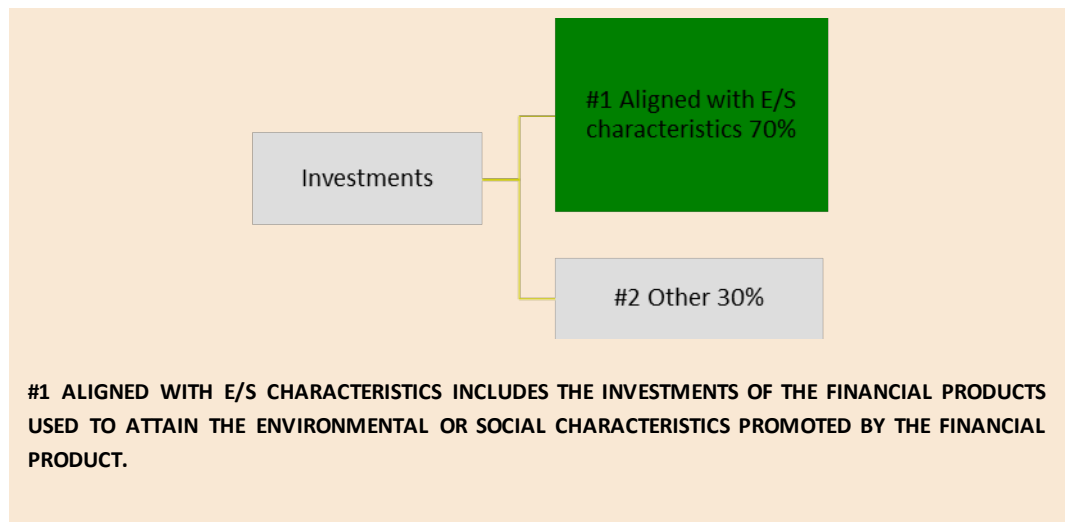
- Gender balance on the board: board with significant representation of both genders, indicating efforts to embrace diversity of the workforce.
- Independent directors representation: board with significant independent directors' representation to ensure checks and balances with executive directors are in place.
  - Incentive plans metrics: metrics that are in line with shareholders' value creation to ensure alignment of interests between minority shareholders and management teams. Inclusion of sustainability metrics in management team remuneration is preferred.

At the same time, the Investment Manager seeks to invest in companies whose boards and management teams that have relevant experience in the industry and a history of shareholder value creation and respect of minority shareholders' rights. This is an output of the in-depth financial and strategic due diligence the Investment Manager conducts on each investment.



**Asset allocation** describes the shares of investments in specific assets.

### What is the asset allocation planned for this financial product?



In normal market conditions, the Investment Manager is planning to invest at least 70% of the Sub-fund's net assets in investments aligned with environmental and social characteristics promoted by the Sub-fund or a combination thereof.

The Investment Manager is planning to invest a maximum of 30% of the Sub-fund's net assets in investments which will not be aligned with the environmental or social characteristics promoted by the Compartment.

● **How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?**

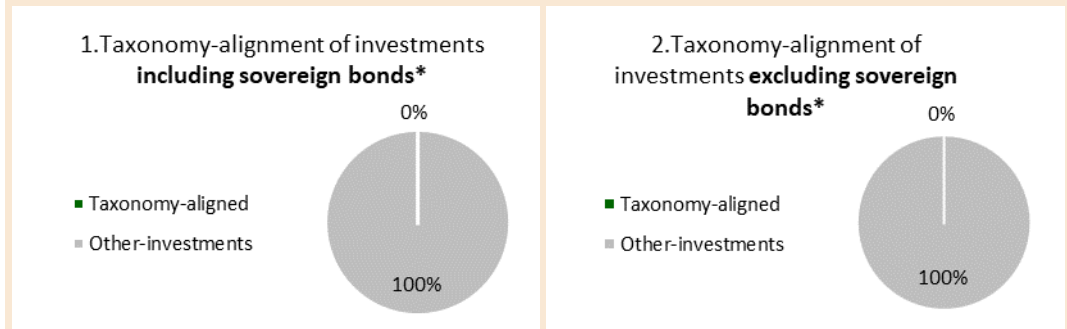
Should the Sub-fund use derivatives, they will not be used to attain the environmental or social characteristics promoted by the Sub-fund.



● **To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?**

Not applicable

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds\*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.



\* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures

The investments underlying the Sub-fund do not take into account the EU criteria for environmentally sustainable economic activities, within the meaning of the Taxonomy Regulation.

- **What is the minimum share of investments in transitional and enabling activities?**

Not applicable.



- **What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**

Not applicable.



- **What is the minimum share of socially sustainable investments?**

Not applicable.



- **What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?**

The “#2 Other” portion of the portfolio includes cash (as cash does not take into consideration ESG criteria, no minimum environmental or social safeguards will apply), and other investments (including derivatives) which will not be aligned with the environmental or social characteristics promoted by the Sub-fund. The latter will follow the following minimum environmental and social safeguards: the Investment Manager will not invest in companies that do not respect the Oslo Convention on Cluster Munitions.



- **Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?**

No reference benchmark has been designated for the purpose of attaining the environmental and/or social characteristics promoted by the Sub-fund.

- **How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?**  
Not applicable.
- **How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?**  
Not applicable.
- **How does the designated index differ from a relevant broad market index?**  
Not applicable.
- **Where can the methodology used for the calculation of the designated index be found?**  
Not applicable.



**Where can I find more product specific information online?**

More product-specific information can be found on the website:  
<https://assetservices.group.pictet/asset-services/fund-library/lu/en/financial-intermediary/funds>

## SCHEDULE 1 – INVESTMENT RESTRICTIONS

### 1. INVESTMENT RESTRICTIONS

The Company and the Sub-funds are subject to the restrictions and limits set forth below.

The management of the assets of the Sub-funds will be undertaken within the following investment restrictions. **A Sub-fund may be subject to additional investment restrictions set out in the relevant Special Section. In the case of any conflict, the provisions of the relevant Special Section will prevail.**

#### 1.1 Eligible Investments

- (a) The Company's investments may consist solely of:
- (i) Transferable Securities and Money Market Instruments admitted to official listing on a stock exchange in an EU Member State;
  - (ii) Transferable Securities and Money Market Instruments dealt on another Regulated Market;
  - (iii) Transferable Securities and Money Market Instruments admitted to official listing on a stock exchange or dealt in on another market in any country of Western or Eastern Europe, Asia, Oceania, the American continents or Africa;
  - (iv) new issues of Transferable Securities and Money Market Instruments, provided that:
    - (A) the terms of issue include an undertaking that application will be made for admission to official listing on any stock exchange or other Regulated Market referred to in Sections 1.1(a)(i), (ii) and (iii) of this Schedule;
    - (B) such admission is secured within a year of issue;
  - (v) units of UCITS and/or other UCIs within the meaning of Article 1, paragraph (2), points a) and b) of the UCITS Directive, whether situated in an EU Member State or not, provided that:
    - such other UCIs are authorised under laws which provide 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 protection for unitholders in the other UCIs is equivalent to that provided for share/unitholders in a UCITS, and in particular that the rules on assets segregation, borrowing, lending, and uncovered sales of Transferable Securities and Money Market Instruments are equivalent to the requirements of the UCITS Directive;
    - the business of the 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 net assets of the UCITS or other UCI whose acquisition is contemplated, can, according to their fund rules or constitutional documents, be invested in aggregate in units of other UCITS or other UCIs;
- (vi) deposits with credit institutions which are repayable on demand or have the right to be withdrawn, and maturing in no more than 12 months, provided that the credit institution has its registered office in an EU Member State or, if the registered office of the credit institution is situated in a non-EU Member State, provided that it is subject to prudential rules considered by the CSSF as equivalent to those laid down in EU law;
- (vii) financial derivative instruments, including equivalent cash-settled instruments, dealt in on a Regulated Market referred to in Sections 1.1(a)(i), (ii) and (iii) of this Schedule; and/or OTC Derivatives, provided that:
- (A) the underlying consists of instruments covered by this Section 1.1(a), financial indices, interest rates, foreign exchange rates or currencies, in which a Sub-fund may invest according to its investment objectives as stated in the relevant Special Section,
  - (B) the counterparties to OTC Derivative transactions are First Class Institutions, and
  - (C) the OTC Derivatives 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 Company's initiative;
- (viii) Money Market Instruments other than those dealt in on a Regulated Market if the issuer or issuer of such instruments is itself regulated for the purpose of protecting investors and savings, and provided that they are:
- (A) issued or guaranteed by a central, regional or local authority or central bank of an EU Member State, the European Central Bank, the EU or the European Investment Bank, a non-EU Member State or, in the 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; or
  - (B) issued by an undertaking, any securities of which are listed on a stock exchange or dealt in on Regulated Markets referred to in Sections 1.1(a)(i), (ii) or (iii) of this Schedule; or
  - (C) issued or guaranteed by an establishment subject to prudential supervision, in accordance with criteria defined by EU law, or by an establishment 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
  - (D) issued by other bodies belonging to the categories approved by the CSSF provided that investments in such instruments are subject to investor protection rules 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 EUR10 million and which (i) presents and publishes its annual accounts in accordance with Directive 2013/34/EU, (ii) 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 (iii) is an entity which is dedicated to the financing of securitisation vehicles which benefit from a banking liquidity line.

- (b) However, each Sub-fund may:
- (i) hold up to 20% of its net assets in bank deposits at sight, such as cash held in current accounts with a bank and accessible at any time, (i) for treasury purposes or (ii) for the time necessary to reinvest in eligible assets provided under article 41 (1) of the 2010 Act or (iii) for a period of time strictly necessary in case of unfavourable market conditions. This restriction shall only be temporarily breached for a period of time strictly necessary when, because of exceptionally unfavourable market conditions, circumstances so require and where such breach is justified having regard to the interests of the Shareholders;
  - (ii) for treasury purposes (in normal market conditions), invest in Cash Equivalents;
  - (iii) in case of unfavourable financial market conditions and for defensive purposes, on a temporary basis, invest up to 100% of its net assets in Cash Equivalents. For the avoidance of doubt, and unless otherwise provided in the relevant Sub-fund's Special Section, investment in such assets in such proportions is not part of the core investment policy of the Sub-fund.

## **1.2 Risk diversification**

- (a) In accordance with the principle of risk diversification, the Company is not permitted to invest more than 10% of the net assets of a Sub-fund in Transferable Securities or Money Market Instruments of one and the same issuer. The total value of the Transferable Securities and Money Market Instruments in each issuer in which more than 5% of the net assets are invested, must not exceed 40% of the value of the net assets of the respective Sub-fund. This limitation does not apply to deposits and OTC Derivative transactions made with financial institutions subject to prudential supervision.
- (b) The Company is not permitted to invest more than 20% of the net assets of a Sub-fund in deposits made with the same body.
- (c) Notwithstanding the individual limits laid down in Sections 1.2(a) 1.2(b) above and 1.7(l) below, a Sub-fund may not combine:
- (i) investments in Transferable Securities or Money Market Instruments issued by a given single body,
  - (ii) deposits made with that single body, and/or
  - (iii) exposures arising from OTC Derivative transactions undertaken with that single body,
- in excess of 20% of its net assets.
- (d) The 10% limit set forth in Section 1.2(a) above can be raised to a maximum of 25% in case of certain bonds issued by credit institutions which have their registered office in an EU Member State and are subject by law, in that particular country, to specific public supervision designed to ensure the protection of bondholders. In particular the funds which originate from the issue of these bonds are to be invested, in accordance with the law, in assets which sufficiently cover the financial obligations resulting from the issue throughout

the entire life of the bonds and which are allocated preferentially to the payment of principal and interest in the event of the issuer's failure. Furthermore, if investments by a Sub-fund in such bonds with one and the same issuer represent more than 5% of the net assets, the total value of these investments may not exceed 80% of the net assets of the corresponding Sub-fund.

- (e) The 10% limit set forth in Section 1.2(a) above can be raised to a maximum of 35% for Transferable Securities and Money Market Instruments that are issued or guaranteed by an EU Member State or its local authorities, by another OECD Member State, or by public international organisations of which one or more EU Member States are members.
- (f) Transferable Securities and Money Market Instruments which fall under the special ruling given in Sections 1.2(d) and 1.2(e) above are not counted when calculating the 40% risk diversification ceiling mentioned in Section 1.2(a) above.
- (g) The limits provided for in Sections 1.2(a) to 1.2(e) above may not be combined, and thus investments in Transferable Securities or Money Market Instruments issued by the same body, in deposits or derivative instruments made with this body will under no circumstances exceed in total 35% of the net assets of a Sub-fund.
- (h) Companies which are included in the same group for the purposes of consolidated accounts, as defined in accordance with Directive 2013/04/EU or in accordance with recognised international accounting rules, are regarded as a single body for the purpose of calculating the limits contained in this Section 1.2.
- (i) A Sub-fund may invest, on a cumulative basis, up to 20% of its net assets in Transferable Securities and Money Market Instruments of the same group.

### **1.3 Exceptions which can be made**

- (a) Without prejudice to the limits laid down in Section 1.6 below, the limits laid down in Section 1.2 are raised to a maximum of 20% for investment in shares and/or bonds issued by the same body if, according to the relevant Special Section, the investment objective and policy of that Sub-fund is to replicate the composition of a certain stock or debt securities index which is recognised by the CSSF, on the following basis:
  - (i) its composition is sufficiently diversified,
  - (ii) the index represents an adequate benchmark for the market to which it refers,
  - (iii) it is published in an appropriate manner.

The above 20% limit may be raised to a maximum of 35%, but only in respect of a single body, where that proves to be justified by exceptional market conditions in particular in Regulated Markets where certain Transferable Securities or Money Market Instruments are highly dominant.

- (b) **The Company is authorised, in accordance with the principle of risk diversification, to invest up to 100% of the net assets of a Sub-fund in Transferable Securities and Money Market Instruments from various offerings that are issued or guaranteed by an EU Member State or its local authorities, by another OECD Member State, EEA Member States, G20 countries, Singapore, Hong Kong or by public international organisations in which one or more EU Member States are members. That Sub-fund must hold securities from at least six different issues, but securities from any one issue may not account for more than 30% of its net assets.**

#### **1.4 Investment in UCITS and/or other UCIs**

- (a) A Sub-fund may acquire the units of UCITS and/or other UCIs referred to in Section 1.1(a)(v) of this Schedule provided that no more than 20% of its net assets are invested in units of a single UCITS or other UCI. If a UCITS or other UCI has multiple compartments (within the meaning of article 181 of the 2010 Act) and the assets of a compartment may only be used to satisfy the rights of the investors relating to that compartment and the rights of those creditors whose claims have arisen in connection with the setting-up, operation and liquidation of that compartment, each compartment is considered as a separate issuer for the purposes of applying the above limit.
- (b) Investments made in units of UCIs other than UCITS may not exceed, in aggregate, 30% of the net assets of the Sub-fund.
- (c) When a Sub-fund has acquired units of UCITS and/or other UCIs, the assets of the respective UCITS or other UCIs do not have to be combined for the purposes of the limits laid down in Section 1.2 above.
- (d) When a Sub-fund invests in the units of UCITS and/or other UCIs that are managed, directly or by delegation, by the same management company or by any other company with which the management company is linked by common management or control, or by a substantial direct or indirect holding, (regarded as more than 10% of the voting rights or share capital), that management company or other company may not charge subscription, conversion or redemption fees on account of the Sub-fund's investment in the units of such UCITS and/or other UCIs.
- (e) If a Sub-fund invests a substantial proportion of its assets in other UCITS and/or other UCIs, the maximum level of the management fees that may be charged both to the Sub-fund itself and to the other UCITS and/or other UCIs in which it intends to invest, will be disclosed in the relevant Special Section.
- (f) In the annual report of the Company it will be indicated for each Sub-fund the maximum proportion of management fees charged both to the Sub-fund and to the UCITS and/or other UCIs in which the Sub-fund invests.

#### **1.5 Tolerances and multiple compartment issuers**

If, because of reasons beyond the control of the Company or the exercising of subscription rights, the limits mentioned in this Section 1 are exceeded, the Company must have as a priority objective in its sale transactions to reduce these positions within the prescribed limits, taking into account the best interest of the Shareholders.

Provided that they continue to observe the principles of risk diversification, newly established Sub-funds may deviate from the limits mentioned under Sections 1.2, 1.3 and 1.4 above as well as from the limits set out in the Special Sections for a period of six months following the date of their initial launch.

To the extent permitted by applicable law, if an issuer of Eligible Investments is a legal entity with multiple compartments and the assets of a compartment may only be used to satisfy the rights of the investors relating to that compartment and the rights of those creditors whose claims have arisen in connection with the setting-up, operation and liquidation of that compartment, each compartment is considered as a separate issuer for the purposes of applying the limits set forth under Sections 1.2 and 1.4, and 1.3(a) of this Schedule.



## 1.6 Investment prohibitions

The Company is prohibited from:

- (a) acquiring equities with voting rights that would enable the Company to exert a significant influence on the management of the issuer in question;
- (b) acquiring, for the account of a Sub-fund, more than
  - (i) 10% of the non-voting equities of one and the same issuer,
  - (ii) 10% of the debt securities issued by one and the same issuer,
  - (iii) 10% of the Money Market Instruments issued by one and the same issuer, or
  - (iv) 25% of the units of one and the same UCITS and/or other UCI.

The limits laid down in (ii), (iii), and (iv) may be disregarded at the time of acquisition if at that time the gross amount of the debt securities or of the Money Market Instruments, or the net amount of the securities in issue, cannot be calculated.

Transferable Securities and Money Market Instruments which, in accordance with article 48, paragraph 3 of the 2010 Act are issued or guaranteed by an EU Member State or its local authorities, by another Member State of the OECD or which are issued by public international organisations of which one or more EU Member States are members are exempted from the above limits.

- (c) selling short Transferable Securities, Money Market Instruments and other Eligible Investments mentioned under Sections 1.1(a)(v), (vii) and (viii) of this Schedule;
- (d) acquiring precious metals or related certificates;
- (e) investing in real estate and purchasing or selling commodities or commodities contracts;
- (f) borrowing on behalf of a particular Sub-fund, unless:
  - (i) the borrowing is in the form of a back-to-back loan for the purchase of foreign currency;
  - (ii) the loan is only temporary and does not exceed 10% of the net assets of the Sub-fund in question;
- (g) granting credits or acting as guarantor for third parties. This limitation does not refer to the purchase of Transferable Securities, Money Market Instruments and other Eligible Investments mentioned under Sections 1.1(a)(v), (vii) and (viii) that are not fully paid up.

## 1.7 Investments in financial derivative instruments

- (a) At the date of this Prospectus, the Sub-fund does not use of SFTs. Whenever this situation changes, this Prospectus will be updated accordingly. The Sub-fund will use TRS. The Special Section includes the disclosure requirements of the SFTR and the CSSF SFTR FAQ, including, among others, the maximum and expected

proportion of assets that may be subject to TRS, as well as the types of assets that are subject to TRS.

- (b) The Company must employ (i) 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 (ii) a process for accurate and independent assessment of the value of OTC Derivatives.
- (c) Each Sub-fund will ensure that its global exposure relating to derivative instruments does not exceed the total net value of its portfolio.
- (d) The exposure is calculated taking into account the current value of the underlying assets, the counterparty risk, future market movements and the time available to liquidate the positions. This will also apply to the following subparagraphs.
- (e) A Sub-fund may invest, as a part of its investment policy, in financial derivative instruments provided that the exposure to the underlying assets does not exceed in aggregate the investment limits laid down in Section 1.2 of this Schedule. Under no circumstances will these operations cause a Sub-fund to diverge from its investment objectives as laid down in the Prospectus and the relevant Special Section. When a Sub-fund invests in index-based financial derivative instruments, these investments do not have to be combined to the limits laid down in Section 1.2 of this Schedule.
- (f) When a Transferable Security or Money Market Instrument embeds a derivative, the latter must be taken into account when complying with the requirements of this Section.
- (g) The Company's annual reports will contain, in respect of each Sub-fund that has entered into financial derivative instruments over the relevant reporting period, details of:
  - the underlying exposure obtained through financial derivative instruments;
  - the identity of the counterparty(ies) to these financial derivative instruments;
  - the type and amount of collateral received to reduce counterparty risk exposure.
- (h) The Company and any of its Sub-funds may in particular enter into swap contracts relating to any financial instruments or indices, including TRS. TRS involve the exchange of the right to receive the total return, coupons plus capital gains or losses, of a specified reference asset, index or basket of assets against the right to make fixed or floating payments. As such, the use of TRS or other derivatives with similar characteristics allows gaining synthetic exposure to certain markets or underlying assets without investing directly (and/or fully) in these underlying assets.
- (i) The counterparties to TRS will be selected and approved through a robust selection process and will be establishments located in OECD Member States and have a minimum rating of BBB- or the equivalent by any leading rating agencies. The Management Company's risk management team will assess the creditworthiness of the proposed counterparties, their expertise in the relevant transactions, the costs of service and others factors related to best execution in line with the Management Company's best execution policy.
- (j) Assets subject to TRS will be safe-kept by the Depositary.

- (k) The Company's semi-annual and annual reports will contain information on the use of TRS in line with Section A of the Annex of the SFTR.
- (l) The counterparty risk arising from OTC Derivatives (including TRS) may not exceed 10% of the assets of a Sub-fund when the counterparty is a credit institution domiciled in the EU or in a country where the CSSF considers that supervisory regulations are equivalent to those prevailing in the EU. This limit is set at 5% in any other case.
- (m) The counterparty risk of a Sub-fund vis-à-vis a counterparty is equal to the positive mark-to-market value of all OTC Derivatives (including TRS) transactions with that counterparty, provided that:
- if there are legally enforceable netting arrangements in place, the risk exposure arising from OTC Derivative (including TRS) transactions with the same counterparty may be netted; and
  - if collateral is posted in favour of a Sub-fund and such collateral complies at all times with the criteria set out in Section 1.8(a) below, the counterparty risk of such Sub-fund is reduced by the amount of such collateral. Sub-funds will use collateral to monitor compliance with the counterparty risk limit set out in Section 1.7(l) above. The level of collateral used, with respect to each Sub-fund, will be in line with applicable law and regulations as well as the provisions set out in this Prospectus and particularly Section 1.8 below. In order to reduce each Sub-fund's counterparty risk in accordance with applicable law and regulation in the context of OTC Derivative (including TRS) transactions, it is expected that typically, the Sub-fund will require a level of collateral from each of its counterparty equal to 90-95% of the Sub-fund's positive mark-to-market value of all OTC Derivatives (including TRS) transactions entered into with the relevant counterparty in the context of the relevant transaction(s), taking into account the nature and characteristics of the relevant transactions, the creditworthiness and identity of the counterparty, prevailing market conditions and the existence of enforceable netting arrangements with such counterparty.
- (n) Any use of TRS for investment purposes will be in line with the risk profile and risk diversification rules applicable to any Sub-funds.
- (o) The risks linked to the use of TRS as well as risks linked to collateral management, such as operational, liquidity, counterparty, custody and legal risks and, where applicable, the risks arising from its reuse are further described hereunder in Schedule 2.
- (p) The revenues (if any) linked to the TRS will be fully allocated to the relevant Sub-fund and will be included in the valuation of the TRS. There will neither be any costs nor fees specific to TRS charged to any Sub-fund that would constitute revenue for the Management Company. Counterparties to the OTC Derivatives (including TRS) may be Affiliates of the Management Company or the Investment Manager. Any such affiliation will be disclosed in the semi-annual reports of the Company and annual reports of the Company that will include information on the use TRS compliant with Section A of the Annex of SFTR. Information on direct and indirect operational costs and fees that may be incurred in this respect as well as the identity of the entities to which such costs and fees are paid will be available in the annual report of the Company.

## 1.8 Collateral policy for OTC Derivatives transactions

- (a) Collateral received by a Sub-fund may be must comply at all times with the following principles:
- (i) Liquidity – any collateral received other than cash should be highly liquid and traded on a regulated market or multilateral trading facility with transparent pricing in order that it can be sold quickly at a price that is close to pre-sale valuation. Collateral received should also comply with the acquisition limits set out in Section 1.6(b) of this Schedule.
  - (ii) Valuation – collateral will be valued on a daily basis, using available market prices and taking into account appropriate discounts which will be determined for each asset class based on its haircut policy set out under item (f) to (i) below.
  - (iii) Issuer credit quality – collateral received should be of high quality.
  - (iv) Correlation – the collateral received by the Sub-fund should be issued by an entity that is independent from the counterparty and is expected not to display a high correlation with the performance of the counterparty.
  - (v) Collateral diversification (asset concentration) – collateral should be sufficiently diversified in terms of country, markets and issuers. The criterion of sufficient diversification with respect to issuer concentration is considered to be respected if the Sub-fund receives from a counterparty of OTC 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 should be aggregated to calculate the 20% limit of exposure to a single issuer.
  - (vi) Risks linked to the management of collateral, such as operational and legal risks, should be identified, managed and mitigated by the risk management process.
  - (vii) Collateral received should be capable of being fully enforced by the Company for the account of the Sub-fund at any time without reference to or approval from the counterparty.
- (b) Non-cash collateral received by a Sub-fund may not be sold, re-invested or pledged.
- (c) Cash collateral received by a Sub-fund can only be:
- (i) placed on deposit with credit institutions which either have their registered office in an EU Member State or are subject to prudential rules considered by the CSSF as equivalent to those laid down in Community law;
  - (ii) invested in high-quality government bonds;
  - (iii) used for the purpose of reverse repo transactions provided the transactions are with credit institutions subject to prudential supervision and the Company is able to recall at any time the full amount of cash on accrued basis;
  - (iv) invested in Short-Term Money Market Funds as defined in the CESR Guidelines 10-049 on a Common Definition of European Money Market

Funds, as amended by the ESMA Opinion of 22 August 2014 (ESMA/2014/1103).

- (d) Collateral posted in favour of a Sub-fund under a title transfer arrangement should be held by the Depositary or one of its correspondents or sub-depositaries. Such collateral may be held by one of the Depositary's correspondents or sub-custodians provided that the Depositary has delegated the custody of the collateral to such correspondent or sub-custodian. Collateral posted in favour of a Sub-fund under a security interest arrangement (eg, a pledge) can be held by a third party custodian which is subject to prudential supervision, and which is unrelated to the provider of the collateral.
- (e) The Management Company has a haircut policy relating to the classes of assets received as collateral. The Management Company typically utilises cash and high-quality government bonds as collateral, but other permitted forms of collateral (with associated haircuts) may be utilised both with haircuts as set out under item (h) below. This policy takes into account a variety of factors, depending on the nature of the collateral received, such as the issuer's credit standing, the maturity, currency, price volatility of the assets and, where applicable, the outcome of liquidity stress tests carried out by the relevant Sub-fund under normal and exceptional liquidity conditions. No haircut will generally be applied to cash collateral.
- (f) In case of non-cash collateral, a haircut will be applied. Non-cash collateral will only be accepted if such non-cash collateral does not exhibit high price volatility.
- (g) For non-cash collateral, a haircut of 1% to 8% will be applied as follows:

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

- (h) Collateral received by the Sub-funds will only consist in cash, government debts and supranational debt securities. In case of any amendment of the Sub-funds' collateral policy, this Prospectus will be amended accordingly.

## **1.9 Investments between Sub-funds**

A Sub-fund (the **Investing Sub-fund**) may invest in one or more other Sub-funds. Any acquisition of Shares of another Sub-fund (the **Target Sub-fund**) by the Investing Sub-fund is subject to the following conditions:

- (a) the Target Sub-fund may not invest in the Investing Sub-fund;
- (b) the Target Sub-fund may not invest more than 10% of its net assets in UCITS (including other Sub-funds) or other UCIs referred to in Section 1.1(a)(v) of the General Section;
- (c) the voting rights attached to the Shares of the Target Sub-fund are suspended during the investment by the Investing Sub-fund;

- (d) the value of the Share of the Target Sub-fund held by the Investing Sub-fund are not taken into account for the purpose of assessing the compliance with the EUR1,250,000 minimum capital requirement; and
- (e) duplication of management, subscription or redemption fees is prohibited.

## **SCHEDULE 2 – GENERAL RISK FACTORS**

Before making an investment decision with respect to Shares of any Class in any Sub-fund, prospective investors should carefully consider all of the information set out in this Prospectus and the relevant Special Section, as well as their own personal circumstances. Prospective investors should have particular regard to, among other matters, the considerations set out in this Section and under the Sections "Specific risk factors" and "Profile of the typical investor" in the relevant Special Section. The risk factors referred to therein, and in this document, alone or collectively, may reduce the return on the Shares of any Sub-fund and could result in the loss of all or a proportion of a Shareholder's investment in the Shares of any Sub-fund. The price of the Shares of any Sub-fund can go down as well as up and their value is not guaranteed. Shareholders may not receive, at redemption or liquidation, the amount that they originally invested in any Class or any amount at all.

The risks may include or relate to equity markets, bond markets, foreign exchange rates, interest rates, credit risk, the use of derivatives, counterparty risk, market volatility and political risks. The risk factors set out in this Prospectus, the key investor information document and the relevant Special Section are not exhaustive. There may be other risks that a prospective investor should consider that are relevant to its own particular circumstances or generally.

An investment in the Shares of any Sub-fund is only suitable for investors who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom.

Before making any investment decision with respect to the Shares, prospective investors should consult their own stockbroker, bank manager, lawyer, solicitor, accountant and/or financial adviser and carefully review and consider such an investment decision in the light of the foregoing and the prospective investor's personal circumstances.

The Company is intended to be a medium to long-term investment vehicle (depending on the Investment Policy of the relevant Sub-funds). Shares may however be redeemed on each Valuation Day. Substantial redemptions of Shares by Shareholders within a limited period of time could cause the Company to liquidate positions more rapidly than would otherwise be desirable, which could adversely affect the value of both the Shares being redeemed and the outstanding Shares. In addition, regardless of the period of time in which redemptions occur, the resulting reduction in the Net Asset Value per Share could make it more difficult for the Company to generate trading profits or recover losses.

### **1.1 General risks**

#### **(a) Effect of performance fees**

The Management Company, Investment Manager or Investment Adviser may be entitled to a performance fee from a Sub-fund based on a percentage of any net realised and unrealised profits. Performance fees may create an incentive for the Management Company, Investment Manager or Investment Adviser to make investments that are riskier or more speculative than would be the case in the absence of such incentive compensation arrangements. In addition, the Management Company, Investment Manager or Investment Adviser's performance fees will be based on unrealised as well as realised gains.

(b) Future returns

No assurance can be given that the strategies employed by the Management Company, Investment Manager or Investment Adviser in the past to achieve attractive returns will continue to be successful or that the return on the Sub-funds' investments will be similar to that achieved by the Management Company, Investment Manager or Investment Adviser in the past.

(c) Effects of redemptions

Large redemptions of Shares within a limited period of time could require the Company to liquidate positions more rapidly than would otherwise be desirable, adversely affecting the value of both the Shares being redeemed and the outstanding Shares. In addition, regardless of the period of time over which redemptions occur, the resulting reduction in a Sub-fund's Net Asset Value could make it more difficult for the Management Company, Investment Manager or Investment Adviser to generate profits or recover losses. Redemption proceeds paid by the Company to a redeeming Shareholder may be less than the Net Asset Value of such Shares at the time a redemption request is made due to fluctuations in the Net Asset Value between the date of the request and the applicable dealing day.

(d) Concentration risks

Certain Sub-funds may concentrate their investments on certain geographical areas or sectors. Concentration of the investments of Sub-funds in any particular countries will mean that those Sub-funds may be more greatly impacted by adverse social, political or economic events which may occur in such countries. Similarly, Sub-funds concentrating their investments in companies of certain sectors will be subject to the risks associated with such concentration.

(e) Credit risk

The creditworthiness (solvency and willingness to pay) of an issuer of a security held by the Company may fall. Bonds or debt instruments involve a credit risk with regard to the issuers, for which the issuers' credit rating can be used as a benchmark. Bonds or debt instruments floated by issuers with a lower rating are generally viewed as securities with a higher credit risk and greater risk of default on the part of the issuers than those instruments that are floated by issuers with a better rating. If an issuer of bonds or debt instruments gets into financial or economic difficulties, this can affect the value of the bonds or debt instruments (this value could drop to zero) and the payments made on the basis of these bonds or debt instruments (these payments could drop to zero).

(f) Nominee arrangements

The Company draws the investors' attention to the fact that any investor will only be able to fully exercise his/her/its investor rights directly against the Company, in particular the right to participate in general meetings of Shareholders, if the investor is registered himself/herself/itself and in his/her/its own name in the register of the Shareholders. In cases where an investor invests in the Company through an intermediary investing into the Company in his/her/its 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 Company. Investors are advised to take advice on their rights.



## 1.2 Market-related risks

### (a) General economic conditions

The success of any investment activity is affected by general economic conditions, which may affect the level and volatility of interest rates and the liquidity of the markets for both equities and interest-rate-sensitive securities. Certain market conditions, including unexpected volatility or illiquidity in the market in which the Company directly or indirectly holds positions, could impair the Company's ability to achieve its objectives and/or cause it to incur losses.

### (b) Market risks

The success of a significant portion of each Sub-funds' investment program will depend, to a great extent, upon correctly assessing the future course of the price movements of stocks, bonds, financial instruments and foreign currencies. There can be no assurance that the Management Company, Investment Manager or Investment Adviser will be able to predict accurately these price movements.

### (c) Investing in fixed income securities

Even though interest-bearing securities are investments which promise a defined stream of income, the prices of such securities generally are inversely correlated to changes in interest rates and, therefore, are subject to the risk of market price fluctuations. The values of fixed-income securities also may be affected by changes in the credit rating, liquidity or financial conditions of the issuer. Certain securities that may be purchased by the Company may be subject to such risk with respect to the issuing entity and to greater market fluctuations than certain lower yielding, higher rated fixed-income securities.

The volume of transactions effected in certain international bond markets may be appreciably below that of the world's largest markets. Accordingly, a Sub-fund's investments in such markets may be less liquid and their prices may be more volatile than comparable investments in securities traded in markets with larger trading volumes. Moreover, the settlement periods in certain markets may be longer than in others which may affect portfolio liquidity.

### (d) Risks in transactions in currencies

In general, foreign exchange rates can be extremely volatile and difficult to predict. Foreign exchange rates may be influenced by, among other factors: changing supply and demand for a particular currency; trade, fiscal and monetary policies of governments (including exchange control programs, restrictions on local exchanges or markets and limitations on foreign investment in a country or on investment by residents of a country in other countries); political events; changes in balances of payments and trade; domestic and foreign rates of inflation; domestic and foreign rates of interest; international trade restrictions; and currency devaluations and revaluations. In addition, governments from time to time intervene, directly and by regulation, in the currency markets to influence prices directly. Variance in the degree of volatility of the market from the Management Company, Investment Manager and Investment Adviser's expectations may produce significant losses to a Sub-fund, particularly in the case of transactions entered into pursuant to non-directional strategies.

(e) Lack of liquidity in markets

Despite the heavy volume of trading in securities and other financial instruments, the markets for some securities and instruments have limited liquidity and depth. This limited liquidity and lack of depth could be a disadvantage to the Sub-funds, both in the realisation of the prices which are quoted and in the execution of orders at desired prices.

(f) Investments in emerging markets

In certain countries, there is the possibility of expropriation of assets, confiscatory taxation, political or social instability or diplomatic developments which could affect investment in those countries. There may be less publicly available information about certain financial instruments than some investors would find customary and entities in some countries may not be subject to accounting, auditing and financial reporting standards and requirements comparable to those to which certain investors may be accustomed. Certain financial markets, 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 sizeable markets. There are also varying levels of government supervision and regulation of exchanges, financial institutions and issuers in various countries. In addition, the manner in which foreign investors may invest in securities in certain countries, as well as limitations on such investments, may affect the investment operations of the Sub-funds.

Emerging country debt will be subject to high risk and will not be required to meet a minimum rating standard and may not be rated for creditworthiness by any internationally recognised credit rating organisation. The issuer or governmental authority that controls the repayment of an emerging country's debt may not be able or willing to repay the principal and/or interest when due in accordance with the terms of such debt. As a result of the foregoing, a government obligor may default on its obligations. If such an event occurs, the Company may have limited legal recourse against the issuer and/or guarantor. Remedies must, in some cases, be pursued in the courts of the defaulting party itself, and the ability of the holder of foreign government debt securities to obtain recourse may be subject to the political climate in the relevant country. In addition, no assurance can be given that the holders of commercial debt will not contest payments to the holders of other foreign government debt obligations in the event of default under their commercial bank loan agreements.

Settlement systems in emerging markets may be less well organised than in developed markets. Thus, there may be a risk that settlement may be delayed and that cash or securities of the Sub-funds may be in jeopardy because of failures or of defects in the systems. In particular, market practice may require that payment will be made prior to receipt of the security which is being purchased or that delivery of a security must be made before payment is received. In such cases, default by a broker or bank (the Counterparty) through whom the relevant transaction is effected might result in a loss being suffered by Sub-funds investing in emerging market securities.

The Company will seek, where possible, to use Counterparties whose financial status is such that this risk is reduced. However, there can be no certainty that the Company will be successful in eliminating this risk for the Sub-funds, particularly as Counterparties operating in emerging markets frequently lack the substance or financial resources of those in developed countries.

There may also be a danger that, because of uncertainties in the operation of settlement systems in individual markets, competing claims may arise in respect of securities held by

or to be transferred to the Sub-funds. Furthermore, compensation schemes may be non-existent or limited or inadequate to meet the Company's claims in any of these events.

In some Eastern European countries there are uncertainties with regard to the ownership of properties. As a result, investing in Transferable Securities issued by companies holding ownership of such Eastern European properties may be subject to increased risk.

Furthermore, investments in Russia are currently subject to certain heightened risks with regard to the ownership and custody of securities. In Russia this is evidenced by entries in the books of a company or its registrar (which is neither an agent nor responsible to the Depository). No certificates representing ownership of Russian companies will be held by the Depository or any of its local correspondents or in an effective central depository system. As a result of this system and the lack of the effective state regulation and enforcement, the Company could lose its registration and ownership of Russian securities through fraud, negligence or even mere oversight. In addition, Russian securities have an increased custodial risk associated with them as such securities are, in accordance with market practice, held in custody with Russian institutions which may not have adequate insurance coverage to cover loss due to theft, destruction or default whilst such assets are in its custody.

Some Sub-funds may invest a significant portion of their net assets in securities or corporate bonds issued by companies domiciled, established or operating in Russia as well as, as the case may be, in debt securities issued by the Russian government as more fully described for each relevant Sub-fund in its investment policy.

(g) Investments in small capitalisation companies

There are certain risks associated with investing in small cap stocks and the securities of small companies. The market prices of these securities may be more volatile than those of larger companies. Because small companies normally have fewer shares outstanding than larger companies it may be more difficult to buy and sell significant amounts of shares without affecting market prices. There is typically less publicly available information about these companies than for larger companies. The lower capitalisation of these companies and the fact that small companies may have smaller product lines and command a smaller market share than larger companies may make them more vulnerable to fluctuation in the economic cycle.

(h) Sustainability Risk

An ESG event or condition, if it occurs, could potentially or actually cause a material negative impact on the value of the Sub-fund's investment. Sustainability Risks can either represent a risk of their own or have an impact on other risks and may contribute significantly to risks, such as market risks, operational risks, liquidity risks or counterparty risks. Assessment of Sustainability Risks is complex and may be based on ESG data which is difficult to obtain and incomplete, estimated, out of date or otherwise materially inaccurate. Even when identified, there can be no guarantee that these data will be correctly assessed. Consequent impacts to the occurrence of Sustainability Risks can be many and varied according to a specific risk, region or asset class.

Where Sustainability Risks occur for assets of a specific Sub-fund, there may be a negative impact on such Sub-fund that may result in a negative impact on the returns for the investors of such Sub-fund.

(i) Risks related to using ESG criteria for investments

Applying ESG and sustainability criteria to the investment process may exclude securities of certain issuers for non-investment reasons and therefore some market opportunities available to funds that do not use ESG or sustainability criteria may be unavailable for the such Sub-fund, and such Sub-fund's performance may at times be better or worse than the performance of comparable funds that do not use ESG or sustainability criteria. The selection of assets may in part rely on a proprietary ESG scoring process or ban lists that rely partially on third party data. The lack of common or harmonised definitions and labels integrating ESG and sustainability criteria at EU level may result in different approaches by the Investment Manager when setting ESG objectives and determining that these objectives have been met by the funds they manage. This also means that it may be difficult to compare strategies integrating ESG and sustainability criteria to the extent that the selection and weightings applied to select investments may to a certain extent be subjective or based on metrics that may share the same name but have different underlying meanings. Investors should note that the subjective value that they may or may not assign to certain types of ESG criteria may differ substantially from the Investment Manager's methodology. The lack of harmonised definitions may also potentially result in certain investments not benefitting from preferential tax treatments or credits because ESG criteria are assessed differently than initially thought.

(j) SFDR

SFDR is not a fund labelling regime, and accordingly, no reliance should be placed on the Sub-fund being given any particular classification under SFDR. Investors should also be aware that the SFDR classification process is inherently uncertain at present, as SFDR has only come into force relatively recently and it is not yet clear how all aspects of the regime should be interpreted. The Company may therefore wish to reconsider the classification of a Sub-fund from time to time; e.g. to reflect views in the market on SFDR (which are continuing to evolve), new regulatory guidance, amendments to SFDR made over time, or a decision by a court clarifying its interpretation. Investors and other third parties should therefore take this into account when considering a Sub-fund for investment. It is reminded that a decision whether to invest in a Sub-fund should be based on the legal documentation of the Company (including, but not limited to the Special Sections and their SFDR RTS annexes, where relevant) in its entirety and not only on the sustainability-related disclosures made under SFDR.

### 1.3 Use of financial derivative instruments

While the prudent use of financial derivative instruments can be beneficial, derivatives also involve risks different from, and, in certain cases, greater than, the risks presented by more traditional investments. The following is a general discussion of important risk factors and issues concerning the use of derivatives that investors should understand before investing in a Sub-fund.

(a) Market risk

This is a general risk that applies to all investments meaning that the value of a particular derivative may change in a way which may be detrimental to a Sub-fund's interests.

(b) Control and monitoring

Derivative products are highly specialised instruments that require investment techniques and risk analysis different from those associated with equity and fixed income securities. The use of derivative techniques requires an understanding not only of the underlying assets of the derivative but also of the derivative itself, without the benefit of observing the

performance of the derivative under all possible market conditions. In particular, the use and complexity of derivatives require the maintenance of adequate controls to monitor the transactions entered into, the ability to assess the risk that a derivative adds to a Sub-fund and the ability to forecast the relative price, interest rate or currency rate movements correctly.

(c) Liquidity risk

Liquidity risk exists when a particular instrument is difficult to purchase or sell. If a derivative transaction is particularly large or if the relevant market is illiquid, it may not be possible to initiate a transaction or liquidate a position at an advantageous price (however, the Company will only enter into OTC Derivatives if it is allowed to liquidate such transactions at any time at fair value).

(d) Counterparty risk

The Sub-funds may enter into transactions in OTC markets, which will expose the Sub-funds to the credit of its counterparties and their ability to satisfy the terms of such contracts. For example, the Sub-funds may enter into swap arrangements or other derivative techniques as specified in the relevant Special Sections, each of which expose the Sub-funds to the risk that the counterparty may default on its obligations to perform under the relevant contract. In the event of a bankruptcy or insolvency of a counterparty, the Sub-funds could experience delays in liquidating the position and significant losses, including declines in the value of its investment during the period in which the Company seeks to enforce its rights, inability to realise any gains on its investment during such period and fees and expenses incurred in enforcing its rights. There is also a possibility that the above agreements and derivative techniques are terminated due, for instance, to bankruptcy, supervening illegality or change in the tax or accounting laws relative to those at the time the agreement was originated. However this risk is limited in view of the Investment Restrictions laid down in 0.

Certain markets in which the Sub-funds held by the Sub-funds may effect their transactions are over-the-counter or interdealer markets. The participants in such markets are typically not subject to credit evaluation and regulatory oversight as are members of "exchange-based" markets. To the extent a Sub-fund invests in swaps, derivative or synthetic instruments, or other over-the-counter transactions, on these markets, such Sub-fund may take credit risk with regard to parties with whom it trades and may also bear the risk of settlement default. These risks may differ materially from those entailed in exchange-traded transactions which generally are backed by clearing organisation guarantees, daily marking-to-market and settlement, and segregation and minimum capital requirements applicable to intermediaries. Transactions entered directly between two counterparties generally do not benefit from such protections. This exposes the Sub-funds to the risk that a counterparty will not settle a transaction in accordance with its terms and conditions because of a dispute over the terms of the contract (whether or not bona fide) or because of a credit or liquidity problem, thus causing the Sub-fund to suffer a loss. Such "counterparty risk" is accentuated for contracts with longer maturities where events may intervene to prevent settlement, or where the Company has concentrated its transactions with a single or small group of counterparties. In addition, in the case of a default, the respective Sub-fund could become subject to adverse market movements while replacement transactions are executed. The Sub-funds are not restricted from dealing with any particular counterparty or from concentrating any or all of their transactions with one counterparty. Moreover, the Sub-funds have no internal credit function which evaluates the creditworthiness of their counterparties. The ability of the Sub-funds to transact business with any one or number of counterparties, the lack of any meaningful and independent

evaluation of such counterparties' financial capabilities and the absence of a regulated market to facilitate settlement may increase the potential for losses by the Sub-funds.

(e) TRS

Because it does not involve physically holding the securities, synthetic replication through total return (or unfunded swaps) and fully-funded swaps can provide a means to obtain exposure to difficult-to-implement strategies that would otherwise be very costly and difficult to have access to with physical replication. Synthetic replication therefore involves lower costs than physical replication. Synthetic replication however involves counterparty risk. If the Sub-fund engages in OTC Derivatives, there is the risk – beyond the general counterparty risk – that the counterparty may default or not be able to meet its obligations in full. Where the Company and any of its Sub-funds enters into TRS on a net basis, the two payment streams are netted out, with the Company or each Sub-fund receiving or paying, as the case may be, only the net amount of the two payments. TRS entered into on a net basis do not involve the physical delivery of investments, other underlying assets or principal. Accordingly, it is intended that the risk of loss with respect to TRS is limited to the net amount of the difference between the total rate of return of a reference investment, index or basket of investments and the fixed or floating payments. If the other party to a TRS defaults, in normal circumstances the Company's or relevant Sub-fund's risk of loss consists of the net amount of total return payments that the Company or Sub-fund is contractually entitled to receive.

(f) Lack of availability

Because the markets for certain derivative instruments (including markets located in foreign countries) are relatively new and still developing, suitable derivatives transactions may not be available in all circumstances for risk management or other purposes. Upon the expiration of a particular contract, the Company, the Management Company or an Investment Manager may wish to retain the respective Sub-fund's position in the derivative instrument by entering into a similar contract, but may be unable to do so if the counterparty to the original contract is unwilling to enter into the new contract and no other suitable counterparty can be found. There is no assurance that the Sub-funds will engage in derivatives transactions at any time or from time to time. The Sub-funds' ability to use derivatives may also be limited by certain regulatory and tax considerations.

(g) Synthetic short selling

Sub-funds may utilise synthetic short exposures through the use of cash settled derivatives such as swaps, futures and forwards in order to enhance their overall performance. A synthetic short sale position replicates the economic effect of a transaction in which a fund sells a security it does not own but has borrowed, in anticipation that the market price of that security will decline. When a Sub-fund initiates such a synthetic short position in a security that it does not own, it enters into a derivative-based transaction with a counterparty or broker-dealer and closes that transaction on or before its expiry date through the receipt or payment of any gains or losses resulting from the transaction. A Sub-fund may be required to pay a fee to synthetically short particular securities and is often obligated to pay over any payments received on such securities. Each Sub-fund maintains sufficiently liquid long positions in order to cover any obligations arising from its short positions. If the price of the security on which the synthetic short position is written increases between the time of the initiation of the synthetic short position and the time at which the position is closed, the Sub-fund will incur a loss; conversely, if the price declines, the Sub-fund will realise a short-term capital gain. Any gain will be decreased and any loss increased by the transactional costs described above. Although a Sub-fund's gain is limited

to the price at which it opened the synthetic short position, its potential loss is theoretically unlimited. Stop loss policies are typically employed to limit actual losses, which would otherwise have to be covered by closing long positions.

(h) Synthetic leverage

A Sub-fund's portfolio may be leveraged by using derivative instruments (including OTC Derivatives) i.e. as a result of its transactions in the futures, options and swaps markets. A low margin deposit is required in futures trading and the low cost of carrying cash positions permit a degree of leverage, which may result in exaggerated profits or losses to an investor. A relatively small price movement in a futures position or the underlying instrument may result in substantial losses to the Sub-fund resulting in a similar decline to the Net Asset Value per Share. The writer of an option is subject to the risk of loss resulting from the difference between the premium received for the option and the price of the futures contract or security underlying the option which the writer must purchase or deliver upon exercise of the option. Contracts for differences and swaps may also be used to provide synthetic short exposure to a stock - the risks associated with using swaps and contract for differences are more fully disclosed in Section 1.4 below.

#### **1.4 Use of specific derivative contracts**

The following only represents a limited choice of risks associated with derivatives the Sub-funds may elect to invest in. The Sub-funds are substantially unrestricted in their use of derivatives and may decide to use various other derivatives contracts associated with much higher or different risks, as the case may be.

(a) Swap agreements

Sub-funds may enter into swap agreements. Swap agreements can be individually negotiated and structured to include exposure to a variety of different types of investments or market factors. Depending on their structure, swap agreements may increase or decrease the Sub-funds' exposure to long-term or short-term interest rates, different currency values, corporate borrowing rates, or other factors such as without limitation security prices, baskets of equity securities or inflation rates. Swap agreements can take many different forms and are known by a variety of names. The Sub-funds are not limited to any particular form of swap agreement if consistent with the respective Sub-fund's investment objective and policies. Swap agreements tend to shift the respective Sub-fund's investment exposure from one type of investment to another. Depending on how they are used, swap agreements may increase or decrease the overall volatility of the Sub-funds' portfolio. The most significant factor in the performance of swap agreements is the change in the specific interest rate, currency, individual equity values or other factors that determine the amounts of payments due to and from the Sub-funds.

Inter alia, in order to seek to reduce the interest rate risk inherent in the Sub-funds underlying investments especially associated with bonds and other fixed income investments, the Sub-funds may employ interest rate swaps or option transactions. Interest rate swaps involve the Sub-funds' agreement with the swap counterparty to pay a variable rate payment on a notional amount in exchange for the counterparty paying the Sub-funds a fixed rate payment on a notional amount that is intended to approximate the Sub-funds income on variable interest rates.

The use of interest rate swaps and options is a highly specialised activity that involves investment techniques and risks different from those associated with ordinary portfolio security transactions. Depending on the state of interest rates, the respective Sub-fund's

use of interest rate instruments could enhance or harm the overall performance on the Shares in the respective Sub-fund. To the extent there is an increase in interest rates, the value of the interest rate swap or option could go down, and could result in a decline in the Net Asset Value of the Shares. If interest rates are higher than the respective Sub-fund's fixed rate of payment on the interest rate swap, the swap will reduce the net earnings. If, on the other hand, interest rates are lower than the fixed rate of payment on the interest rate swap, the swap will enhance net earnings.

Interest rate swaps and options generally do not involve the delivery of securities or other underlying assets or principal. Accordingly, the risk of loss with respect to interest rate swaps or options is limited to the net amount of interest payments that the Sub-funds are contractually obligated to make.

In addition, at the time the interest rate swap or option transaction reaches its scheduled termination date, there is a risk that the Sub-funds will not be able to obtain a replacement transaction or that the terms of the replacement will not be as favourable as the terms of the expiring transactions. If this occurs, it could have a negative impact on the performance of the Shares in the respective Sub-fund.

(b) Call options

There are risks associated with the sale and purchase of call options. The seller (writer) of a call option that is covered (e.g., the writer holds the underlying security) assumes the risk of a decline in the market price of the underlying security below the purchase price of the underlying security offset by the gain by the premium received if the option expires out of the money, and gives up the opportunity for gain on the underlying security above the exercise price of the option. If the seller of the call option owns a call option covering an equivalent number of shares with an exercise price equal to or less than the exercise price of the call written, the position is "fully hedged" if the option owned expires at the same time or later than the option written. The seller of an uncovered, unhedged call option assumes the risk of a theoretically unlimited increase in the market price of the underlying security above the exercise price of the option. The buyer of a call option assumes the risk of losing its entire investment in the call option. If the buyer of the call sells short the underlying security, the loss on the call will be offset in whole or in part by any gain on the short sale of the underlying security (if the market price of the underlying security declines).

(c) Put options

There are risks associated with the sale and purchase of put options. The seller (writer) of a put option that is covered (e.g., the writer has a short position in the underlying security) assumes the risk of an increase in the market price of the underlying security above the sale price of the short position of the underlying security offset by the premium if the option expires out of the money, and thus the gain in the premium, and the option seller gives up the opportunity for gain on the underlying security below the exercise price of the option. If the seller of the put option owns a put option covering an equivalent number of shares with an exercise price equal to or greater than the exercise price of the put written, the position is "fully hedged" if the option owned expires at the same time or later than the option written. The seller of an uncovered, unhedged put option assumes the risk of a decline in the market price of the underlying security to zero.

The buyer of a put option assumes the risk of losing his entire investment in the put option. If the buyer of the put holds the underlying security, the loss on the put will be offset in whole or in part by any gain on the underlying security.



(d) Forward trading

Each Sub-fund may invest in forward contracts and options thereon, which, unlike futures contracts, are not traded on exchanges, and are not standardised; rather, banks and dealers act as principals in these markets, negotiating each transaction on an individual basis. Forward and "cash" trading is substantially unregulated; there is no limitation on daily price movements and speculative position limits are not applicable. For example, there are no requirements with respect to record-keeping, financial responsibility or segregation of customer funds or positions. In contrast to exchange-traded futures contracts, interbank traded instruments rely on the fulfilment by the dealer or counterparty of its contract. As a result, trading in unregulated exchange contracts may be subject to more risks than futures or options trading on regulated exchanges, including, but not limited to, the risk of default due to the failure of a counterparty with which the respective Sub-fund has forward contracts. Although the Company seeks to trade with responsible counterparties, failure by a counterparty to fulfil its contractual obligation could expose the Company to unanticipated losses. The principals who deal in the forward markets are not required to continue to make markets in the currencies or commodities they trade and these markets can experience periods of illiquidity, sometimes of significant duration. There have been periods during which certain participants in these markets have refused to quote prices for certain currencies or commodities or have quoted prices with an unusually wide spread between the price at which they were prepared to buy and that at which they were prepared to sell. Disruptions can occur in any market traded by the Sub-funds due to unusually high or low trading volume, political intervention or other factors. The imposition of credit controls by government authorities might also limit such forward trading to less than that which the Company, the Management Company or an Investment Manager would otherwise recommend, to the possible detriment of the Sub-funds.

(e) Performance swaps, interest rate swaps, currency swaps, credit default swaps and interest rate swaptions

The Company, the Management Company or an Investment Manager may, as a part of the investment strategy of a Sub-fund, enter into performance swaps, interest rate swaps, currency swaps, credit default swaps and interest rate swaptions agreements. Interest rate swaps involve the exchange by a Sub-fund with another party of their respective commitments to pay or receive interest, such as an exchange of fixed rate payments for floating rate payments. Currency swaps may involve the exchange of rights to make or receive payments in specified currencies.

Where a Sub-fund enters into interest rate swaps on a net basis, the two payment streams are netted out, with each Sub-fund receiving or paying, as the case may be, only the net amount of the two payments. Interest rate swaps entered into on a net basis do not involve the physical delivery of investments, other underlying assets or principal. Accordingly, it is intended that the risk of loss with respect to interest rate swaps is limited to the net amount of interest payments that the Sub-fund is contractually obligated to make. If the other party to an interest rate swap defaults, in normal circumstances the Sub-fund's risk of loss consists of the net amount of interest that the Sub-fund is contractually entitled to receive. In contrast, currency swaps usually involve the delivery of the entire principal value of one designated currency in exchange for the other designated currency. Therefore, the entire principal value of a currency swap is subject to the risk that the other party to the swap will default on its contractual delivery obligations.

A Sub-fund may use credit default swaps. A credit default swap is a bilateral financial contract in which one counterparty (the protection buyer) pays a periodic fee in return for a contingent payment by the protection seller following a credit event of a reference issuer.

The protection buyer must either sell particular obligations issued by the reference issuer for its par value (or some other designated reference or strike price) when a credit event (such as bankruptcy or insolvency) occurs or receive a cash settlement based on the difference between the market price and such reference price.

A Sub-fund may use credit default swaps in order to hedge the specific credit risk of some of the issuers in its portfolio by buying protection. In addition, a Sub-fund may buy protection under credit default swaps without holding the underlying assets.

A Sub-fund may also sell protection under credit default swaps in order to acquire a specific credit exposure.

A Sub-fund may also purchase a receiver or payer interest rate swaption contract. Swaptions are options on interest rate swaps. These give the purchaser the right, but not the obligation to enter into an interest rate swap at a preset interest rate within a specified period of time. The interest rate swaption buyer pays a premium to the seller for this right. A receiver interest rate swaption gives the purchaser the right to receive fixed payments in return for paying a floating rate of interest. A payer interest rate swaption would give the purchaser the right to pay a fixed rate of interest in return for receiving a floating rate payment stream.

The use of interest rate swaps, currency swaps, credit default swaps and interest rate swaptions is a highly specialised activity which involves investment techniques and risks different from those associated with ordinary portfolio securities transactions. If the Company, the Management Company or an Investment Manager is incorrect in its forecasts of market values, interest rates and currency exchange rates, the investment performance of the Sub-fund would be less favourable than it would have been if these investment techniques were not used.

(f) Contracts for differences

The Sub-funds may have an exposure in Contracts For Difference (**CFDs**). CFD's are synthetic instruments which mirror the profit (or loss) effect of holding (or selling) equities directly without buying the actual securities themselves. A CFD on a company's shares will specify the price of the shares when the contract was started. The contract is an agreement to pay out cash on the difference between the starting share price and the share price when the contract is closed. Accordingly, under such an instrument the relevant Sub-fund will make a profit if it has a purchase position and the price of the underlying security rises (and make a loss if the price of the underlying security falls). Conversely if the Sub-fund has a sale position, it will make a profit if the price of the underlying security falls (and make a loss if the price of the underlying security rises). As part of the normal market terms of trade the Company must comply with market participants terms and conditions and in particular initial margin has to be paid to cover potential losses (on set up) and variation margin on adverse price movements (during the term of the CFD). In addition it should be noted the relevant Sub-fund could suffer losses in event of the CFD issuer's default or insolvency.

(g) Other derivative instruments

The Sub-funds may take advantage of opportunities with respect to certain other derivative instruments that are not presently contemplated for use or that are currently not available, but that may be developed, to the extent such opportunities are both consistent with the investment objective of the Sub-funds and legally permissible. Special risks may apply to instruments that are invested in by the Company in the future that cannot be determined at this time or until such instruments are developed or invested in by the Sub-funds. Certain

swaps, options and other derivative instruments may be subject to various types of risks, including market risk, liquidity risk, the risk of non-performance by the counterparty, including risks relating to the financial soundness and creditworthiness of the counterparty, legal risk and operations risk.

(h) Risks of options trading

In seeking to enhance performance or hedge assets, the Sub-fund may use options. Both the purchasing and selling of call and put options entail risks. Although an option buyer's risk is limited to the amount of the purchase price of the option, an investment in an option may be subject to greater fluctuation than an investment in the underlying securities. In theory, an uncovered call writer's loss is potentially unlimited, but in practice the loss is limited by the term of existence of the call. The risk for a writer of a put option is that the price of the underlying security may fall below the exercise price.

(i) Investing in futures is volatile and involves a high degree of leverage

Futures markets are highly volatile markets. The profitability of the Sub-fund will partially depend on the ability of the Company, the Management Company or an Investment Manager to make a correct analysis of the market trends, influenced by governmental policies and plans, international political and economical events, changing supply and demand relationships, acts of governments and changes in interest rates. In addition, governments may from time to time intervene on certain markets, particularly currency markets. Such interventions may directly or indirectly influence the market. Given that only a small amount of margin is required to trade on futures markets, the operations of the managed futures portion of the Sub-fund will be characterised by a high degree of leverage. As a consequence, a relatively small variation of the price of a futures contract may result in substantial losses for the Sub-fund and a correlated reduction of the Net Asset Value of the Shares of the Sub-fund.

(j) Futures markets may be illiquid

Most futures markets limit fluctuation in futures contracts prices during a single day. When the price of a futures contract has increased or decreased by an amount equal to the daily limit, positions can be neither taken nor liquidated unless the Board or an Investment Manager are willing to trade at or within the limit. In the past futures contracts prices have exceeded the daily limit for several consecutive days with little or no trading. Similar occurrences could prevent the Sub-fund from promptly liquidating unfavourable positions and thus subject the Sub-fund to substantial losses. In addition, even if the prices do not get close to such limits, the Sub-fund may be in a position not to obtain satisfying prices if the volumes traded on the market are insufficient to meet liquidation requests. It is also possible that a stock exchange, the Commodity Futures Trading Commission in the United States or another similar institution in another country suspends the listing of a particular contract, instructs the immediate liquidation of the contract or limits transactions on a contract to the sole transactions against delivery.

(k) Options on futures

The Company may engage in the management of options, in particular options on futures contracts. Such management carries risks similar to the risks inherent to the uncovered management of futures contracts on commodities as far as such options are volatile and imply a high degree of leverage. The specific movements of the commodities and futures contracts markets, which represent the underlying assets of the options may not be predicted with precision. The buyer of an option may lose the entire purchase price of the

option. The seller of an option may lose the difference between the premium received for the option and the price of the commodity or of the futures contract underlying the option that the seller must buy or deliver, upon the exercise of the option.

(l) Other risks

Other risks in using derivatives include the risk of differing valuations of derivatives arising out of different permitted valuation methods and the inability of derivatives to correlate perfectly with underlying securities, rates and indices. Many derivatives, in particular OTC Derivatives, are complex and often valued subjectively and the valuation can only be provided by a limited number of market professionals which often are acting as counterparties to the transaction to be valued. Inaccurate valuations can result in increased cash payment requirements to counterparties or a loss of value to a Sub-fund. However, this risk is limited as the valuation method used to value OTC Derivatives must be verifiable by an independent auditor.

Derivatives do not always perfectly or even highly correlate or track the value of the securities, rates or indices they are designed to track. Consequently, a Sub-fund's use of derivative techniques may not always be an effective means of, and sometimes could be counterproductive to, following a Sub-fund's Investment Objective.

## 1.5 Use of structured finance securities

Structured finance securities include, without limitation, securitised credit and portfolio credit-linked notes.

Securitised credit is securities primarily serviced, or secured, by the cash flows of a pool of receivables (whether present or future) or other underlying assets, either fixed or revolving. Such underlying assets may include, without limitation, residential and commercial mortgages, leases, credit card receivables as well as consumer and corporate debt. Securitised credit can be structured in different ways, including "true sale" structures, where the underlying assets are transferred to a special purpose entity, which in turn issues the asset-backed securities, and "synthetic" structures, in which not the assets, but only the credit risks associated with them are transferred through the use of derivatives, to a special purpose entity, which issues the securitised credit.

Portfolio credit-linked notes are securities in respect of which the payment of principal and interest is linked directly or indirectly to one or more managed or unmanaged portfolios of reference entities and/or assets ("reference credits"). Upon the occurrence of a credit-related trigger event ("credit event") with respect to a reference credit (such as a bankruptcy or a payment default), a loss amount will be calculated (equal to, for example, the difference between the par value of an asset and its recovery value).

Securitised credit and portfolio credit-linked notes are usually issued in different tranches: Any losses realised in relation to the underlying assets or, as the case may be, calculated in relation to the reference credits are allocated first to the securities of the most junior tranche, until the principal of such securities is reduced to zero, then to the principal of the next lowest tranche, and so forth.

Accordingly, in the event that (a) in relation to securitised credit, the underlying assets do not perform and/or (b) in relation to portfolio credit-linked notes, any one of the specified credit events occurs with respect to one or more of the underlying assets or reference credits, this may affect the value of the relevant securities (which may be zero) and any amounts paid on such securities (which may be zero). This may in turn affect the Net Asset

Value per Share In addition the value of structured finance securities from time to time, and consequently the Net Asset Value per Share, may be adversely affected by macro-economic factors such as adverse changes affecting the sector to which the underlying assets or reference credits belong (including industry sectors, services and real estate), economic downturns in the respective countries or globally, as well as circumstances related to the nature of the individual assets (for example, project finance loans are subject to risks connected to the respective project). The implications of such negative effects thus depend heavily on the geographic, sector-specific and type-related concentration of the underlying assets or reference credits. The degree to which any particular asset-backed security or portfolio credit-linked note is affected by such events will depend on the tranche to which such security relates; junior tranches, even having received investment grade rating, can therefore be subject to substantial risks.

Exposure to structured finance securities may entail a higher liquidity risk than exposure to sovereign bonds which may affect their realisation value.

## **1.6 Fixed-interest securities**

Investment in securities of issuers from different countries and denominated in different currencies offer potential benefits not available from investments solely in securities of issuers from a single country, but also involve certain significant risks that are not typically associated with investing in the securities of issuers located in a single country. Among the risks involved are fluctuations in currency exchange rates and the possible imposition of exchange control regulations or other laws or restrictions applicable to such investments. A decline in the value of a particular currency in comparison with the reference currency of the Company would reduce the value of certain portfolio securities that are denominated in the former currency. The following risks may also be associated with fixed-interest securities:

Issuers are generally subject to different accounting, auditing and financial reporting standards in different countries throughout the world. The volume of trading, volatility of prices and liquidity of issuers may differ between the markets of different countries. In addition, the level of government supervision and regulation of securities exchanges, securities dealers and listed and unlisted companies differs from one country to another. The laws of some countries may limit the Company's ability to invest in securities of certain issuers.

Different markets also have different clearing and settlement procedures. Delays in settlement could result in temporary periods when a portion of the assets of a Sub-fund is uninvested and no return is earned thereon. The inability of the Company to make intended security purchases due to settlement problems could cause a Sub-fund to miss attractive investment opportunities. Inability to dispose of portfolio securities due to settlement problems could result either in losses to a Sub-fund due to subsequent declines in value of the portfolio security or, if a Sub-fund has entered into a contract to sell the security, could result in possible liability to the purchaser.

An issuer of securities may be domiciled in a country other than the country in whose currency the instrument is denominated. The values and relative yields of investments in the securities markets of different countries, and their associated risks, may fluctuate independently of each other.

## **1.7 High-yield securities**

Sub-funds may invest in high-yield securities. Such securities are generally not exchange traded and, as a result, these instruments trade in a smaller secondary market than exchange-traded bonds. In addition, each Sub-fund may invest in bonds of issuers that do not have publicly traded equity securities, making it more difficult to hedge the risks associated with such investments (neither Sub-fund is required to hedge, and may choose not to do so). High-yield securities that are below investment grade or unrated face ongoing uncertainties and exposure to adverse business, financial or economic conditions which could lead to the issuer's inability to meet timely interest and principal payments. The market values of certain of these lower-rated and unrated debt securities tend to reflect individual corporate developments to a greater extent than do higher-rated securities, which react primarily to fluctuations in the general level of interest rates, and tend to be more sensitive to economic conditions than are higher-rated securities. Companies that issue such securities are often highly leveraged and may not have available to them more traditional methods of financing. It is possible that a major economic recession could disrupt severely the market for such securities and may have an adverse impact on the value of such securities. In addition, it is possible that any such economic downturn could adversely affect the ability of the issuers of such securities to repay principal and pay interest thereon and increase the incidence of default of such securities.

## **1.8 Equities**

The risks associated with investments in equity (and equity-type) securities include significant fluctuations in market prices, adverse issuer or market information and the subordinate status of equity in relation to debt paper issued by the same company. Potential investors should also consider the risk attached to fluctuations in exchange rates, possible imposition of exchange controls and other restrictions.

## **1.9 Financial failure of intermediaries**

There is always the possibility that the institutions, including brokerage firms and banks, with which the Sub-funds do business, or to which securities have been entrusted for custodial purposes, will encounter financial difficulties that may impair their operational capabilities or result in losses to the Company.

## **1.10 Specific restrictions in connection with the Shares**

Investors should note that there may be restrictions in connection with the subscription, holding and trading in the Shares. Such restrictions may have the effect of preventing the investor from freely subscribing, holding or transferring the Shares. In addition to the features described below, such restrictions may also be caused by specific requirements such as a Minimum Subscription Amount or due to the fact that certain Sub-funds may be closed to additional subscriptions after the Initial Subscription Period or Initial Subscription Date.

## **1.11 Taxation**

Shareholders 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 realised, 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 Shareholder.

Shareholders 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 Shareholders 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.

Shareholders who are in any doubt as to their tax position should consult their own independent tax advisers. In addition, Shareholders 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.

#### **1.12 Lack of operating history**

The Company will be a newly formed entity, with no operating history upon which to evaluate the Company (or its Sub-funds') likely performance. There is no guarantee that the Company or any Sub-fund will realise its investment objectives, that the Investments will have low correlation with each other or that Shareholders will receive any return on, or the return of, their invested capital.

#### **1.13 Political factors**

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.

#### **1.14 Investment Company Act not applicable**

While the Company may be considered similar to an investment company, it does not intend to register as such under the Investment Company Act in reliance upon an exemption available to privately offered investment companies. Accordingly, the provisions of the Investment Company Act (which, among other matters, require investment companies to have disinterested directors, require securities held in custody to at all times be individually segregated from the securities of any other person or marked to clearly identify such securities as the property of such investment company and regulate the relationship between the adviser and the investment company) will not be applicable.

#### **1.15 Specific restrictions in connection with the Shares**

Investors should note that there may be restrictions in connection with the subscription, holding and trading in the Shares. Such restrictions may have the effect of preventing the investor from freely subscribing, holding or transferring the Shares. In addition to the features described below, such restrictions may also be caused by specific requirements such as a Minimum Subscription Amount or due to the fact that certain Sub-funds may be closed to additional subscriptions after the Initial Offering Period or Initial Offering Date.

#### **1.16 Change of law**

The Company must comply with regulatory constraints, such as a change in the laws affecting the investment restrictions and limits applicable to UCITS, which might require a change in the investment policy and objectives followed by a Sub-fund.

### **1.17 Fees in underlying undertakings for collective investment**

A Sub-fund may, subject to the conditions set out in Section 1.4 of the Schedule 1, invest in other undertakings for collective investment which may be operated and/or managed by the Investment Manager or a related party. As an investor in such other undertakings for collective investment, in addition to the fees, costs and expenses payable by a Shareholder in the Sub-funds, each Shareholder will also indirectly bear a portion of the fees, costs and expenses of the underlying undertakings for collective investment, including management, investment management and, administration and other expenses.

### **1.18 Transaction costs**

Where a Sub-fund does not adjust its subscription and redemption prices by an amount representing the duties and charges associated with buying or selling underlying assets this will affect the performance of that Sub-fund.

### **1.19 General economic conditions**

The success of any investment activity is affected by general economic conditions, which may affect the level and volatility of interest rates and the liquidity of the markets for both equities and interest-rate-sensitive securities. Certain market conditions, including unexpected volatility or illiquidity in the market in which the Company directly or indirectly holds positions, could impair the Company's ability to achieve its objectives and/or cause it to incur losses.

### **1.20 Indemnities**

Certain Service Providers of a Sub-fund and their directors, managers, officers and employees may benefit from an indemnification under the relevant Service Agreement and could therefore, in certain circumstances, be indemnified out of the relevant Sub-fund's assets against liabilities, costs, expenses (including, e.g., legal expenses) incurred by reason of such person or entity providing services to the relevant Sub-fund. In principle, however, indemnification clauses will generally contain carve outs in relation to acts or omissions that incur, e.g., gross negligence, fraud, wilful default or reckless disregard.

### **1.21 Exchange rates**

Investors in the Shares should be aware that an investment in the Shares may involve exchange rate risks. For example (i) a Sub-fund may have direct or indirect exposure to a number of different currencies of emerging market or developed countries; (ii) a Sub-fund may invest in securities or other eligible assets denominated in currencies other than the Sub-fund's Reference Currency; (iii) the Shares may be denominated in a currency other than the currency of the investor's home jurisdiction; and/or (iv) the Shares may be denominated in a currency other than the currency in which an investor wishes to receive his monies. Exchange rates between currencies are determined by factors of supply and demand in the international currency markets, which are influenced by macro economic factors (such as the economic development in the different currency areas, interest rates and international capital movements), speculation and central bank and government intervention (including the imposition of currency controls and restrictions). Fluctuations in exchange rates may affect the value of the Shares.



## **1.22 Interest rate**

Investors in the Shares should be aware that an investment in the Shares may involve interest rate risk in that there may be fluctuations in the currency of denomination of securities or other eligible assets in which a Sub-fund invests the Shares.

Interest rates are determined by factors of supply and demand in the international money markets which are influenced by macro-economic factors, speculation and central bank and government intervention. Fluctuations in short term and/or long term interest rates may affect the value of the Shares. Fluctuations in interest rates of the currency in which the Shares are denominated and/or fluctuations in interest rates of the currency or currencies in which the securities or other eligible assets in which a Sub-fund invests are denominated may affect the value of the Shares.

## **1.23 Market volatility**

Market volatility reflects the degree of instability and expected instability of the securities or other eligible assets in which a Sub-fund invests, the performance of the Shares, or the techniques used to link the net proceeds of any issue of Shares to OTC Derivatives underlying asset(s), where applicable. The level of market volatility is not purely a measurement of the actual volatility, but is largely determined by the prices for instruments which offer investors protection against such market volatility. The prices of these instruments are determined by forces of supply and demand in the options and derivatives markets generally. These forces are, themselves, affected by factors such as actual market volatility, expected volatility, macro-economic factors and speculation.

## **1.24 Credit risk**

Investors in the Shares should be aware that such an investment may involve credit risk. Bonds or other debt securities involve credit risk to the issuer which may be evidenced by the issuer's credit rating. Securities which are subordinated and/or have a lower credit rating are generally considered to have a higher credit risk and a greater possibility of default than more highly rated securities. In the event that any issuer of bonds or other debt securities experiences financial or economic difficulties, this may affect the value of the relevant securities (which may be zero) and any amounts paid on such securities (which may be zero). This may in turn affect the Net Asset Value per Share.

## SCHEDULE 3 – PRIVACY NOTICE

### 1. SCOPE OF THIS PRIVACY NOTICE

Investors who are individuals as well as individuals related to investors (including notably contact persons, representatives, agents, shareholders and beneficial owners) are hereby informed about the processing of their personal data (i.e. data by which individuals may be directly or indirectly identified) as well as of their rights in accordance with the Data Protection Legislation.

**Data Protection Legislation** means Regulation 2016/679 of the European Parliament and of the Council 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 (the **GDPR**), as well as any other applicable laws, regulations and sector recommendations containing rules for the protection of individuals with regard to the processing of personal data, as such legislation and guidance may be complemented, amended, replaced or repealed from time to time.

Unless otherwise defined herein, the terms “personal data”, “data subject”, “data controller”, “data processor” and “processing” (including the verb “to process”) shall have the meaning given to them in the applicable Data Protection Legislation.

### 2. DATA CONTROLLER

Any personal data provided to or collected in connection with an investment into the Company will be processed (i.e. used, stored, transmitted, etc.) in accordance with this Privacy Notice by the Company, acting as data controller.

If investors or individuals related to investors have any questions or comments or want to exercise their rights, they may contact the Company’s manager at: [europa-data-protection@pictet.com](mailto:europa-data-protection@pictet.com).

Other actors involved in the management of the investor relationship may process personal data for their own purposes in their capacity as data controllers (for instance the Administrative Agent and the relevant Investment Manager). In such case, these processing activities take place under the sole responsibility of these independent controllers and are governed by separate privacy notices.

### 3. PERSONAL DATA BEING PROCESSED

Information provided to the Company may include but is not limited to:

- Identification data (e.g.: name, e-mail, postal address, telephone number, country of residence);
- Personal characteristics (e.g.: nationality, date and place of birth);
- Government issued identifiers (e.g.: passport, identification card, tax identification number, national insurance number);
- Financial information (e.g.: bank details, credit history and credit score, income and other relevant information about the Investor’s financial situation);
- Tax domicile and other tax related documents and information;

- Knowledge and experience in investment matters, including investments previously made;
  - Origin of funds and assets;
  - Communication data (e.g.: exchange of letters, telephone recordings, e-mail); and
  - Any other personal information Investors have provided directly to the Company,
- (the **Personal Data**).

The Company may collect Personal Data directly from the investors or individuals related to the investors or from other public or private legitimate sources.

#### **4. PURPOSES FOR WHICH PERSONAL DATA IS BEING PROCESSED**

The Company processes the Personal Data where such processing is necessary:

##### **For the conclusion and performance of a contract if the investor is an individual**

This includes the processing of Personal Data for the purpose of the provision of investor-related services including account administration, handling of orders, management of subscription, redemption and transfer of shares, maintaining the register of Investors and distributions, managing distributions including the allocations of profit and loss between Investors, internal audit validations, communications and more generally performance of services requested by and operations in accordance with the instructions of the investor.

##### **For compliance with legal and regulatory obligations**

This includes the processing of Personal Data for the purpose of compliance with applicable legal and regulatory obligations such as the applicable legislation on markets in financial instruments (**MiFID**), Know-Your-Customer (**KYC**), and Anti-Money Laundering and Combating the Financing of Terrorism (**AML/CFT**), accounting obligations, complying with requests from, and requirements of, local or foreign regulatory or law enforcement authorities, tax identification and, as the case may be, reporting, notably under the act of 18 December 2015 concerning the automatic exchange of financial account information in tax matters implementing Council Directive 2011/16/EU on Administrative Cooperation in the field of Taxation (as amended by Council Directive 2014/107/EU), which is notably aimed at the implementation by financial institutions of reporting and due diligence rules which are fully consistent with those set out in OECD's standard for automatic exchange of financial account information (commonly referred to as the "CRS"), the act of 24 July 2015 approving the Agreement between the Grand Duchy of Luxembourg and the Government of the United States of America in view to improve international tax compliance and relating to the dispositions of the United States of America concerning the exchange of information commonly called the "FATCA", as the afore mentioned laws may be modified from time to time, and any other automatic exchange of information (**AEI**) regimes to which the Company may be subject from time to time.

With respect to FATCA and/or CRS purposes, (i) Personal Data may be processed and transferred to the Luxembourg Direct Tax Authority who may transfer such data to the competent foreign tax authorities, including the US Internal Revenue Service or any other US competent authority, only for the purposes provided for in the FATCA and the CRS rules as well as to service providers for the purpose of effecting the reporting on the Company's behalf and (ii) for each information request sent to the Investors, addressing

such information requests is mandatory and failure to respond may result in incorrect or double reporting.

### **For the purpose of legitimate interests**

Personal Data will be processed for risk management and fraud prevention purposes, for the evaluation of the investor's financial needs, monitoring the investor's financial situation including assessing its creditworthiness and solvency, to manage litigation and for marketing purposes. The Company may also process Personal Data to the extent required for the establishment, exercise or defence of legal claims, for the protection of the rights of another natural or legal person or in the context of mergers, acquisitions and divestitures and the management of transactions related thereto.

If Personal Data was provided to the Company by the investor (especially where the investor is a legal entity), the Company may also process Personal Data relating to investor-related individuals in its legitimate interest for the purposes of the provision of investor-related services including account administration, handling of orders, evaluation of the investor's financial needs, monitoring the investor's financial situation including assessing its creditworthiness and solvency, management of subscription, redemption and transfer of Shares, maintaining the register of investors and distributions, managing distributions including the allocations of profit and loss between Investors, internal audit validations, communications and more generally the performance of services requested by and operations in accordance with the instructions of the investor.

### **Based on consent**

This includes the use and further processing of Personal Data with the investor's or the individual related to the investor's consent (which consent may be withdrawn at any time, without affecting the lawfulness of processing based on consent before its withdrawal), e.g. for the purpose of receiving marketing materials (about products and services of the group of companies to which the Company belongs or those of its commercial partners) or recommendations about services.

## **5. PERSONAL DATA BEING PROCESSED**

Investors or individuals related to investors only have to provide those Personal Data that are necessary for the formation and termination of the relationship with the Company and that are required for the Company to comply with its legal obligations. Without the provision of these Personal Data, the Company will not be able to enter into or continue the execution of the contract with the investor or to perform a transaction.

## **6. DATA RECIPIENT**

The Company may disclose Personal Data to recipients such as:

- any third parties as may be required or authorised by law (including but not limited to public administrative bodies and local or foreign public and judicial authorities, including any competent regulators);
- any third parties acting on the Company's behalf, such as service providers, the Administrative Agent and the relevant Investment Manager, including their respective advisers, auditors, delegates, agents and service providers;
- any subsidiary or affiliate of the Company (and their respective representatives, employees, advisers, agents, delegates, agents and service providers);

- any of the Company's respective shareholders, representatives, employees, advisers, agents or delegates;
- persons acting on behalf of investors, such as payment recipients, beneficiaries, account nominees, intermediaries, correspondent and agent banks, clearing houses, clearing or settlement systems, market counterparties, upstream withholding agents, swap or trade repositories, stock exchanges, companies in which the Investor has an interest in securities; and
- parties involved in connection with any business reorganization, transfer, disposal, merger or acquisition on the level of the Company.

## **7. TRANSFER OF PERSONAL DATA**

For the purposes listed above, Personal Data will be transferred to any of the aforementioned recipients and service providers in countries located in or outside of the European Economic Area (the **EEA**).

Personal Data may be transferred to the following countries located outside of the EEA: Switzerland.

Personal Data may be transferred to a country outside of the EEA on the basis of the fact that the European Commission has decided that such country ensures an adequate level of protection. Certain countries in which recipients and data processors may be located and to which Personal Data may be transferred may however not have the same level of protection of Personal Data as the one afforded in the EEA. Personal Data transferred to countries outside of the EEA in such case will be protected by appropriate safeguards such as standard contractual clauses approved by the European Commission. The investors who are individuals and individuals related to Investors whose data may be covered by such transfer may obtain a copy of such safeguards by contacting the Company at the contact details set out in Section 2 above.

## **8. DATA RETENTION PERIOD**

The Company is subject to various retention and documentation obligations, which *inter alia* follow from the commercial code (*Code de Commerce*) and from AML/CFT and KYC legislation. The retention periods provided by those laws vary from five to ten years. If any relevant legal claims are brought, the Company may continue to process the Personal Data for such additional periods as necessary in connection with such claims.

The retention period will also be determined by the legal limitation periods that can for example be set forth by the commercial code and amount to up to ten years after the end of the contractual relationship with the investor.

## **9. AUTOMATED DECISION MAKING PROCESS INCLUDING PROFILING**

The Company does not use automated decision-making or profiling. Should the Company use these procedures in individual cases, it will inform investors separately.

## **10. INDIVIDUAL'S RIGHTS**

The following rights apply to the investor who is an individual and to individuals related to the investor (whether the latter is an individual or not) whose Personal Data have been provided to the Company. All references made to investors below are deemed to refer to the individuals related to such investors if the investors are not themselves individuals.

## **Right to information, rectification, erasure and restriction of processing**

Investors may request to obtain at no costs, within reasonable intervals, and in a timely manner, the communication of their Personal Data being processed, as well as all information on the origin of those data.

Investors have the right to rectify their Personal Data held about them that are inaccurate.

In cases where the accuracy of the Personal Data is contested, the processing is unlawful, or where investors have objected to the processing of their Personal Data, investors may ask for the restriction of the processing of such Personal Data. This means that Personal Data will, with the exception of storage, only be processed with or for the establishment, exercise or defence of legal claims, for the protection of the rights of another natural or legal person or for reasons of important public interest of the European Union or of an EU Member State. In case a processing is restricted, investors will be informed before the restriction of processing is lifted.

Investors may request the deletion of Personal Data held about them, without undue delay when the use or other processing of such Personal Data is no longer necessary for the purposes described above, and notably when consent relating to a specific processing has been withdrawn or where the processing is not or no longer lawful for other reasons.

## **Right to withdraw consent**

Investors have the right to withdraw their consent at any time, without affecting the lawfulness of processing based on consent before its withdrawal.

## **Right to object**

Investors may object to processing of their Personal Data which is based on the legitimate interests pursued by the Company or by a third party. In such a case the Company will no longer process these Personal Data unless the Company has compelling legitimate grounds for the processing which override investors' interests, rights and freedoms or for the establishment, exercise or defence of legal claims.

The investors' right to object is not bound to any formalities.

## **Right to data portability**

Where the processing of data is based on consent or the execution of a contract with investors, investors also have the right to data portability for information they provided to the Company – this means that investors can obtain a copy of their data in a commonly use electronic format so that they can manage and transmit it to another data controller.

## **Right to lodge a complaint**

In addition to the rights listed above, should an investor or an individual related to an investor consider that the Company does not comply with the applicable privacy rules, or has concerns with regards to the protection of their Personal Data, they may file a complaint with the Luxembourg data protection authority (the *Commission Nationale pour la Protection des Données* - CNPD) or another European data protection authority (e.g. in the country of residence of the investor).

## **11. AMENDMENT OF THIS PRIVACY NOTICE**

- 11.1 This Privacy Notice may be amended from time to time to ensure that full information about all processing activities is provided. Changes to the Privacy Notice will be notified by appropriate means.

#### **SCHEDULE 4 – VENDOR DISCLOSURES**

**ANY INDEX USED IN THIS PROSPECTUS IS THE INTELLECTUAL PROPERTY OF ITS RELEVANT OWNER (HEREAFTER "THE OWNER").**

**THE OWNER HAS NOT BEEN INVOLVED IN ANY WAY IN THE CREATION OF ANY REPORTED INFORMATION AND DOES NOT GIVE ANY WARRANTY AND EXCLUDES ANY LIABILITY WHATSOEVER (WHETHER IN NEGLIGENCE OR OTHERWISE) – INCLUDING WITHOUT LIMITATION FOR THE ACCURACY, ADEQUATENESS, CORRECTNESS, COMPLETENESS, TIMELINESS, AND FITNESS FOR ANY PURPOSE – WITH RESPECT TO ANY REPORTED INFORMATION OR IN RELATION TO ANY ERRORS, OMISSIONS OR INTERRUPTIONS IN THE RELEVANT INDEX OR ITS DATA.**

**ANY DISSEMINATION OR FURTHER DISTRIBUTION OF ANY SUCH INFORMATION PERTAINING TO THE OWNER IS PROHIBITED.**

**PLEASE SEE BELOW THE VENDOR-DISCLAIMER FOR EACH INDEX USED IN OUR PUBLICATION.**

#### **STOXX**

STOXX Limited ("STOXX") is the source of the relevant Stox index as mentioned in the applicable reporting or publications of the Pictet group and the data comprised therein. STOXX has not been involved in any way in the creation of any reported information and does not give any warranty and excludes any liability whatsoever (whether in negligence or otherwise) – including without limitation for the accuracy, adequateness, correctness, completeness, timeliness, and fitness for any purpose – with respect to any reported information or in relation to any errors, omissions or interruptions in the relevant Stox index as mentioned in the applicable reporting or publications of the Pictet group or its data. Any dissemination or further distribution of any such information pertaining to STOXX is prohibited.



## SCHEDULE 5 – DEFINITIONS

In this Prospectus, the following terms have the following meanings.

**1915 Act** means the Luxembourg act of 10 August 1915 on commercial companies, as amended.

**2010 Act** means the act dated 17 December 2010 on undertakings for collective investment, as amended.

**Accumulation Class** means a Class for which it is not intended to make distributions, as set out in the relevant Special Section.

**Adjusted Price** means the Net Asset Value per Share adjusted on the relevant Valuation Day in accordance with Section 8 of the General Section.

**Administrative Agent** means FundPartner Solutions (Europe) S.A., in its capacity as central administration, registrar and transfer agent, paying agent and domiciliary agent of the Company.

**Administration Agreement** means the agreement between the Company, the Management Company and the Administrative Agent as amended, supplemented or otherwise modified from time to time.

**Affiliate** means in relation to any person, any entity Controlled by or Controlling such person or under common Control.

**Articles** means the articles of incorporation of the Company as the same may be amended, supplemented or otherwise modified from time to time.

**Auditor** means Ernst & Young S.A.

**Benchmark Regulation** means EU Regulation 2016/1011 of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds.

**Board** means the board of directors of the Company.

**Business Day** means, unless otherwise defined in respect of a specific Sub-fund in the relevant Special Section, a day on which banks are generally open for business in Luxembourg during the whole day (excluding Saturdays and Sundays and public holidays).

**Cash Equivalents** means bank term deposits, Money Market Instruments, money market UCITS and/or other UCIs or, any other financial instruments (listed under article 41(1) of the 2010 Act) that are highly liquid assets and that can be easily converted into cash.

**CFTC** means the United States Commodity Futures Trading Commission.

**Circular 04/146** means the CSSF circular 04/146 on the protection of UCIs and their investors against Late Trading and Market Timing practices.

**Class** means a class of Shares issued in any Sub-fund.

**Class Launch Date** means the date, as determined by the Board, on which the Company (re)opens a Class for subscription.

**Class S** has the meaning set out in Section 2.1 of the General Section.

**Class T** means a Class allocated to any Sub-fund, which is reserved to subscription by eligible employees, officers and directors of Alatus Capital S.A. and its affiliates.

**Class S Director** means any director appointed by a general meeting in accordance with article 13 of the Articles out of a list of directors proposed by the holder of Class S Shares.

**Clearstream** means Clearstream Banking, société anonyme.

**Company** means Alatus UCITS, a public limited liability company incorporated as an investment company with variable capital under the laws of Luxembourg and registered pursuant to part I of the 2010 Act.

**Control** means, in relation to an entity: (a) the holding, directly or indirectly, of the majority votes which may be cast at that entity's ordinary shareholders', partners' or members' meetings or the votes necessary to direct or cause the direction of that entity's ordinary shareholders', partners' or members' meetings. and (b) any contractual relationship by virtue of which a person can direct the business activities of a company or other entity and "controlled" or "to control" will be construed accordingly.

**Conversion Fee** means the fee that may be paid by Shareholders in the event of a conversion of Shares as described under Section 6.4 of the General Section.

**CSSF** means the *Commission de Surveillance du Secteur Financier*, the Luxembourg supervisory authority of the financial sector.

**Depository** means Pictet & Cie (Europe) S.A., in its capacity as depository of the Company.

**Depository Agreement** means the depository agreement between the Company and the Depository as amended, supplemented or otherwise modified from time to time.

**Directive 2013/34/EU** means Directive 2013/34/EU of the European Parliament and of the Council of 26 June 2013 on the annual financial statements, consolidated financial statements and related reports of certain types of undertakings.

**Directive 2009/65/EC** means Directive 2009/65/EC of the European Parliament and of the Council of 13 July 2009 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in Transferable Securities (UCITS).

**Directors** means the directors of the Company, whose details are set out in this Prospectus and/or the annual and semi-annual reports.

**Distribution Class** means a Class for which it is intended to make distributions, as set out in the relevant Special Section.

**Distributors** means any person from time to time appointed or authorised by the Company to distribute the Shares of one or more Sub-funds or Classes (including, for the avoidance of doubt, the Management Company).

**EEA** means the European Economic Area.

**Eligible Investments** means eligible investments for UCITS within the meaning of Article 41 (1) of the 2010 Act.

**Eligible Investor** means, in relation to each Class in each Sub-fund, an investor that satisfies the relevant criteria to invest in the relevant Class as is stipulated in the relevant Special Section and that is not a Restricted Person.

**ESG** means environmental, social and governance.

**ESMA Guidelines 2012/832** means ESMA Guidelines 2012/832 of 18 December 2012 on ETFs and other UCITS issues.

**EU** means the European Union whose member States at the date of this Prospectus include Austria, Belgium, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, The Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden and the United Kingdom.

**EU Member State** means a member State of the EU.

**EU Savings Directive** means the Council Directive 2003/48/EC of 3 June 2003 on the taxation of savings income in the form of interest payments.

**EUR** or **€** means the Euro, the single currency of the Participating Member States.

**Euroclear** means Euroclear Bank S.A./N.V. as the operator of the Euroclear System.

**First Class Institutions** means first class financial institutions selected by the Company, subject to prudential supervision and belonging to the categories approved by the CSSF for the purposes of the OTC Derivative transactions and specialised in this type of transaction.

**Fiscal Year** means the twelve (12) month period ending on 31 December in each year, except for the first fiscal year which started on the date of incorporation of the Company and will end on 31 December 2014.

**General Section** means the general section of the Prospectus that sets out the general terms and conditions applicable to all Sub-funds of the Company, unless otherwise provided in any of the Special Sections.

**Global Fee** means, in respect of a Sub-fund, the aggregate amount of fees to be payable out of the assets of the Sub-fund to the Management Company as management company fee and Shareholder Servicing Fee as further disclosed in the relevant Special Section.

**Initial Subscription Period** or **Initial Subscription Date** means, with respect to each Sub-fund, the first offering of Shares in a Sub-fund made pursuant to the terms of the Prospectus and the relevant Special Section.

**Initial Subscription Price** means the price at which Shares are issued in respect of subscriptions received during the Initial Subscription Period or on the Initial Subscription Date or on the Class Launch Date, as determined for each Sub-fund and Class in the relevant Special Section.

**Initial Sub-fund** means Alatus UCITS – Inflection Long Only.

**Institutional Investors** means investors who qualify as institutional investors according to article 174 of the 2010 Act.

**Investing Sub-fund** has the meaning ascribed to this term in Schedule 1, Section 1.9.

**Investment Adviser** means such person from time to time appointed by the Company as the investment adviser to a particular Sub-fund and disclosed (if and to the extent required) in the relevant Special Section.

**Investment Company Act** means the United States Investment Company Act of 1940, as amended.

**Investment Manager** means such person from time to time appointed by the Company and the Management Company as the investment manager to a particular Sub-fund and disclosed in the relevant Special Section.

**Investment Objective** means the investment objective of a Sub-fund as specified in the relevant Special Section.

**Investment Policy** means the investment policy of a Sub-fund as specified in the relevant Special Section.

**Investment Restrictions** means the investment restrictions applicable to the Sub-funds. The investment restrictions applicable to all Sub-funds are set out under Section 3 of the General Section. Additional investment restrictions may be applicable to each Sub-fund as set out in the relevant Special Section.

**KIID** means the key investor information document in respect of each Sub-fund.

**Late Trading** means any market timing practice within the meaning of Circular 04/146 or as that term may be amended or revised by the CSSF in any subsequent circular, i.e., the acceptance of a subscription, conversion or redemption order after the time limit fixed for accepting orders (cut-off time) on the relevant day and the execution of such order at the price based on the net asset value applicable to such same day.

**Launch Date** means the date on which the Company issues Shares relating to a Sub-fund in respect of subscriptions received during the Initial Subscription Period or on the Initial Subscription Date as set out in respect of each Sub-fund in the relevant Special Section.

**Luxembourg** means the Grand Duchy of Luxembourg.

**Luxembourg Law** means the applicable laws of the Grand Duchy of Luxembourg.

**Luxembourg Official Gazette** means the Luxembourg *Mémorial C, Recueil des Sociétés et Associations* or the *Recueil électronique des Sociétés et Associations (RESA)*.

**Management Company** means FundPartner Solutions (Europe) S.A.

**Management Company Agreement** means the agreement, which is entitled "management company agreement", between the Company and the Management Company as amended, supplemented or otherwise modified from time to time.

**Market Timing** means any market timing practice within the meaning of Circular 04/146 or as that term may be amended or revised by the CSSF in any subsequent circular, i.e., an arbitrage method through which an investor systematically subscribes and redeems or converts units or shares of the same Luxembourg undertaking for collective investment within a short time period, by taking advantage of time differences and/or imperfections or deficiencies in the methods of determination of the net asset value of the UCI.

**Minimum Holding Amount** means the minimum number of Shares or amount which a Shareholder must hold at any time in a particular Class in a particular Sub-fund. Unless otherwise specified in respect of a specific Class in a Sub-fund in the relevant Special Section, the Minimum Holding Amount is one Share.

**Minimum Net Asset Value** means the minimum Net Asset Value for a Sub-fund to be operated in an economically efficient manner. Unless otherwise specified in respect of a Sub-fund in the relevant Special Section, the Minimum Net Asset Value per Sub-fund will be EUR 5 million (or the equivalent in the Reference Currency of the relevant Sub-fund).

**Minimum Subscription Amount** means the minimum number of Shares or amount which a Shareholder or subscriber must subscribe for in a particular Class in a particular Sub-fund in which the Shareholder or subscriber does not hold Share(s) prior to such subscription. Unless otherwise specified in respect of a specific Class in a Sub-fund in the relevant Special Section, the Minimum Subscription Amount is one Share.

**Minimum Subsequent Subscription Amount** means the minimum number of Shares or amount which a Shareholder must subscribe for in a particular Class in a particular Sub-fund when subscribing for additional Shares of the relevant Class. Unless otherwise specified in respect of a specific Class in a Sub-fund in the relevant Special Section, the Minimum Subsequent Subscription Amount is one Share.

**Money Market Instruments** means instruments normally dealt in on a money market which are liquid and have a value which can be accurately determined at any time.

**NAV Calculation Day** means the Business Day on which the Net Asset Value is calculated in respect of a specific Valuation Day. Unless otherwise provided for in respect of a specific Sub-fund in the relevant Special Section and provided that the subscription, conversion or redemption request be received on the Valuation Day before the applicable Subscription Cut-Off Time or Redemption Cut-Off Time, the NAV Calculation Day will be the first Business Day following the relevant Valuation Day.

**Net Asset Value** or **NAV** means the net asset value of the Company, each Sub-fund, each Class and each Share as determined in accordance with Section 11 of the General Section.

**OECD** means the Organisation for Economic Co-operation and Development.

**OECD Member State** means any of the member States of the OECD.

**OTC** means over-the-counter.

**OTC Derivative** means any financial derivative instrument dealt in over-the-counter (including TRS).

**Participating Member State** means any member state of the European Union that adopts or has adopted and, in each case, continues to adopt the Euro as its lawful currency in accordance with the legislation of the European Union.

**Prospectus** means this prospectus, as amended or supplemented from time to time.

**Redemption Fee** means the fee that may be levied in case of redemption of Shares of any Class in any Sub-fund, details of which are set out in the relevant Special Section.

**Redemption Cut-Off Time** means the deadline for the submission of redemption requests as set out in Section 7.1 of the General Section, unless otherwise specified in respect of a specific Sub-fund in the relevant Special Section.

**Reference Currency** means, in relation to each Sub-fund and Class, the currency in which the Net Asset Value of such Sub-fund or Class is calculated, as stipulated in the relevant Special Section.

**Regulated Market** means a regulated market as defined in the Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments or any other market established in the EEA which is regulated, operates regularly and is recognised and open to the public.

**Repurchase Transaction** means a transaction governed by an agreement by which a counterparty transfers securities or guaranteed rights relating to title to securities where that guarantee is issued by a recognised exchange which holds the rights to the securities and the agreement does not allow a counterparty to transfer or pledge a particular security to more than one counterparty at a time, subject to a commitment to repurchase them, or substituted securities of the same description at a specified price on a future date specified, or to be specified, by the transferor, being a repurchase transaction for the counterparty selling the securities and a reverse repurchase transaction for the counterparty buying them.

**Restricted Person** means any person, determined in the sole discretion of the Board as being not entitled to subscribe or hold Shares in the Company or any Sub-fund or Class if, in the opinion of the Board, (i) such person would not comply with the eligibility criteria of a given Class or Sub-fund, (ii) a holding by such person would cause or is likely to cause the Company some pecuniary, tax or regulatory disadvantage or (iii) a holding by such person would cause or is likely to cause the Company to be in breach of the law or requirements of any country or governmental authority applicable to the Company.

**Retail Investor** means any investor not qualifying as an Institutional Investor.

**Securities Financing Transaction or SFT** means (i) a repurchase transaction; and (ii) securities or commodities lending and securities or commodities borrowing as defined under the SFTR.

**SFDR** means Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector.

**SFDR RTS** means the Commission Delegated Regulation (EU) 2022/1288 of 6 April 2022 supplementing Regulation (EU) 2019/2088 of the European Parliament and of the Council with regard to regulatory technical standards specifying the details of the content and presentation of the information in relation to the principle of 'do no significant harm', specifying the content, methodologies and presentation of information in relation to sustainability indicators and adverse sustainability impacts, and the content and presentation of the information in relation to the promotion of environmental or social characteristics and sustainable investment objectives in pre-contractual documents, on websites and in periodic reports

**SFTR** means 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.

**Service Agreements** means the Depositary Agreement, the Management Company Agreement the Administration Agreement and any other agreement between the Company and/or the Management Company on account of one or more Sub-fund(s) and any other Service Provider.

**Service Providers** means the Management Company, the Investment Manager(s) (if any), the Investment Adviser(s) (if any), the Depository, the Administrative Agent and the Sub-Administrative Agent and any other person who provides services to the Company from time to time (including, for the avoidance of doubt, any Investment Adviser or Investment Manager).

**Shareholder** means any registered holder of Shares.

**Shareholder Servicing Fee** has the meaning set out in Section 2.6 of the General Section.

**Shares** means all shares issued by the Company from time to time, representing the total outstanding shares.

**Special Section** means each and every supplement to this Prospectus describing the specific features of a Sub-fund. Each such supplement is to be regarded as an integral part of the Prospectus.

**Sub-Classes** means each sub-class of Shares which may be issued within each Class with a distinct valuation currency.

**Sub-fund** means a separate portfolio of assets established for one or more Classes of the Company which is invested in accordance with a specific Investment Objective. The Sub-funds do not have a legal existence distinct from the Company; however each Sub-fund is liable only for the debts, liabilities and obligations attributable to it. The specifications of each Sub-fund will be described in the relevant Special Section.

**Subscription Cut-Off Time** means the deadline for the submission of subscription requests as set out in Section 5.2(a) of the General Section, unless otherwise specified in respect of a specific Sub-fund in the relevant Special Section.

**Subscription Fee** means the fee that may be levied in case of subscription of Shares of any Class in any Sub-fund, details of which are set out in the relevant Special Section.

**Supermajority Resolution** means a resolution of the Shareholders' meeting in accordance with the quorum and majority requirements set out in the 1915 Act for amendments to the Articles, i.e., a resolution passed at a meeting where holders representing half of the issued share capital are present or represented and that is passed by not less than two-thirds of the votes cast in relation to such resolution provided that if the quorum requirement is not fulfilled at the occasion of the first general meeting, a second meeting may be convened at which meeting resolutions are passed at a two third majority of the votes cast without any quorum requirement.

**Sustainability Risk** means an environmental, social or governance event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of the investment and potentially a total loss of its value and therefore an impact on the Net Asset Value of the concerned Sub-fund.

**Target Sub-fund** has the meaning ascribed to this term in Schedule 1, Section 1.9.

**Taxonomy Regulation** means Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088.

**Territories** means the Netherlands Antilles, Aruba, Jersey, Guernsey, Isle of Man, Montserrat and the British Virgin Islands.

**TRS** means total return swap, i.e., a derivative contract as defined in point (7) of article 2 of the SFTR in which one counterparty transfers the total economic performance, including income from interest and fees, gains and losses from price movements, and credit losses, of a reference obligation to another counterparty.

**Transferable Securities** means:

- shares and other securities equivalent to shares;
- bonds and other debt instruments;
- any other negotiable securities which carry the right to acquire any such transferable securities by subscription or to exchanges, with the exclusion of techniques and instruments.

**UCI** means an undertaking for collective investment within the meaning of article 1, paragraph (2), points a) and b) of the UCITS Directive, whether situated in a EU Member State or not, provided that:

- such UCI is authorised under laws which provide that it is subject to supervision that is considered by the CSSF to be equivalent to that laid down in EU law, and that cooperation between authorities is sufficiently ensured;
- the level of guaranteed protection for Shareholders in such UCI is equivalent to that provided for Shareholders in a UCITS, and in particular that the rules on asset segregation, borrowing, lending, and uncovered sales of Transferable Securities and Money Market Instruments are equivalent to the requirements of the UCITS Directive;
- the business of such UCI is reported in half-yearly and annual reports to enable an assessment to be made of the assets and liabilities, income and operations over the reporting period.

**UCITS** means an undertaking for collective investment in transferable securities under the UCITS Directive.

**UCITS-CDR** means the Commission Delegated Regulation of 17 December 2015 supplementing Directive 2009/65/EC with regard to obligations of depositaries.

**UCITS Directive** means Directive 2009/65/EC.

**USD** means the currency of the United States of America.

**US Person** means a person that is a US person for purposes of Regulation S under the US Securities Act which includes any natural person who is a resident of the United States, any partnership or corporation organised or incorporated under the laws of the United States, any estate of which any executor or administrator is a US person, any trust of which any trustee is a US person and any other US person that is a US person for purposes of Regulation S under the US Securities Act.

**US Securities Act** means the US Securities Act of 1933, as amended.

**Valuation Day** means (unless otherwise defined in respect of a specific Sub-fund in the relevant Special Section) a Business Day on which subscriptions for, conversions from and redemptions of Shares can be made in order to be dealt with by the Administrative Agent on the basis of the Net



Asset Value or the Adjusted Price that will be calculated on the relevant NAV Calculation Day, based upon the price as of the relevant Valuation Day.