

# **Arfina Funds**

**A Luxembourg *organisme de placement collectif en valeurs mobilières* under the form of a *fonds commun de placement***

## **PROSPECTUS**

**FEBRUARY 2023**

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## IMPORTANT INFORMATION

### General

Units in Arfina Funds, a Luxembourg UCITS subject to part I of the 2010 Act established as a *fonds commun de placement* (the **Fund**) are offered on the basis of the information and the representations contained in this Prospectus accompanied by the KID(s), the latest annual report and semi-annual report covering the first six (6) months of the Fiscal Year (if any), as well as the documents mentioned herein which may be inspected by the public at the registered office of the Management Company. The annual report and the semi-annual report form an integral part of the Prospectus. All Unitholders are entitled to the benefit of, are bound by and are deemed to have notice of, the provisions of the Prospectus and the Management Regulations.

Unless the context otherwise requires, or as otherwise provided in this Prospectus, capitalised words and expressions shall bear the respective meanings ascribed thereto under the Section 1 (Definitions).

Investors must also refer to the relevant Special Sections. 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, conversion or redemption of Units other than those contained in this Prospectus and the relevant KID(s) and, if issued, given or made, such advertisement, information or representations must not be relied upon as having been authorised by the Management Company or any Distributor (if any). Neither the delivery of this Prospectus or of the relevant KID(s) nor the offer, the placement, the subscription, the conversion, the redemption or the issue of any of the Units shall under any circumstances create any implication or constitute a representation that the information given in this Prospectus and in the KID(s) is correct as of any time subsequent to the date hereof.

The Management Company is responsible for the information and statements contained in this Prospectus and in the KID(s) issued for each Sub-fund. It has taken all reasonable care to ensure that the information contained in this Prospectus and in the KID(s) is, to the best of its 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.

Investors may, subject to applicable law, invest in any Sub-fund offered by the Fund. 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 Units of the different Sub-fund and Classes thereof are expected to differ. It should be remembered that the price of Units 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.

An investment in the Fund involves investment risks including those set out herein under the Section "Risk Factors". In addition, Investors should refer to the Section "Specific Risk Factors" of the Special Section of the relevant Sub-fund in order to assess – and inform themselves on – the risks associated with an investment in such specific Sub-fund.

The Fund 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 may be found under Section 29.56.

## **Selling Restrictions**

The distribution of this Prospectus and the offering or purchase of Units is restricted in certain jurisdictions. This Prospectus and the relevant KID(s) do not constitute an offer of or invitation or solicitation to subscribe for or acquire any Units 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 relevant KID(s) in any jurisdiction may not treat this Prospectus or such KID(s) as constituting an offer, invitation or solicitation to them to subscribe for Units 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 relevant KID(s) and any persons wishing to apply for Units to inform themselves of, and to observe, all applicable laws and regulations of any relevant jurisdiction. Prospective applicants for Units should inform themselves as to the legal requirements of so applying, and any Units exchange control regulations and taxes in the countries of their respective citizenship, residence or domicile.

**Luxembourg** – The Fund is registered pursuant to Part I of the 2010 Act. However, such registration 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. Any representations to the contrary are unauthorised and unlawful.

**European Union** – The Fund qualifies as a UCITS and may be offered for sale in EEA Member States, subject to applicable notifications process.

**USA** – This Prospectus does not constitute an offer or solicitation in respect of any US Person, as defined herein. The Units may not be offered, sold, transferred or delivered, directly or indirectly, in the USA, its territories or possessions or to US Persons. Neither the Units nor any interest therein may be beneficially owned by any other US Person. Any re-offer or resale of any of the Units in the USA or to US Persons is prohibited.

The Units 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 USA, and the Units may not be offered, sold, transferred or delivered, directly or indirectly, in the USA or to, or for the account or benefit of, any US Person. The Fund is not registered nor does it intend to register under the US Investment Company Act of 1940, as amended (the **US Investment Company Act**). Accordingly, the Units are being offered and sold only outside the USA to Persons that are other than US Persons as defined in Regulation S under the US Securities Act. No Units shall be offered to US Persons. For the purposes of this Prospectus, the term US Person includes (but is not limited to) any person (including a partnership, a corporation, a limited liability company or similar entity) who is a citizen or resident of the USA or is organised or incorporated under the laws of the USA or regards himself as a "US national" or "US person" as defined by the US Securities Act or a "specified US person" as defined by FATCA. The decision to offer Units to a US Person will be at the sole discretion of the Management Company. These restrictions also apply to any transfer of Units made at a later date in the USA or to the benefit of a US Person. Any Unitholder who becomes a US Person may be subject to withholding tax at source and required to file a US tax return.

## **Prevailing language**

The distribution of this Prospectus and the KID(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 shall always prevail.

## **Data protection**

For the purpose of this Prospectus, **Data Protection Legislation** means Regulation 2016/679 of the European Parliament and of the Council of 27 April 2016 (the **GDPR**), the relevant guidance from the European Data Protection Board, and any other applicable regulations relating to the processing of personal data and privacy, including the national legislations implementing or complementing the GDPR, notably the law of 1 august

2018 on the organisation of the CNPD and the implementation of the GDPR and the guidance and codes of practice issued by the relevant data protection authorities, as such legislation and guidance may be amended, replaced or repealed from time to time.

The terms "Personal Data", "Data Subject", "Data Controller" and "Data Processor" shall have their meanings given to them as set out in the Data Protection Legislation.

The Management Company is acting as Data Controller in relation to any Personal Data the Investor provides to them.

The Management Company may, itself or through the service providers acting as Data Processors, process Investors' Personal Data or that of individuals related to such Investors (such as the Investor's legal representatives, contact persons, directors, officers, employees and/or beneficial owners as further described in the privacy notice (the **Privacy Notice**), provided separately.

In limited circumstances, notably to meet their own respective legal obligations, the service providers may process Personal Data for their own purposes and they shall, to such extent, be regarded as independent Data Controllers.

Where Personal Data is shared by the Investor on individuals relating to such Investor with the Management Company (e.g. information relating to its legal representatives, contact persons, directors, officers, employees and/or and beneficial owners), the Investor shall ensure such disclosure is in compliance with all Data Protection Legislation and that there is no prohibition or restriction which could:

- (a) prevent or restrict it from disclosing or transferring the Personal Data to the Management Company or the Service Providers;
- (b) prevent or restrict the Management Company or the Service Providers from disclosing or transferring Personal Data to the data recipients as further described in the Privacy Notice (e.g. affiliates, service providers, judicial authorities etc.) (the **Data Recipients**); and
- (c) prevent or restrict the Management Company, the Service Providers or their sub-processors from processing Personal Data for the purposes set out in this Prospectus or the Privacy Notice.

If an Investor shares Personal Data on individuals relating to such Investor, with the Management Company or the Service Providers, the Investor shall notably ensure that it has provided a fair processing notice informing the Data Subjects of the processing of such Personal Data as described in the Privacy Notice, including notifying the Data Subjects of any updates to the Privacy Notice. Where required, the Investor shall procure the necessary consents from Data Subjects to the processing of Personal Data as described in the Privacy Notice.

The Investor who shares Personal Data relating to such Investor with the Management Company or the Service Providers shall indemnify and hold the Management Company and the Service Providers, harmless for and against all direct and indirect damages and financial consequences arising from any breach of these warranties.

## **SFDR**

SFDR which is part of a broader legislative package under the European Commission's Sustainable Action Plan, will come 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 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-funds. Where Sustainability Risks occur for assets of a specific Sub-fund, there will 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. The Management Company therefore requires the Investment Manager to integrate Sustainability Risks in its investment process.

Unless otherwise set out in the Special Section of the relevant Sub-fund, Sustainability Risks may not be considered by the relevant Investment Manager to be relevant because Sustainability Risks are not (a) systematically integrated by the relevant Investment Manager in the investment decisions of the relevant Sub-fund; and/or (b) a core part of the investment strategy of the Sub-funds, due to the nature of the investment objectives of the Sub-funds. However, it cannot be excluded that among other counterparties or sectors in which such Sub-funds will invest may have bigger exposure to such Sustainability Risks than others. An ESG event or condition that, if it occurs, could potentially or actually cause a material negative impact on the value of a 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.

Unless otherwise provided for a specific Sub-fund in the Special Section of the relevant Sub-fund, the Sub-fund do not promote environmental or social characteristics, and do not have as objective sustainable investments (as provided by Articles 8 or 9 of SFDR). The Sub-funds which do not promote environmental or social characteristics nor have as objective sustainable investments (as provided by Articles 8 or 9 of SFDR) will remain subject to Sustainability Risks.

For the purposes of Article 7(2) of SFDR, the Management Company confirms in relation to the Fund 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. The Management Company expects to consider the adverse impacts of investment decisions on sustainability factors by the end of 2022.

## **MANAGEMENT AND ADMINISTRATION**

### **Management Company**

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

### **Members of the board of directors of the Management Company**

#### **Mr Marc Briol**

CEO Pictet Asset Services  
Banque Pictet & Cie S.A., Geneva  
60, route des Acacias, CH-1211 Genève 73  
Switzerland

#### **Mr Dorian Jacob**

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

#### **Mr Geoffroy Linard De Guertechin,**

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

### **Conducting persons of the Management Company**

Mr Dorian Jacob, *Chief Executive Officer*

Mr Abdellali Khokha, *Conducting Officer in charge of Risk Management, Conducting Officer in charge of Compliance*

Mr Pierre Bertrand, *Conducting Officer in charge of Fund Administration of Classic Funds and Valuation*

Mr Frédéric Bock, *Conducting Officer in charge of Fund Administration of Alternative Funds*

### **Depositary**

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

### **Investment Manager**

Arfina Capital SA  
Holbeinstrasse 22  
CH- 8008 Zurich  
Switzerland



**Auditor**

Deloitte Audit  
20, boulevard de Kockelscheuer  
L-1821 Luxembourg  
Grand Duchy of Luxembourg

**Legal adviser**

Allen & Overy, *société en commandite simple*  
5, avenue J.F. Kennedy  
L-1855 Luxembourg  
Grand Duchy of Luxembourg

## 1. DEFINITIONS

In this Prospectus, the following defined terms shall have the following meanings:

<b>144 A Securities</b>	Means Units sold to US Persons who are "qualified institutional buyers" within the meaning of Rule 144A under the Securities Act and "qualified purchasers" within the meaning of Section 2(a)(51) of the Investment Company Act;
<b>2004 Act</b>	Luxembourg act of 12 November 2004 on the fight against money laundering and financing of terrorism, as amended;
<b>2010 Act</b>	Means the act dated 17 December 2010 on UCIs, as amended;
<b>2019 Act</b>	Means the Luxembourg act of 13 January 2019 creating a register of beneficial owners, as amended.
<b>Accumulation Class</b>	Means a Class for which it is not intended to make distributions, as set out in the relevant Special Section;
<b>Affiliate</b>	Means in the case of a company:  (a) any company which is its direct or indirect holding company or subsidiary or a direct or indirect subsidiary of that holding company; or  (b) a company (or a direct or indirect subsidiary of a company) or other entity which controls or is controlled by the person concerned;  (c) in the case of an individual, the spouse or direct descendant and ascendants of any kind, and any company directly or indirectly controlled by such person and his associates within the meaning of paragraph (a) of this definition; or  (d) in the case of an entity other than a company, the members and any company or entity directly or indirectly controlled by such person and his associates within the meaning of paragraph (a) of this definition;  except in, all cases, any company or entity in which the Fund holds an Investment; in the case of a company:
<b>ancillary</b>	Means in relation to the investment policy of a Sub-fund up to 49% of its net assets;
<b>Auditor</b>	Means Deloitte Audit, acting as auditor of the Fund;
<b>Benchmark Regulation</b>	Means Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds, as may be amended or supplemented from time to time;

<b>Business Day</b>	Means any day, except any Saturday, Sunday and public holiday, on which banks in Luxembourg are open for business during the whole day;
<b>Buy-sell Back Transaction or Sell-buy Back Transaction</b>	Means a transaction by which a counterparty buys or sells securities, commodities, or guaranteed rights relating to title to securities, agreeing, respectively, to sell or to buy back securities or such guaranteed rights of the same description at a specified price on a future date, that transaction being a buy-sell back transaction for the counterparty buying the securities or guaranteed rights, and a sell-buy back transaction for the counterparty selling them, such buy-sell back transaction or sell-buy back transaction not being governed by a repurchase agreement or by a reverse repurchase agreement within the meaning of Section 6.26 of the General Section;
<b>Cash Equivalents</b>	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;
<b>Circular 04/146</b>	Means the CSSF circular 04/146 of 17 June 2004 regarding on the protection of UCIs and their investors against Late Trading and Market Timing practices;
<b>Circular 14/592</b>	Means the CSSF circular 14/592 implementing the European Securities and Markets Authority ( <b>ESMA</b> ) guidelines 2014/937 of 1 August 2014 on ETFs and other UCITS issues;
<b>Circular 18/698</b>	Means the CSSF circular 18/698 of 23 August 2018 on authorisation and organisation of investment fund managers incorporated under Luxembourg law;
<b>Class</b>	Means a class of Units issued in any Sub-fund;
<b>Clearstream</b>	Means Clearstream Banking, <i>société anonyme</i> ;
<b>Contingency Plan</b>	Has the meaning set out in Section 6.48 of the General Section;
<b>Contingent Convertible Bonds</b>	Means subordinated contingent capital securities, instruments issued by banking/insurance institutions to increase their capital buffers in the framework of new banking/insurance regulations. Under the terms of a Contingent Convertible Bond, certain triggering events (such as a decrease of the issuer's capital ratio below a certain threshold or a decision of the issuer's regulatory authority) could cause the permanent write-down to zero of principal investment and/or accrued interest, or a conversion to equity;
<b>Conversion Fee</b>	Means the conversion fee which may be levied by the Management Company in relation to the conversion for any Class in any Sub-fund, details of which are set out in the relevant Special Section;

<b>CSSF</b>	Means the <i>Commission de Surveillance du Secteur Financier</i> , the Luxembourg supervisory authority;
<b>Cut-Off</b>	Has the meaning set out in Sections 15.6(a), 17.1 and 18.2 relating to the deadline at which investors must submit their subscription requests, redemption requests or conversion requests, respectively, for Units as set out in the General Section and the relevant Special Section;
<b>Depository</b>	Means Pictet & Cie (Europe) S.A. acting as depository of the Fund;
<b>Depository Agreement</b>	Has the meaning set out in Section 10.1 of the General Section;
<b>Directive 78/660/EEC</b>	Means Council Directive 78/660/EEC of 25 July 1978 based on Article 54(3)(g) of the Treaty on the annual accounts of certain types of companies, as amended from time to time;
<b>Directive 83/349/EEC</b>	Means Council Directive 83/349/EEC of 13 June 1983 based on the Article 54(3)(g) of the Treaty on consolidated accounts, as amended from time to time;
<b>Directive 2009/65/EC</b>	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), as amended;
<b>Distribution Class</b>	Means a Class for which it is intended to make distributions, as set out in the relevant Special Section;
<b>Distribution Agreement(s)</b>	Means the agreement(s) between the Management Company and the Distributor(s) as amended, supplemented or otherwise modified from time to time;
<b>Distributor(s)</b>	Means any distributor from time to time appointed or authorised by the Management Company as set forth in Section 13 of the General Section to distribute one or more Classes as set out in the relevant Special Section;
<b>EEA</b>	Means the European Economic Area;
<b>ESG</b>	means environmental, social and governance;
<b>ESMA Opinion 34-43-296</b>	Means opinion ESMA34-43-296 of the European Securities and Markets Authority dated 30 January 2017, on UCITS Unit Classes;
<b>ESMA Guidelines 2014/937</b>	Means ESMA Guidelines 2014/937 of 1 August 2014 on ETFs and other UCITS issues;
<b>Eligible Investments</b>	Means eligible investments for investment by UCITS within the meaning of article 41(1) of the 2010 Act;

<b>Eligible Investor</b>	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;
<b>ETF or Exchange Traded Fund</b>	Means an investment fund listed on a stock exchange which represents a pool of securities, commodities or currencies which typically track the performance of an index. ETFs are traded like shares. Investment in open-ended or closed-ended ETFs will be allowed if they qualify as (i) UCITS or other UCIs, or (ii) Transferable Securities, respectively;
<b>EU</b>	Means the European Union;
<b>EU Member State</b>	Means a member State of the EU;
<b>Euro, € or EUR</b>	Means the single currency of any EU Member State 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 EU;
<b>Euroclear</b>	Means Euroclear Bank S.A./N.V. as the operator of the Euroclear System;
<b>FCP</b>	Means a <i>fonds commun de placement</i> , an unincorporated contractual co-ownership scheme governed by management regulations under Luxembourg Law in accordance with the 2010 Act;
<b>First Class Institutions</b>	Means first class financial institutions having their registered office in an EU Member State or subject to prudential supervision rules considered by the CSSF equivalent to those prescribed by EU law and specialised in this type of transactions for the purposes of the OTC Derivative transactions;
<b>Fiscal Year</b>	Means a twelve (12) months period ending on 31 December of each year, except for the first Fiscal Year which started on 22 April 2021 and will end on 31 December 2021;
<b>Fund</b>	Means Arfina Funds, an FCP established pursuant to the Management Regulations and this Prospectus, as these documents may be amended from time to time. For the purposes of this Prospectus, any reference to actions taken by the Fund will be construed as referring to an action taken by the Management Company in its own name but on account of the Fund or a relevant Sub-fund, as the context requires;
<b>GDR</b>	Means Global Depositary Receipt;
<b>General Section</b>	Means the general section of this Prospectus that sets out the general terms and conditions applicable to all Sub-funds, unless otherwise provided for in any of the Special Sections;
<b>Grand Ducal Regulation 2008</b>	Means the Grand-Ducal Regulation of 8 February 2008 relating to certain definitions of the 2010 Act relating to UCITS as regards the clarification of certain definitions;

<b>Initial Offering Date or Initial Offering Period</b>	Means, in relation to each Sub-fund, the first offering of Units in a Sub-fund made pursuant to the terms of the Prospectus and the relevant Special Section;
<b>Initial Sub-funds</b>	Means Arfina Funds – Equity Global Opportunity and Arfina Funds – Bond Global Opportunity and;
<b>Initial Subscription Price</b>	Means, in relation to each Class in each Sub-fund, the amount stipulated in the relevant Special Section as the subscription price per Unit for the relevant Class in connection with the Initial Offering Date or Initial Offering Period;
<b>Institutional Investor</b>	Means an investor meeting the requirements to qualify as an institutional investor for purposes of article 174 of the 2010 Act;
<b>Investing Sub-fund</b>	Has the meaning set out in Section 6.44 of the General Section;
<b>Investment Adviser</b>	Means any investment adviser appointed by the Management Company and/or the Investment Manager (if any) of the relevant Sub-fund as described in the relevant Special Section;
<b>Investment Advisory Agreement</b>	Means the agreement under which an Investment Adviser provides its services for the benefit of a Sub-fund, as amended, supplemented or otherwise modified from time to time;
<b>Investment Company Act</b>	Means the US Investment Company Act of 1940, as amended;
<b>Investment Management Agreement</b>	Has the meaning set out in Section 11.1 of the General Section;
<b>Investment Management Fee</b>	Means the investment management fee to which the Investment Manager may be entitled, in accordance with the relevant Special Section;
<b>Investment Manager</b>	Means Arfina Capital SA or any other investment manager appointed by the Management Company for the management of the portfolio of the Sub-funds;
<b>KID</b>	Means a key information document containing information on each Class. Information on launched Classes is available on the website <a href="http://www.fundsquare.net">www.fundsquare.net</a> . The Management Company draws the attention of the Investors to the fact that before any subscription of Units, Investors should consult the KID(s) on available Classes. A paper copy of the KID(s) may also be obtained at the registered offices of the Management Company free of charge;
<b>Late Trading</b>	Means any late trading 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 (the <b>Cut-Off</b> ) on the relevant day and the execution of such order at the price based on the net asset value applicable to such same day;

<b>Luxembourg</b>	Means the Grand Duchy of Luxembourg;
<b>Luxembourg Law</b>	Means the applicable laws and regulations of Luxembourg;
<b>Management Company</b>	Means FundPartner Solutions (Europe) S.A., the management company of the Fund;
<b>Market Timing</b>	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 UCI 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;
<b>Minimum Holding Amount</b>	Means, in relation to certain Classes in certain Sub-funds, the amount which is stipulated in the relevant Special Section as the minimum value or number of Units which must be held at any time by an Investor, being acknowledged that the Management Company reserves the right to waive any such Minimum Holding Amount requirement in its discretion;
<b>Minimum Subscription Amount</b>	Means the amount (if any) or number of Units which is stipulated in the relevant Special Section as the minimum aggregate subscription monies or minimum number of Units which a Unitholder or subscriber must pay or subscribe when subscribing for a particular Class in a particular Sub-fund in which the Unitholder or subscriber does not hold that particular Class prior to such subscription, being acknowledged that the Management Company reserves the right to waive any such Minimum Subscription Amount requirement in its discretion;
<b>Money Market Instruments</b>	Means instruments normally dealt in on a money market which are liquid and have a value which can be accurately determined at any time;
<b>Net Asset Value</b>	Means, (i) in relation to the Fund, the value of the net assets of the Fund, (ii) in relation to each Sub-fund, the value of the net assets attributable to such Sub-fund, and (iii) in relation to each Class in a Sub-fund, the value of the net assets attributable to such Class, in each case, calculated in accordance with the provisions of the Management Regulations and the Prospectus;
<b>Net Asset Value per Unit</b>	Means the Net Asset Value of the relevant Sub-fund divided by the number of Units in issue at the relevant time (including Units in relation to which a Unitholder has requested redemption) or if a Sub-fund has more than one Class in issue, the portion of the Net Asset Value of the relevant Sub-fund attributable to a particular Class divided by the number of Units of such Class in the relevant Sub-fund which are in issue at the relevant time (including Units in relation to which a Unitholder has requested redemption);

<b>OECD</b>	Means the Organisation for Economic Co-operation and Development;
<b>OECD Member State</b>	Means any of the member States of the OECD;
<b>OTC</b>	Means over-the-counter;
<b>OTC Derivative</b>	Means any financial derivative instrument dealt in over-the-counter;
<b>Party(ies) to the Co-managed Assets</b>	Has the meaning set out in Section 8.1 of the General Section;
<b>Performance Fee</b>	Means the performance fee which may be payable out of the assets of a Sub-fund, to the Management Company or the Investment Manager as set out in the relevant Special Section;
<b>Prospectus</b>	Means this sales prospectus relating to the issue of Units in the Fund, as amended from time to time;
<b>Redemption Fee</b>	Means the redemption fee that may be levied by the Fund in relation to the redemption of Units of any Class in any Sub-fund, details of which are set out in the relevant Special Section;
<b>Reference Currency</b>	Means, in relation to each Sub-fund, the currency in which the Net Asset Value of such Sub-fund is calculated, as stipulated in the relevant Special Section;
<b>Remuneration Policy</b>	Has the meaning set out in Section 9.8 of the General Section;
<b>Register</b>	Means the register of Unitholders;
<b>Regulated Market</b>	Means a regulated market as defined in the Council Directive 2004/39/EC dated 21 April 2004 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;
<b>Repurchase Transaction</b>	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 agreement for the counterparty selling the securities and a reverse Repurchase Transaction agreement for the counterparty buying them;
<b>RESA</b>	Means <i>Recueil Electronique des Sociétés et Associations</i> , the Luxembourg official gazette;



<b>Restricted Person</b>	Means any person, determined in the sole discretion of the Management Company as being not entitled to subscribe or hold Units in the Fund or any Sub-fund or Class if, in the opinion of the Management Company, (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 Fund some pecuniary, tax or regulatory disadvantage (iii) a holding by such person would cause or is likely to cause the Fund to be in breach of the law or requirements of any country or governmental authority applicable to the Fund;
<b>Retail Investor</b>	Means any investor not qualifying as an Institutional Investor;
<b>Securities Act</b>	Means the US Securities Act of 1933, as amended;
<b>Securities Financing Transaction or SFT</b>	Means (i) a Repurchase Transaction; (ii) Securities Lending and Securities Borrowing; (iii) a Buy-sell Back Transaction or Sell-buy Back Transaction as defined under the SFTR;
<b>Securities Lending or Securities Borrowing</b>	Means a transaction by which a counterparty transfers subject to a commitment that the borrower will return equivalent securities on a future date or when requested to do so by the transferor, that transaction being considered as securities lending for the counterparty transferring the securities and being considered as securities borrowing for the counterparty to which they are transferred;
<b>Service Providers</b>	Means the Depositary, the Investment Manager, any Investment Adviser and Distributors and any other person who provides services to the Fund from time to time, but excluding the Management Company;
<b>Service Provider Agreements</b>	Means the services agreements entered into between the Fund and the Service Providers, as may be amended from time to time;
<b>Settlement Day</b>	Has the meaning set out in Sections 15.6(b), 17.5 and 18.5 relating to the deadline of payments relating to subscription or redemption proceeds or the effective day of the conversion of Units as set out in the General Section and the relevant Special Section;
<b>SFDR</b>	means Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector, as amended;
<b>SFTR</b>	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;
<b>Special Section</b>	Means each and every special section to this Prospectus describing the specific features of a Sub-fund. Each such Special Section is to be regarded as an integral part of the Prospectus;

<b>Sub-fund</b>	Means a separate portfolio of assets established for one or more Classes of the Fund, which is invested in accordance with a specific investment objective. The specifications of each Sub-fund will be described in their relevant Special Section;
<b>Subscription Fee</b>	Means the subscription fee levied by the Fund in relation to the subscription for any Class in any Sub-fund, details of which are set out in the relevant Special Section;
<b>Sustainability Risk</b>	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;
<b>Target Sub-fund</b>	Has the meaning set out in Section 6.44 of the General Section;
<b>Taxonomy Regulation</b>	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;
<b>Transferable Securities</b>	Means: <ul style="list-style-type: none"> <li>• shares and other securities equivalent to shares;</li> <li>• bonds and other debt instruments;</li> <li>• any other negotiable securities which carry the right to acquire any such transferable securities by subscription or to exchanges;</li> </ul>
<b>TRS</b>	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;
<b>UCI</b>	Means an undertaking for collective investment within the meaning of the first and second indent of article 1, paragraph 2, points a) and b) of the UCITS Directive, whether situated in a EU Member State or not, provided that: <ul style="list-style-type: none"> <li>• 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;</li> <li>• the level of guaranteed protection for unitholders in such UCI is equivalent to that provided for unitholders in a UCITS, and in particular that the rules on asset segregation, borrowing, lending, and uncovered sales of Transferable Securities and Money Market Instruments</li> </ul>

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;

**Unitholders** Means any registered holder of Units;

**Units** Means units in the Fund, of such Classes and denominated in such currencies and relating to such Sub-funds as may be issued by the Fund from time to time;

**US or USA** Means the United States of America (including the States, the District of Columbia and the Commonwealth of Puerto Rico), its territories, possessions and all other areas subject to its jurisdiction;

**USD** Means the US Dollar, the currency of the USA;

**US Person** Means, unless otherwise determined by the Management Company, (i) a natural person who is a resident of the USA; (ii) a corporation, partnership or other entity, other than an entity organised principally for passive investment, organised under the laws of the US and which has its principal place of business in the US; (iii) an estate or trust, the income of which is subject to US income tax regardless of the source; (iv) a pension plan for the employees, officers or principals of an entity organised and with its principal place of business in the US; (v) an entity organised principally for passive investment such as a pool, investment company or other similar entity; provided, that units of participation in the entity held by persons who qualify as US Persons or otherwise as qualified eligible persons represent in the aggregate ten per cent or more of the beneficial interests in the entity, and that such entity was formed principally for the purpose of investment by such persons in a commodity pool the operator of which is exempt from certain requirements of Part 4 of the CFTC regulations by virtue of its participants being non-US Persons; or (vi) any other "US Person" as such term may be defined in Regulation S under the Securities Act, or in regulations adopted under the U.S. Commodity Exchange Act, as amended;

**Valuation Day** Has the meaning as set out in Section 22.2 of the General Section.

## **GENERAL SECTION**

The General Section applies to all Sub-funds. The specific features of each Sub-fund and Class are set forth in the Special Sections.

### **2. THE FUND**

- 2.1 The Fund is a Luxembourg FCP governed by Part I of the 2010 Act, the Prospectus and the Management Regulations. The Fund was established on 22 April 2021 and is registered with the RCS under the number K2125. The Fund is managed in the exclusive interest of the Unitholders by the Management Company. The assets of the Fund, which are held in custody by the Depositary, will be segregated from those of the Management Company.
- 2.2 The registration of the Fund 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.
- 2.3 The Units are not currently listed on the Luxembourg Stock Exchange but the Management Company may decide to quote one or more Classes of a Sub-fund on the Luxembourg or any other stock exchange or regulated market.
- 2.4 By the acquisition of Units of any Class in the Fund, a Unitholder is deemed to have fully accepted the Management Regulations, which determine the contractual relationship both among the Unitholders and between the Unitholders, the Management Company, and the Depositary.
- 2.5 The net assets of the Fund must at all times be EUR1,250,000 which amount has to be attained within six (6) months of the Fund's authorisation to operate as a UCITS (being provided that Units of a Target Sub-fund held by a Investing Sub-fund shall not be taken into account for the purpose of the calculation of the EUR1,250,000 minimum net asset requirement).

### **3. MANAGEMENT REGULATIONS**

- 3.1 The rights and obligations of the Unitholders of each Sub-fund, the Management Company and the Depositary are determined by the Management Regulations, which are governed by Luxembourg Law. The text of the Management Regulations should be reviewed in full by prospective investors and will always be available free of charge for inspection at the registered offices of the Management Company.
- 3.2 The Management Regulations have been deposited at the *Registre de Commerce et des Sociétés de Luxembourg*. The notice of the deposition was published in the RESA on 27 April 2021. The Management Regulations may be amended by the Management Company and the Depositary at any time in accordance with Luxembourg Law and the Management Regulations. Notice of any such amendment will be published in the RESA.

### **4. UNITS**

- 4.1 Any individual or legal entity may acquire Units against payment of the subscription price as described in Section 15 of the General Section.
- 4.2 There is no limit to the number of Units which may be issued. Units will only be issued to subscribers in registered form. Units are issued with no par value and are recorded in the Register. The entry into the Register is conclusive evidence of ownership. Units will not be represented by certificates. All Units must be fully paid up. Fractional Units may be issued up to three (3) decimal places.
- 4.3 The Register will be kept by the Management Company (in its capacity as administrative agent of the Fund). The Register will contain the name of each owner of registered Units, his/her/its residence or

elected domicile as indicated to the Fund and the number and Class(es) of Units held by his/her/it and the transfer of Units and the dates of such transfers.

- 4.4 For each Sub-fund, the Management Company may, in respect of Units in one or several Class(es) if any, decide to close subscriptions temporarily or definitively (such as early bird Units, the circumstances where the Sub-fund or Class has reached a size such that the capacity of the market has been reached or that it becomes difficult to manage in an optimal manner, and/or where to permit further inflows would be detrimental to the performance of the Sub-fund or the Class), including those arising from the conversion of Units of another Class or another Sub-fund.
- 4.5 Unitholders may ask for the conversion of all or a part of their Units from one Class to another in compliance with the provisions of Section 18 of the General Section.

## **5. SUB-FUNDS AND CLASSES**

- 5.1 The Fund has an umbrella structure consisting of one or several Sub-funds. Each Sub-fund is regarded as being separate from the others and will be liable only for its own debts, liabilities and obligations in accordance with article 181(5) of the 2010 Act. A separate portfolio of assets is maintained for each Sub-fund and is invested in accordance with the investment objective and policy applicable to that Sub-fund. The investment objective, policy, as well as the risk profile and other specific features of each Sub-fund (such as risk profile and investment restrictions) are set forth in the relevant Special Section.
- 5.2 The rights of the Unitholders 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 Unitholders 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.
- 5.3 The Fund may, at any time, create additional Sub-funds whose investment objectives or other features may differ from those of the Sub-funds then existing. In that event the Prospectus will be updated, if necessary, or supplemented by a new Special Section.
- 5.4 Each Sub-fund is treated as a separate entity and operates independently, each portfolio of assets being invested for the exclusive benefit of the Sub-fund concerned. A purchase of Units relating to one particular Sub-fund does not give the holder of such Units any rights with respect to any other Sub-fund.
- 5.5 Within a Sub-fund, the Fund 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. A separate Net Asset Value per Unit, which may differ as a consequence of these variable factors, will be calculated for each Class. The Special Sections indicate, for each Sub-fund, which Classes are available and their characteristics. Upon creation of new Classes, the Prospectus will be updated, if necessary, or supplemented by a new Special Section.
- 5.6 For the time being, the Fund is comprised of the two (2) following Sub-funds:
- Arfina Funds – Equity Global Opportunity; and
  - Arfina Funds – Bond Global Opportunity.
- 5.7 Each Sub-fund is described in more detail in the relevant Special Section.
- 5.8 Investors should note however that some Sub-funds or Classes may not be available to all investors. The Management 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 Management Company may further reserve one or more Sub-funds or Classes to certain Institutional Investors only.

## 6. INVESTMENT RESTRICTIONS

The Fund 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. **Except as otherwise provided for any particular Sub-fund, the investments of each Sub-fund should at all times be in compliance with the investment restrictions listed in this Section 6.**

### Eligible Investments

- 6.1 The investments of the Fund (and each of its Sub-funds) may consist solely of:
- (a) Transferable Securities and Money Market Instruments admitted to official listing on a stock exchange in an EU Member State;
  - (b) Transferable Securities and Money Market Instruments dealt on another Regulated Market of a EU Member State;
  - (c) 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;
  - (d) new issues of Transferable Securities and Money Market Instruments, provided that:
    - (i) the terms of issue include an undertaking that application will be made for admission to official listing on any stock exchange or Regulated Market or other Regulated Market referred to in Sections 6.1(a), (b) and (c) of this General Section;
    - (ii) such admission is secured within a year of issue;
  - (e) units or shares of UCITS and/or other UCIs within the meaning of article 1, paragraph 2, points a) and b) of the UCITS Directive, whether located in an EU Member State or not, provided that:
    - (i) such other UCIs are authorised under laws which provide that such entities are subject to supervision which the CSSF considers to be equivalent to that provided under EU law, and that cooperation between authorities is sufficiently ensured;
    - (ii) the level of protection for unitholders or shareholders in the other UCIs is equivalent to that provided for unitholders or shareholders of a UCITS and, in particular, that the rules in respect of segregation of assets, borrowing, lending, and uncovered sales of Transferable Securities and Money Market Instruments are equivalent to the requirements of the UCITS Directive;
    - (iii) the business of such other UCIs is subject to semi-annual and annual reports such as to enable an assessment of the assets and liabilities, income and operations over the relevant reporting period;

- (iv) no more than 10% of the net assets of the UCITS or other UCI whose acquisition is contemplated, can, pursuant to their fund rules or constitutional documents, be invested in aggregate in units or shares of other UCITS or other UCIs;
- (f) deposits with credit institutions which are repayable on demand or have the right to be withdrawn, and maturing in no more than twelve (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 located 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;
- (g) financial derivative instruments, including equivalent cash-settled instruments, dealt in on a Regulated Market referred to in Sections 6.1(a), (b) and (c) of the General Section; and/or OTC Derivatives, provided that:
  - (i) the underlying consists of instruments covered by this Section 6.1, of financial indices, interest rates, foreign exchange rates or currencies, in which a Sub-fund may invest in compliance with its investment objectives as stated in the relevant Special Section,
  - (ii) the counterparties to OTC Derivative transactions are First Class Institutions, and
  - (iii) 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 and at their fair value at the initiative of the Fund;
- (h) 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:
  - (i) issued or guaranteed by a central, regional or local authority or by a central bank of a 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
  - (ii) issued by an undertaking, any securities of which are listed on a stock exchange or dealt in on Regulated Markets referred to in Sections 6.1(a), (b) and (c) of the General Section; or
  - (iii) 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
  - (iv) 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 items (i),(ii) or (iii) above and provided that the issuer is a company whose capital and reserves amount to at least EUR10,000,000 and which (I) represents and publishes its annual accounts in accordance with Directive 78/660/EEC, (II) is an entity which, within a group of companies which includes one or more listed companies, is dedicated to the financing of the relevant group of companies or (III) is an entity which is dedicated to the financing of securitisation vehicles which benefit from a banking liquidity line.

- (i) 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 Unitholders;
  - (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 at sight and Cash Equivalents. For the avoidance of doubt, investment in such assets in such proportions is not part of the core investment policy of the Sub-funds.

### **Risk diversification**

- 6.2 In accordance with the principle of risk diversification, the Fund 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.
- 6.3 The Fund is not permitted to invest more than 20% of the net assets of a Sub-fund in deposits made with the same body.
- 6.4 The risk exposure to a counterparty of a Sub-fund in OTC Derivatives will not exceed:
  - (a) 10% of its net assets 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;
  - (b) 5% of its net assets, in other cases.
- 6.5 Notwithstanding the individual limits laid down in Sections 6.2, 6.3 and 6.26 of the General Section, a Sub-fund may not combine:
  - (a) investments in Transferable Securities or Money Market Instruments issued by;
  - (b) deposits made with; and/or
  - (c) exposures arising out of transactions in OTC Derivatives with;
  - (d) any single body, in excess of 20% of its net assets.
- 6.6 The 10% limit set forth in Section 6.2 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, funds which originate from the issue of these bonds will be invested in accordance with the law in assets which, during the entire period of validity of these bonds, may cover the financial obligations resulting from the issue of the bonds and which, in case of



bankruptcy of the issuer would be used on a priority basis to reimburse the principal and pay for the accrued interest. To the extent that a Sub-fund may invest more than 5% of its net assets in such bonds, issued by one and the same issuer, the total value of these investments may not exceed 80% of the net assets of that Sub-fund.

- 6.7 The 10% limit set forth in Section 6.2 above can be raised to a maximum of 35% for Transferable Securities and Money Market Instruments that are issued or guaranteed by a EU Member State or its local public authorities, by a non-EU Member State, or by public international organisations of which one or more EU Member States are members.
- 6.8 Transferable Securities and Money Market Instruments which fall under the special rules described in Sections 6.6 and 6.7 of this General Section are not taken into account when calculating the 40% limit provided in Section 6.2 above.
- 6.9 The limits provided in Sections 6.2 to 6.7 above may not be combined; thus investments of each Sub-fund in Transferable Securities or Money Market Instruments issued by the same entity, in deposits with such entity or derivative instruments traded with such entity will under no circumstances exceed in total 35% of the net assets of such Sub-fund.
- 6.10 Companies which are included in the same group for the purposes of consolidated accounts, as defined in accordance with Directive 83/349/EEC or in accordance with recognised international accounting rules, are regarded as a single body for the purpose of calculating the limits contained in Sections 6.2 to 6.11 of this General Section.
- 6.11 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.

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

- 6.12 Without prejudice to the limits laid down in Section 6.43, the limits laid down in Sections 6.2 to 6.11 of this General Section are raised to a maximum of 20% for investment in shares and/or bonds issued by the same entity 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:
  - (a) the composition of the index is sufficiently diversified;
  - (b) the index represents an adequate benchmark for the market to which it refers;
  - (c) the index is published in an appropriate manner.
- 6.13 The above 20% limit may be increased to up to 35%, but only in respect of a single issuer, when it is considered to be justified by exceptional market conditions, in particular, in Regulated Markets where certain Transferable Securities or Money Market Instruments are highly dominant.
- 6.14 The Fund 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 or Money Market Instruments issued or guaranteed by a EU Member State, by its local public authorities, by a OECD Member State, by a member state of the G20, by certain non-OECD Member States (currently Singapore and Hong-Kong) or by international organisations of a public nature of which one or more EU Member States are members, upon condition that (i) such securities must belong to at least six (6) different issues, and that (ii) the securities belonging to any single issue do not exceed 30% of the net assets of the relevant Sub-fund.

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

- 6.15 A Sub-fund may acquire the units or shares of UCITS and/or other UCIs referred to in Section 6.1(e) provided that no more than 20% of its net assets are invested in units or shares 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 aforementioned limit as well as limits set forth under Sections 6.2 to 6.13 and this Section 6.15 to Section 6.20.
- 6.16 Investments made in units or shares of UCIs other than UCITS may not exceed, in aggregate, 30% of the net assets of any Sub-fund.
- 6.17 When a Sub-fund has acquired units or shares of UCITS and/or other UCIs, the assets of the respective UCITS or other UCI do not have to be combined for the purposes of the limits laid down in Sections 6.2 to 6.11 of this General Section.
- 6.18 When a Sub-fund invests in the units or shares 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 or shares of such UCITS and/or other UCIs.
- 6.19 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, shall be disclosed in the relevant Special Section.
- 6.20 In the annual report of the Fund it shall 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.

### **Investments in financial derivative instruments**

- 6.21 The Fund 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.
- 6.22 Each Sub-fund will ensure that its global exposure relating to derivative instruments does not exceed the total net value of its portfolio. 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.
- 6.23 When a Transferable Security or Money Market Instrument embeds a derivative, the latter must be taken into account when complying with the requirements of Sections 6.2 to 6.11 of the General Section.
- 6.24 In accordance with Circular 14/592, the Fund'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:
- (a) the underlying exposure obtained through financial derivative instruments;

- (b) the identity of the counterparty(ies) to these financial derivative instruments;
  - (c) the type and amount of collateral received to reduce counterparty risk exposure.
- 6.25 The Sub-funds are authorised to employ techniques and instruments relating to Transferable Securities or Money Market Instruments subject to the following conditions:
- (a) they are economically appropriate in that they are realised in a cost-effective way;
  - (b) they are entered into for one or more of the following specific aims:
    - (i) reduction of risk;
    - (ii) reduction of cost;
    - (iii) generation of additional capital or income for the relevant Sub-fund with a level of risk which is consistent with the its risk profile and applicable risk diversification rules;
  - (c) their risks are adequately captured by the Management Company's risk management process;
  - (d) they are taken into account by the Management Company when developing its liquidity risk management process in order to ensure that the Fund is able to comply at any time with its redemption obligations.
- 6.26 As at the date of this Prospectus, the Sub-funds will not make use of SFTs nor TRS. If a Sub-fund makes use of SFTs and/or TRS, this General Section as well as the relevant Sub-fund's Special Section will be amended prior to such use of SFTs and/or TRS to include the disclosure requirements of the SFTR and the CSSF SFTR FAQ, including, among others, with respect to the relevant Sub-fund's Special Section the maximum and expected proportion of assets that may be subject to SFTs and/or TRS, as well as the types of assets that are subject to SFTs and/or TRS.
- 6.27 The counterparty risk arising from OTC Derivatives 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.
- 6.28 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 transactions with that counterparty, provided that:
- (a) if there are legally enforceable netting arrangements in place, the risk exposure arising from OTC Derivative transactions with the same counterparty may be netted; and
  - (b) if collateral is posted in favour of a Sub-fund and such collateral complies at all times with the criteria set out in Section 6.29 below, the counterparty risk of such Sub-fund is reduced by the amount of such collateral.
- 6.29 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 Sections 6.2 to 6.11 of this General Section. 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 Sections 6.2 to 6.11 of this General Section.

- 6.30 The risk exposure to a counterparty resulting from OTC Derivatives must be combined when calculating counterparty risk limits referred to under Section 6.26 above.
- 6.31 Collateral received by a Sub-fund will comply at all times with the following criteria:
- (a) Liquidity – any collateral received other than cash should be highly liquid and traded on a regulated market or multilateral trading facility with transparent pricing in order that it can be sold quickly at a price that is close to pre-sale valuation. Collateral received should also comply with the acquisition limits set out in Section 6.43(b).
  - (b) Valuation – collateral received should be valued on at least a daily basis and assets that exhibit high price volatility should not be accepted as collateral unless suitably conservative haircuts are in place.
  - (c) Issuer credit quality – collateral received should be of high quality.
  - (d) Correlation – the collateral received by any 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.
  - (e) Collateral diversification (asset concentration) – collateral should be sufficiently diversified in terms of country, markets and issuers. The criterion of sufficient diversification with respect to issuer concentration is considered to be respected if the 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. By way of derogation, a Sub-fund may be fully collateralised in different Transferable Securities and Money Market Instruments issued or guaranteed by a member state, one or more of its local authorities, a third country or a public international body to which one or more member states belong, provided the Sub-fund receives securities from at least six (6) different issues and any single issue does not account for more than 30% of the Sub-fund's NAV. If a Sub-fund intends to make use of this possibility, this will be set out in relevant Special Section together with an indication of the relevant member state(s), local authorities, or public international bodies issuing or guaranteeing securities.
  - (f) Risks linked to the management of collateral, such as operational and legal risks, should be identified, managed and mitigated by the risk management process.
  - (g) Collateral received should be capable of being fully enforced by the Fund for the account of the Sub-fund at any time without reference to or approval from the counterparty.
- 6.32 The Sub-funds will only accept the following assets as collateral:
- (a) Liquid assets. Liquid assets include not only cash and short-term bank certificates, but also Money Market Instruments. A letter of credit or a guarantee at first demand given by a first-class credit institution not affiliated to the counterparty are considered as equivalent to liquid assets.
  - (b) Bonds issued or guaranteed by a OECD Member State or by their local public authorities or by supranational institutions and undertakings with EU, regional or world-wide scope.
  - (c) Shares or units issued by money market UCIs calculating a daily net asset value and being assigned a rating of AAA or its equivalent.

- (d) Shares or units issued by UCITS investing mainly in bonds/shares mentioned in items (e) and (f) below.
- (e) Bonds issued or guaranteed by first class issuers offering an adequate liquidity.
- (f) Shares or units admitted to or dealt in on a regulated market of a EU Member State or on a stock exchange of an OECD Member State, on the condition that these shares or units are included in a main index.

6.33 Non-cash collateral received by a Sub-fund may not be sold, re-invested or pledged.

6.34 Cash collateral received by a Sub-fund can only be:

- (a) placed on deposit with credit institutions which either have their registered office in a EU Member State or are subject to prudential rules considered by the CSSF as equivalent to those laid down in EU law;
- (b) invested in high-quality government bonds;
- (c) 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).

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

6.36 Collateral posted in favour of a Sub-fund under a title transfer arrangement should be held by the Depository or a delegate of the Depository. Collateral posted in favour of a Sub-fund under a security interest arrangement (e.g., 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.

6.37 The Management Company typically uses cash and high-quality government bonds as collateral. The Management Company has a haircut policy relating to the classes of assets received as collateral by or for the account of the Fund in accordance with Circular 14/592 implementing the ESMA Guidelines 14/937. This haircut policy, established in accordance with Circular 14/592, takes into account a variety of factors, depending on the nature of the collateral received such as price volatility, the credit quality of the issuer of the collateral, the maturity or currency of the assets or outcome of stress tests carried out by the Management Company under normal and exceptional liquidity conditions. No haircut will be applied to cash collateral.

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

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

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

	10 to 20 years	7%
	20 to 30 years	8%

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

- 6.40 If, because of reasons beyond the control of the Management Company or the exercising of subscription rights, the limits mentioned in this Section 6 are exceeded, the Management 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 Unitholders.
- 6.41 Provided that they continue to observe the principles of risk diversification, newly established Sub-funds may deviate from the limits mentioned under Sections 6.2 to 6.22 of this General Section for a period of six (6) months following the date of authorisation of the relevant Sub-fund by the CSSF.
- 6.42 To the extent permitted by applicable law, if an issuer of Eligible Investment 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 6.12 and 6.14 to 6.20 of the General Section.

### **Investment prohibitions**

- 6.43 The Fund is prohibited from:
- (a) acquiring equities with voting rights that would enable the Fund to exercise significant influence on the management of the issuer in question;
  - (b) acquiring 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;
    - (iv) 25% of the units or shares of one and the same UCITS and/or other UCI.

The limits laid down in items (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.
  - (c) 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 OECD Member State or which are issued by public international organisations of which one or more EU Member States are members are exempted from the above limits.
  - (d) selling short Transferable Securities, Money Market Instruments and other eligible investments;
  - (e) acquiring precious metals or related certificates;

- (f) investing in real estate and purchasing or selling commodities or commodities contracts;
- (g) 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;
- (h) 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 that are not fully paid up.

#### **Cross-investments between Sub-funds**

- 6.44 A Sub-fund (the **Investing Sub-fund**) may invest in one or more other Sub-funds. Any acquisition of Units of another Sub-fund (the **Target Sub-fund**) by the Investing Sub-fund is subject to the following conditions:
- (a) the Target Sub-fund will not invest in the Investing Sub-fund;
  - (b) the Target Sub-fund may not invest more than 10% of its net assets in other Sub-funds;
  - (c) the voting rights attached to the Units of the Target Sub-fund held by the Investing Sub-fund are suspended as long as the Units of the Target Sub-fund are held by the Investing Sub-fund; and
  - (d) the value of the Units 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 legal minimum net asset requirement of the Fund.

#### **Master-feeder structures**

- 6.45 Under the conditions and within the limits established by Luxembourg Law, the Management Company may, at any time it deems appropriate and to the widest extent permitted by applicable Luxembourg Law:
- (a) create any sub-fund and/or class of units or shares qualifying either as a feeder UCITS or as a master UCITS;
  - (b) convert any existing sub-fund and/or class of units or shares into a feeder UCITS sub-fund and/or class of units or shares or change the master UCITS of any of its feeder UCITS sub-fund and/or class of units or shares.
- 6.46 In accordance with article 77 of the 2010 Act, the Fund or any of its Sub-funds which act as a feeder (the **Feeder**) of a master-fund shall invest at least 85% of its assets in another UCITS or in a sub-fund of such UCITS (the **Master**).
- 6.47 The Feeder may invest up to 15% of its net assets in one or more of the following elements:
- (a) cash on an ancillary basis;
  - (b) financial derivative instruments which may be employed solely for hedging purposes;

- (c) such movable and immovable property which is essential for the direct pursuit of its business.

### **Benchmark Regulation**

- 6.48 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 **Benchmark and Administrator Register**). Benchmark administrators located in the EU whose indices are used by the Fund are inscribed in the Benchmark and Administrator Register. Benchmark administrators located in a third country whose indices are used by the Fund benefit from the transitional arrangements afforded under the Benchmark Regulation and accordingly may not appear on the Benchmark and Administrator Register. Benchmark administrators whose indices are used by the relevant Sub-fund are detailed in the relevant Special Section.
- 6.49 In accordance with article 28(2) of the Benchmark Regulation, the Management Company has adopted a written plan setting out actions, which it will take in the event that the indexes used by the relevant Sub-fund materially change or cease to be provided (the **Contingency Plan**). Unitholders may access the Contingency Plan free of charge at the registered office of the Management Company.

## **7. DILUTION ADJUSTMENTS**

### **Reasons for swing pricing mechanism, impact on, and benefit for, Unitholders**

- 7.1 A Sub-fund may suffer dilution of the Net Asset Value per Unit due to prospective Unitholders subscribing, or existing Unitholders redeeming, Units in a Sub-fund at a price that does not reflect the dealing, spreads and other costs that arise from the transactions undertaken by the Fund to accommodate cash inflows or outflows. These costs may have an adverse effect on the value of a Sub-fund (referred to as dilution) and therefore on Unitholders. In order to mitigate the impact of the costs of these transactions, the Management Company may adjust the Net Asset Value per Units upwards or downwards by a percentage estimated to reflect the actual prices and costs of the underlying transactions.
- 7.2 For the avoidance of doubt, the adjustment mechanism is applied on the capital activity at the level of the relevant Sub-fund and does not address the specific circumstances of each individual transaction.

### **Swing Pricing mechanism details**

#### *Application threshold*

- 7.3 If on any Valuation Day, the aggregate net transactions in Units of a Sub-fund (i.e., aggregate net subscriptions or redemptions) exceed a threshold which is pre-determined and periodically reviewed by the Management Company for each Sub-fund (known as the “swing threshold”), the Net Asset Value per Unit may be adjusted upwards or downwards to reflect respectively net inflows or net outflows.

#### *Underlying swing factors*

- 7.4 The extent of the price adjustment is set by the Management Company to reflect dealing and other costs and may vary from Sub-fund to Sub-fund. In particular, the Net Asset Value per Unit 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.

#### *Maximum swing factor*

- 7.5 Adjustments will however be limited to a maximum of 2% of the then applicable Net Asset Value (the **Swing Factor**).

#### *Categories of Units*

- 7.6 The Net Asset Value of each category of Units in a Sub-fund will be calculated separately but any dilution adjustment will in percentage terms affect the Net Asset Value of each category in an identical manner.

#### **No impact on performance fee**

- 7.7 Any performance fee will be calculated on the basis of an unadjusted Net Asset Value.

### **8. CO-MANAGEMENT AND POOLING**

- 8.1 To ensure efficient management of the Fund, the Management Company may decide to manage all or part of the assets of one or more Sub-funds with those of other Sub-funds in the Fund (pooling technique) or, where applicable, to co-manage all or part of the assets, except for a cash reserve, if necessary, of one or more Sub-funds with the assets of other Luxembourg investment funds or of one or more sub-funds of other Luxembourg investment funds (the **Party(ies) to the Co-managed Assets**) for which the Depositary is the appointed depositary. These assets will be managed in accordance with the respective investment policies of the Parties to the Co-managed Assets, each of which is pursuing identical or comparable objectives. Parties to the Co-managed Assets will only participate in any such co-management arrangement or pooling authorised by their own respective prospectuses and in compliance with their own specific investment restrictions.
- 8.2 Each Party to the co-managed assets will participate in the co-managed assets in proportion to the assets it has contributed to the co-management. The assets and liabilities will be allocated to each Party to the Co-managed Assets in proportion to its contribution to the co-managed assets.
- 8.3 The rights of each Party to the Co-managed Assets apply to each line of investment in such co-managed assets.
- 8.4 Such co-managed assets will be constituted by the transfer of cash or, where applicable, other assets from each of the Parties to the Co-managed Assets. Thereafter, the Management Company may regularly make subsequent transfers to the co-managed assets. The assets may equally be transferred back to a Party to the Co-managed Assets for an amount not exceeding the participation of that Party to the Co-managed Assets.
- 8.5 Dividends, interest and other distributions deriving from income generated by the co-managed assets will accrue to each Party to the Co-managed Assets in proportion to its respective investment. Such income may be kept by the Party to the Co-managed Assets or reinvested in the co-managed assets.
- 8.6 All charges and expenses incurred in respect of the co-managed assets will be debited from these assets. Such charges and expenses will be allocated to each Party to the Co-managed Assets in proportion to its respective entitlement to the co-managed assets.
- 8.7 In the event of a breach of the investment restrictions affecting a Sub-fund, when such a Sub-fund is a Party to the Co-managed Assets, the Management Company shall, even if it or, if applicable, the Investment Manager, has complied with the investment restrictions applicable to the co-managed

assets in question, require that the Management Company or, if applicable, the Investment Manager, will reduce the investments in question in proportion to the participation of the relevant Sub-fund in the co-managed assets to a level that respects the investment restrictions of such Sub-fund.

- 8.8 In the event that the Fund is liquidated or if the Management Company decides, without prior notice, to withdraw the participation of the Fund or of a Sub-fund from co-managed assets, the co-managed assets will be allocated to the Parties to the Co-managed Assets in proportion to their respective participation in the co-managed assets.
- 8.9 Investor must be aware of the fact that such co-managed assets are employed solely to ensure effective management insofar as all Parties to the Co-managed Assets have the same depositary. The co-managed assets are not distinct legal entities and are not directly accessible to investors. Nevertheless, the assets and liabilities of each of the Sub-funds will at all times be separate and identifiable.

## 9. MANAGEMENT COMPANY

- 9.1 FundPartner Solutions (Europe) S.A. is the management company of the Fund (the **Management Company**) within the meaning of the 2010 Act. The Management Company was incorporated under the denomination Funds Management Company S.A. as a public limited liability company (*société anonyme*) under Luxembourg Law for an indefinite period on 17 July 2008. The Management Company has its registered office at 15, avenue J.F. Kennedy, L-1855 Luxembourg, Grand Duchy of Luxembourg. At the date of this Prospectus, the fully paid-up capital of the Management Company amounts to CHF6,250,000.
- 9.2 Pursuant to and subject to the limitations contained in the Management Regulations, the Management Company has the power to perform all acts of management and the exclusive right to manage the Fund for the account of and in the exclusive interests of the Unitholders. The Management Company has responsibility for managing the Fund in accordance with this Prospectus, the Management Regulations, Luxembourg Law and other relevant legal requirements. The Management Company will provide without limitation: (i) asset management services; (ii) central administration, registrar and transfer agency services; and (iii) distribution services to the Fund. The rights and duties of the Management Company are further set out in articles 101 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 Unitholders and in conformity with the 2010 Act, the Prospectus and the Management Regulations.
- 9.3 In its capacity as:
- (a) administrative agent, the Management Company has as its principal function among other things the calculation of the NAV of the Fund, each Sub-fund and each Class, the maintenance of the Fund's accounting records and the preparation of the financial reports required by this Prospectus and Luxembourg Law; and
  - (b) registrar and transfer agent, the Management Company is entrusted with the safekeeping and maintaining of the Register and for processing issues, repurchases and transfers of Units in accordance with the Management Regulations and the Prospectus;
  - (c) paying agent, the Management Company will be responsible for the payment of dividends and redemption proceeds (if any).
- 9.4 The Management Company is vested with the day-to-day management and administration of the Fund. In fulfilling its duties as set forth by the 2010 Act, the Management Regulations and the Prospectus, the Management Company is authorised, for the purposes of the efficient conduct of its business, to delegate, under its responsibility and control, 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.

- 9.5 The Management Company will require any such agent to which it intends to delegate its duties to comply with the provisions of the Prospectus and the relevant provisions of the Management Regulations.
- 9.6 In relation to any delegated duty, the Management Company shall implement appropriate control mechanisms, and procedures, including risk management controls, and regular reporting processes in order to ensure the 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 Management Regulations, this Prospectus and the agreements entered into with the relevant third party service providers, as well as the 2010 Act. When delegating a duty or a function, the Management Company shall ensure that nothing in the related agreement shall prevent it from giving at any time further instructions to the party to whom such duty or function has been delegated or from withdrawing the relevant mandate with immediate effect when this is in the interests of the Unitholders.
- 9.7 The Management Company shall 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 authorisation required to carry out the functions delegated to such third parties.
- 9.8 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 Management Regulations nor impair compliance with the Management Company's obligation to act in the best interest of the Fund (the **Remuneration Policy**).
- 9.9 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 Fund or the Sub-funds.
- 9.10 The Remuneration Policy is in line with the business strategy, objectives, values and interests of the Management Company, the Fund and the Unitholders and includes measures to avoid conflicts of interest.
- 9.11 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 Fund in order to ensure that the assessment process is based on the longer-term performance of the Fund 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 Fund were to account for fifty percent (50%) or more of the total portfolio managed by the Management Company, at least fifty percent (50%), of any variable remuneration component will have to consist of Units, 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 forty per cent (40%), of the variable remuneration component, is deferred over a period which is appropriate in view of the holding period recommended to the Unitholders and is correctly aligned with the nature of the risks of the Fund.

9.12 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.group.pictet/fps>"\h

9.13 A paper copy of the summarised Remuneration Policy is available free of charge to the Unitholders upon request.

9.14 The Management Company will be entitled to receive a Management Company fee out of the assets of the Initial Sub-funds, payable quarterly in arrears and on a pro rata basis based on the quarterly assets under management of the Initial Sub-funds of up to 0.11% p.a., subject to a minimum Management Company fee per Initial Sub-fund of EUR35,000 p.a. The remuneration of the Management Company in relation to any Sub-fund other than the Initial Sub-funds is set out in each relevant Special Section.

## 10. DEPOSITARY

10.1 Pictet & Cie (Europe) S.A. was appointed as depositary of the Fund (the **Depositary**) pursuant to a depositary agreement signed on 22 April 2021 (the **Depositary Agreement**). The Depositary was incorporated as a public limited liability company (*société anonyme*) under Luxembourg Law for an indefinite period on 3 November 1989. The Depositary has its registered office at 15, avenue J.F. Kennedy, L-1855 Luxembourg, Grand Duchy of Luxembourg. At the date of this Prospectus, the fully paid-up capital of the Depositary amounts to CHF 70,000,000.

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

10.3 In addition, the Depositary will:

- (a) ensure that the sale, issue, repurchase, redemption and cancellation of the Units are carried out in accordance with Luxembourg Law and the Management Regulations;
- (b) ensure that the value of the Units is calculated in accordance with Luxembourg Law and the Management Regulations;
- (c) carry out the instructions of the Management Company, unless they conflict with Luxembourg Law or the Management Regulations;
- (d) ensure that in transactions involving the Fund's assets any consideration is remitted to the Fund within the usual time limits; and
- (e) ensure that the Fund's incomes are applied in accordance with Luxembourg Law and the Management Regulations.

- 10.4 The Depositary may delegate its safekeeping duties with respect to the Fund'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.
- 10.5 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.html](http://www.pictet.com/corporate/fr/home/asset_services/custody_services.html).
- 10.6 The Depositary will be liable to the Fund or to the Unitholders for the loss of the Fund'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 Fund's financial instruments held in custody will be incurred pursuant to the provisions of the Depositary Agreement.
- 10.7 In case of loss of the Fund'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 Fund without undue delay. However, the Depositary's liability will not be triggered if the Depositary can prove that the conditions of article 19 of the UCITS- CDR are fulfilled.
- 10.8 In carrying out its functions, the Depositary will act honestly, fairly, professionally, independently and solely in the interest of the Fund and the Unitholders.
- 10.9 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 Fund, the Management Company and/or other parties. For example, the Depositary and/or its affiliates may act as the custodian and/or administrator of other funds. It is therefore possible that the Depositary (or any of its affiliates) may in the course of its business have conflicts or potential conflicts of interest with those of the Fund and/or other funds for which the Depositary (or any of its affiliates) acts.
- 10.10 Where a conflict or potential conflict of interest arises, the Depositary will have regard to its obligations to the Fund and will treat the Fund and the other funds for which it acts fairly and such that, so far as is practicable, any transactions are effected on terms which are not materially less favourable to the Fund 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 Depositary's custodian functions from its other potentially conflicting tasks and by the Depositary adhering to its own conflicts of interest policy.
- 10.11 Details of the conflict of interest policy of the Depositary are available on the website [www.pictet.com](http://www.pictet.com). A paper copy of the summarised conflict of interest policy of the Depositary is available free of charge to the Unitholders upon request.
- 10.12 Under no circumstances will the Depositary be liable to the Fund, 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.
- 10.13 The Depositary is not involved, directly or indirectly, with the business affairs, organisation, sponsorship or management of the Fund and is not responsible for the preparation of this document and accepts no responsibility for any information contained in this document other than the above description. The Depositary will not have any investment decision-making role in relation to the Fund. Decisions in respect of the purchase and sale of assets for the Fund, the selection of investment professionals and the negotiation of commission rates are made by the Management Company and/or its delegates. Unitholders may ask to review the Depositary Agreement at the registered office of the

Management Company should they wish to obtain additional information as regards the precise contractual obligations and limitations of liability of the Depositary.

- 10.14 The Depositary or the Fund may, at any time, by giving at least ninety (90) days' written notice to the other party, terminate the Depositary's appointment, it being understood that any decision by the Management Company to end the Depositary's appointment is subject to the condition that another depositary bank take on the functions and responsibilities of the Depositary within two (2), provided, furthermore, that if the Fund terminates the Depositary's appointment, the Depositary shall continue to assume the functions of depositary until such time as the Depositary has been dispossessed of all the Fund's assets that it held or had arranged to be held on behalf of the Fund. Should the Depositary revoke the appointment, the Management Company shall be required to appoint a new depositary to take on the functions and responsibilities of the Depositary within two (2) months, it being understood that, from the date when the notice of termination expires until such time as a new depositary is appointed by the Management Company, the Depositary will only be obligated to undertake all necessary measures to ensure that the Unitholders' interests are safeguarded.
- 10.15 The Depositary will be entitled to receive a Depositary fee out of the assets of the Initial Sub-funds, payable quarterly in arrears and on a pro rata basis based on the quarterly assets under management of the Initial Sub-funds of up to 0.095% p.a., subject to a minimum Depositary fee per Initial Sub-fund of EUR15,000 p.a. The remuneration of the Depositary in relation to any Sub-fund other than the Initial Sub-funds is set out in each relevant Special Section.

## 11. INVESTMENT MANAGER

- 11.1 Arfina Capital SA was appointed as investment manager of all the Sub-funds (the **Investment Manager**) pursuant to an investment management agreement entered into between the Management Company and the Investment Manager signed on 22 April 2021 (the **Investment Management Agreement**). The Investment Manager will provide to the Fund and to the Sub-funds investment management services pursuant to the terms of the Investment Management Agreement and will be responsible for the relevant Sub-fund's investment activities within the parameters and restrictions as set out in this Prospectus, the Management Regulations and the relevant Special Section.
- 11.2 The Investment Manager is a public limited liability company (*société anonyme*) incorporated under the laws of Switzerland, having its registered office at Nüscherstrasse 31, 8001 Zurich, Switzerland. The Investment Manager is an investment manager supervised by the Swiss Financial Market Supervisory Authority (FINMA).
- 11.3 Unless otherwise stated in the relevant Special Section, the Investment Manager is responsible for, among other matters, identifying and acquiring the investments of the Fund. 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 Fund to achieve the Investment Objectives and Policy set out in this General Section 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 Investment Manager and, as the case may be, the relevant sub-investment manager appointed by the Investment Manager, subject always to the overall policies, direction, control and responsibility of the Management Company.
- 11.4 The Investment Management Agreement has been entered into for an undetermined period of time and may be terminated by either party upon serving to the other party a 30 (thirty) days' prior notice.
- 11.5 Subject to the prior approval of the CSSF and the Management Company, the Investment Manager may appoint one or several sub-investment managers based on their particular knowledge, skills and experience required by the investment profile of the relevant Sub-fund. The Investment Manager may

further be assisted by one or more advisers. Any sub-manager or adviser will provide their services under the costs and the responsibility of the Investment Manager. In case sub-investment managers are appointed, the relevant Special Section will be updated.

- 11.6 The Investment Manager is entitled to receive an Investment Management Fee out of the assets of each Sub-fund, as disclosed in the Special Sections.

## **12. INVESTMENT ADVISER(S)**

- 12.1 Subject to the prior approval of the CSSF, the Management Company and/or the Investment Manager may appoint one or more Investment Advisers to act in a purely advisory capacity to the Fund in respect of one or more Sub-fund(s) as it deems necessary in relation to the management of the portfolio of the relevant Sub-fund.

- 12.2 The Investment Adviser(s) will be remunerated as described in the relevant Special Section.

## **13. DISTRIBUTORS AND NOMINEES**

- 13.1 The Management Company may enter into Distribution Agreement(s) to appoint Distributor(s) to distribute Units of different Sub-funds from time to time. The Distributor(s) may appoint one or more sub-distributors with the consent of the Management Company and the Fund.

- 13.2 The Management Company expects that in relation to Units to be offered to investors the relevant Distributor(s) will offer to enter into arrangements with the relevant investors to provide nominee services to those investors in relation to the Units or arrange for third party nominee service providers to provide such nominee services to the underlying investors.

- 13.3 All Distributors that are entitled to receive subscription monies and/or subscription, redemption or conversion orders on behalf of the Fund 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, such underlying investors will not appear in the Register and will have no direct right of recourse against the Fund.

- 13.4 Any Distributor or nominee service providers holding their Units through Euroclear or Clearstream or any other relevant clearing system as an accountholder also will not be recognised as the registered Unitholder in the Register. The relevant nominee of Euroclear or Clearstream or the other relevant clearing system will be recognised as the registered Unitholder in the Register in such event, and in turn would hold the Units for the benefit of the relevant accountholders in accordance with the relevant arrangements.

- 13.5 The terms and conditions of the Distribution Agreement(s) with arrangements to provide nominee services will have to allow that an underlying investor who (i) has invested in the Fund through a nominee and (ii) is not a Restricted Person, may at any time, require the transfer in his/her/its name of the Units subscribed through the nominee. After this transfer, the investor will receive evidence of his/her/its (share)holding at the confirmation of the transfer from the nominee.

- 13.6 Investors may subscribe directly to the Fund without having to go through Distributor(s) or a nominee.

- 13.7 A copy of the various agreements between the Management Company and the Distributor(s) or nominee(s) are available free of charge at the registered office of the Management Company or of the Distributor(s)/nominee(s) during the normal business hours on any Business Day.

13.8 The Management Company, the Investment Manager or any Investment Adviser may, subject to applicable laws and regulations, enter into retrocession fee arrangements with the Distributor(s) or any sub-distributor in relation to their distribution services. Any such retrocession fee will be paid by the relevant entity out of its own assets (or remuneration).

#### 14. AUDITOR

Deloitte Audit was appointed as statutory auditor of the Fund.

#### 15. SUBSCRIPTIONS

##### General

15.1 At the Initial Offering Date or during the Initial Offering Period the Fund is offering the Units under the terms and conditions as set forth in the relevant Special Section. The Fund may offer Units in one or several Sub-funds or in one or more Classes in each Sub-fund.

15.2 After the Initial Offering Date or the Initial Offering Period, the Fund may offer Units 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 Management Company may decide that for a particular Class or Sub-fund no further Units will be issued after the Initial Offering Date or the Initial Offering Period (as will be set forth in the relevant Special Section).

15.3 Subscriptions are accepted in amounts and for a particular number of Units.

##### Subscription price

15.4 Unitholders or prospective investors may subscribe for a Class in a Sub-fund at a subscription price per Unit equal to:

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

15.5 If an investor wants to subscribe Units, a Subscription Fee as further described in the Special Sections may be added to the subscription price to be paid by the investor. This fee will be payable to the Management Company, the Distributor(s), sub-distributors or intermediaries.

##### Subscription procedure

15.6 Subscriptions may be made only by investors who are not Restricted Persons by:

- (a) submitting a written subscription request to the Distributor(s) or the Management Company to be received by the Management Company (in its capacity as administrative agent) at the time specified in the relevant Special Section (the **Cut-Off**). Subscription requests received after the Cut-Off shall be processed on the basis of the Net Asset Value per Unit as of the next following Valuation Day; and
- (b) delivering to the account of the Depositary cleared funds for the full amount of the subscription price (plus any Subscription Fee) of the Units being subscribed for pursuant to the subscription request, within such number of Business Days as specified in the relevant Special Section (the **Settlement Day**).



- 15.7 If the Depositary does not receive the funds in time, the purchase order may be cancelled and the funds returned to the investor without interest. The investor will be liable for the costs of late or non-payment in which case the Management Company will have the power to redeem all or part of the investor's holding of Units in the Fund in order to meet such costs. In circumstances where it is not practical or feasible to recoup a loss from an applicant for Units, any losses incurred by the Fund due to late or non-payment of the subscription proceeds in respect of subscription applications received may be borne by the Fund.
- 15.8 Subscribers for Units must make payment in the Reference Currency of the relevant Sub-fund or Class. Subscription monies received in another currency than the Reference Currency will be exchanged by the Depositary on behalf of the investor at normal banking rates. Any such currency transaction will be effected with the Depositary at the investor's risk and cost. Such currency exchange transactions may delay any transaction in Units.
- 15.9 Subscribers for Units are to indicate the allocation of the subscription monies among one or more of the Sub-funds and/or Classes offered by the Fund.
- 15.10 In the event that the subscription order is incomplete (i.e., all requested papers are not received by the Management Company (in its capacity as administrative agent of the Fund) or the Distributor(s) by the relevant Cut-Off set out in the relevant Special Section) the subscription order will be rejected and a new subscription order will have to be submitted.
- 15.11 The minimum amount (if any) of Units of the same Class or of the same Sub-fund for which a subscriber or Unitholder must subscribe in each Sub-fund is the amount stipulated in the relevant Special Section as the Minimum Subscription Amount.
- 15.12 In the event that the Management Company decides to reject any application to subscribe for, or the purchase of Units, 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).
- 15.13 The number of Units issued to a subscriber or Unitholder in connection with the foregoing procedures will be equal to the subscription monies provided by the subscriber or Unitholder, after deduction of the Subscription Fee (if any), divided by:
- (a) the Initial Subscription Price, in relation to subscriptions made in connection with an Initial Offering Date or an Initial Offering Period; and
  - (b) the Net Asset Value per Unit of the relevant Class in the relevant Sub-fund as of the relevant Valuation Day.
- 15.14 With regard to the Initial Offering Date or Initial Offering Period, Units will be issued on the first Business Day following the Initial Offering Date or the end of the Initial Offering Period.
- 15.15 The Fund shall recognise rights to fractions of Units up to three (3) decimal places. Any purchases of Units will be subject to the ownership restrictions set forth below. Fractional Units shall have no right to vote (except to the extent their number is so that they represent a whole Unit, in which case, they confer a voting right) but shall have the right to participate pro rata in distributions and allocation of liquidation proceeds.

### **Subscription in kind**

- 15.16 At the entire discretion of the Management Company, Units 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 policy and investment restrictions applicable to the relevant Sub-fund and have a value equal to the issue price of the Units concerned.

The assets contributed to the Sub-fund, as described in the previous sentence, will be valued separately in a special report of the Auditor. Such contribution in kind of assets is not subject to brokerage costs. The Management Company will only have recourse to this possibility (i) at the request of the relevant investor and (ii) if the transfer does not negatively affect existing Unitholders in the relevant Sub-fund. All costs related to a contribution in kind will be borne by the relevant Sub-fund provided that such costs are lower than the brokerage costs which the Sub-fund would have incurred if the assets had been acquired on the market. If the costs relating to the contribution in kind are higher than the brokerage costs which the relevant Sub-fund would have paid if the assets concerned had been acquired on the market, the exceeding portion of costs thereof will be borne by the investor.

## **16. ANTI-MONEY LAUNDERING AND TERRORIST FINANCING REQUIREMENTS**

### **General**

- 16.1 Pursuant to international rules and Luxembourg laws and regulations (comprising, but not limited to, the 2004 Act) as well as circulars and regulations of the CSSF (including CSSF Regulation N°12-02 of 14 December 2012 on the fight against money laundering and terrorist financing, as amended or supplemented from time to time) (the **AML&TF Laws**) obligations have been imposed on all professionals of the financial sector to prevent the use of UCIs for money laundering and financing of terrorism purposes.
- 16.2 The Management Company implemented due diligence measures, in particular, on investors, the Investment Manager, the Investment Advisers (if any) and the Distributors (if any). As a result of the AML&TF Laws, the Management Company (in its capacity as administrative agent of the Fund) must ascertain the identity of the investors. Accordingly, the Management Company (in its capacity as administrative agent of the Fund) may require, pursuant to its risk based approach, investors to provide proof of identity. In any event, the Management Company (in its capacity as administrative agent of the Fund) may require, at any time, additional documentation to comply with applicable legal and regulatory requirements.
- 16.3 Such information shall be collected for compliance reasons only and shall not be disclosed to unauthorised persons unless if required by applicable laws and regulations.
- 16.4 In case of delay or failure by an investor to provide the documents required, the application for subscription may not be accepted and in case of a redemption request, the payment of the redemption proceeds and/or dividends may not be processed. The Management Company does not have any liability for delays or failure to process deals as a result of the investor or the subscriber providing no or only incomplete documentation.
- 16.5 Unitholders may be required from time to time to provide additional or updated identification documents in compliance with applicable laws and regulations.

### **AML/CFT on the Investment side**

- 16.6 Pursuant to articles 3(7) and 4(1) of the 2004 Act and paragraph 309 of the CSSF Circular 18/698, the Management Company is required to apply due diligence measures to the assets of the Fund.
- 16.7 Due diligence measures and required AML/CTF checks over the Fund's Investments will be implemented by the Investment Manager, under the Management Company's ultimate liability, in accordance with Luxembourg Law.

## 17. REDEMPTIONS

### Redemptions

- 17.1 Units in a Sub-fund may be redeemed at the request of the Unitholders on any day that is a Valuation Day. Redemption requests must be sent in writing to the Distributor(s) or the Management Company (in its capacity as administrative agent of the Fund). Redemption request must be received by the Management Company (in its capacity as administrative agent of the Fund) at the time specified in the relevant Special Section on the relevant Valuation Day (the **Cut-Off**). Redemption requests received after the Cut-Off shall be processed on the basis of the Net Asset Value per Unit as of the next following Valuation Day.
- 17.2 The Management Company and the Distributor(s) will ensure that the relevant Cut-Off for requests for redemption as indicated in the Special Section of each Sub-fund are strictly complied with and will therefore take all adequate measures to prevent practices known as Late Trading.
- 17.3 Requests for redemption must be for either a number of Units or an amount denominated in the Reference Currency of the Class of the Sub-fund.
- 17.4 A Unitholder who redeems his/her/its Units will receive an amount per Unit redeemed equal to the Net Asset Value per Unit as of the applicable Valuation Day for the relevant Class in the relevant Sub-fund (less, as the case may be, a Redemption Fee as stipulated in the relevant Special Section and any tax or duty imposed on the redemption of the Units).
- 17.5 Payment of the redemption proceeds shall be made generally within such number of Business Days as specified in the relevant Special Section (the **Settlement Day**). Where a Unitholder redeems Units that he/she/it has not paid for at the required subscription Settlement Day, in circumstances where the redemption proceeds would exceed the subscription amount that he/she/it owes, the Fund will be entitled to retain such excess for the benefit of the Fund.
- 17.6 If as a result of a redemption, the value of a Unitholder's holding would become less than the relevant Minimum Holding Amount as stipulated in the relevant Special Section, the Unitholder may be deemed (if the Management Company so decides) to have requested the redemption of all his/her/its Units.
- 17.7 Redemption of Units may be suspended for certain periods of time as described under Section 23 of the General Section.
- 17.8 The Management Company reserves the right to reduce proportionally all requests for redemptions or conversions in a Sub-fund to be executed on one Valuation Day whenever the total proceeds to be paid for the Units so tendered for redemption or conversion exceed 10% (ten per cent) of the total net assets of that specific Sub-fund. The portion of the non-proceeded redemptions or conversions will then be proceeded by priority on subsequent Valuation Days (but subject always to the foregoing 10% (ten per cent) limit).
- 17.9 Redemption requests must be addressed to the Management Company (in its capacity as administrative agent of the Fund). Redemption requests will only be accepted in writing. Redemption requests are irrevocable (unless otherwise provided in respect of a specific Sub-fund in the relevant Special Section and except during any period where the determination of the Net Asset Value, the issue, redemption and conversion of Units is suspended) and proceeds of the redemption will be remitted to the account indicated by the Unitholder in its redemption request. The Management Company reserves the right not to redeem any Units if it has not been provided with evidence satisfactory to the Management Company that the redemption request was made by a Unitholder. Failure to provide appropriate documentation to the Management Company (acting as administrative agent of the Fund) may result in the withholding of redemption proceeds.

- 17.10 If a Unitholder wants to redeem Units, a Redemption Fee as described in the Special Sections may be levied on the amount to be paid to the Unitholders. This fee will be payable to the Management Company, the Distributor(s), sub-distributors or intermediaries.

### **Compulsory redemptions by the Fund**

- 17.11 The Fund may redeem Units of any Unitholder if the Management Company, whether on its own initiative or at the initiative of a Distributor, determines that:
- (a) any of the representations given by the Unitholders to the Fund or the Management Company were not true and accurate or have ceased to be true and accurate;
  - (b) the Unitholder is not or ceases to be an Eligible Investor;
  - (c) the Unitholders is or has become a Restricted Person;
  - (d) that the continuing ownership of Units by the Unitholders would cause an undue risk of adverse tax consequences to the Fund or any of its Unitholders;
  - (e) the continuing ownership of Units by such Unitholder may be prejudicial to the Fund or any of its Unitholders;
  - (f) further to the satisfaction of a redemption request received by a Unitholder, the number or aggregate amount of Units of the relevant Class held by this Unitholder is less than the Minimum Holding Amount.

## **18. CONVERSIONS**

- 18.1 Unless otherwise stated in the relevant Special Section, Unitholders are allowed to convert all, or part, of the Units of a given Class into Units of the same or different Class of that or another Sub-fund. However, the right to convert Units 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 Unitholder's holding in the new Class would be less than the applicable Minimum Subscription Amount, the Management Company may decide not to accept the request for conversion of the Units. In addition, if, as a result of a conversion, the value of a Unitholder's holding in the original Class would become less than the relevant Minimum Holding Amount as stipulated in the relevant Special Section, the Unitholder may be deemed (if the Management Company so decides) to have requested the conversion of all of his Units. Unitholders are not allowed to convert all, or part, of their Units into Units of a Sub-fund which is closed for further subscriptions after the Initial Offering Date or the Initial Offering Period (as will be set forth in the relevant Special Section).
- 18.2 If the criteria to become a Unitholder of such other Class and/or such other Sub-fund are fulfilled, the Unitholder shall make an application to convert Units by sending a written request for conversion to the Distributor(s) or the Management Company (in its capacity as administrative agent of the Fund). Units may be converted at the request of the Unitholders on any day that is a Valuation Day. The conversion request must be received by the Management Company (in its capacity as administrative agent of the Fund) at the time specified in the relevant Special Section on the relevant Valuation Day (the **Cut-Off**). Conversion requests received after the Cut-Off shall be processed on the basis of the Net Asset Value per Unit as of the next following Valuation Day.
- 18.3 The conversion request must state the amount of the relevant Class or the number of Units of the relevant Classes in the relevant Sub-fund which the Unitholder wishes to convert.

- 18.4 If a Unitholder wants to redeem Units, a Conversion Fee in favour of Sub-fund from which the Units are converted and as described in the Special Sections may be levied to cover conversion costs.
- 18.5 Conversion of Units shall be effected on the Valuation Day (the **Settlement Day**), by the simultaneous:
- (a) redemption of the number of Units of the relevant Class in the relevant Sub-fund specified in the conversion request at the Net Asset Value per Unit of the relevant Class in the relevant Sub-fund; and
  - (b) issue of Units on that Valuation Day in the new Sub-fund or Class, into which the original Units are to be converted, at the Net Asset Value per Unit for Units of the relevant Class in the (new) Sub-fund.
- 18.6 Subject to any currency conversion (if applicable) the proceeds resulting from the redemption of the original Units shall be applied immediately as the subscription monies for the Units in the new Class or Sub-fund into which the original Units are converted.
- 18.7 Where Units denominated in one currency are converted into Units denominated in another currency, the number of such Units to be issued shall be calculated by converting the proceeds resulting from the redemption of the Units into the currency in which the Units to be issued are denominated.

## **19. TRANSFER OF UNITS**

- 19.1 All transfers of Units shall be effected by a transfer in writing in any usual or common form or any other form approved by the Management Company and every form of transfer shall state the full name and address of the transferor and the transferee. The instrument of transfer of a Unit shall be signed by or on behalf of the transferor. The transferor shall be deemed to remain the holder of the Unit until the name of the transferee is entered in the Register in respect thereof. The registration of a transfer may be suspended at such times and for such periods as the Management Company may from time to time determine, provided, however, that such registration shall not be suspended for more than 90 days in any calendar year. The Management Company may decline to register any transfer of Units unless the original instruments of transfer, and such other documents that the Management Company may require are deposited at the registered office of the Management Company or at such other place as the Management Company may reasonably require, together with such other evidence as the Management 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, (ii) is a Restricted Person or acting for or on behalf of a Restricted Person or (iii) does qualify as Institutional Investor.
- 19.2 The Management Company may decline to register a transfer of Units:
- (a) if in its opinion, the transfer will be unlawful or will result or be likely to result in any adverse regulatory, tax or fiscal consequences to the Fund or its Unitholders; or
  - (b) if the transferee is a US Person or is acting for or on behalf of a US Person; 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) if in its opinion, the transfer of the Units would lead to the Units being registered with a depository or clearing system where the Units could be further transferred otherwise than in accordance with the terms of this Prospectus or the Management Regulations.

## 20. OWNERSHIP RESTRICTIONS

### General

- 20.1 A person who is a Restricted Person may not invest in the Fund. In addition, each applicant for Units must certify that it is either (a) not a US Person or (b) a "qualified institutional buyer" within the meaning of Rule 144A under the Securities Act and a "qualified purchaser" within the meaning of Section 2(a)(51) of the Investment Company Act. The Management Company may, in its sole discretion, decline to accept an application to subscribe for Units from any prospective investor, including any Restricted Person or any person failing to make the certification set forth in (a) or (b) above. Units may not be transferred to or owned by any Restricted Person. The Units 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 Securities Act or an effective registration statement under the Securities Act. In the absence of an exemption or registration, any resale or transfer of any of the Units in the USA or to US Persons may constitute a violation of US law (See "*Important Information – Selling Restrictions*"). It is the responsibility of the Management Company to verify that Units are not transferred in breach of the above. The Management Company reserves the right to redeem any Units which are or become owned, directly or indirectly, by a Restricted Person or (a) in the case of Regulation S Units, are or become owned, directly or indirectly, by a US Person or (b) in the case of 144 A Securities, are or become owned, directly or indirectly, by a US Person who is not a "qualified institutional buyer" within the meaning of Rule 144A under the Securities Act and a "qualified purchaser" within the meaning of Section 2(a)(51) of the Investment Company Act in accordance with the Management Regulations. Any prospective investor shall only be issued Units for Institutional Investor if such person provides a representation that it qualifies as an Institutional Investor pursuant to Luxembourg Law.
- 20.2 No person or entity will be solicited for investment in the Fund where this could result in the Fund being obliged to meet certain specific reporting requirements for tax purposes and/or where such solicitation would be unauthorised or unlawful, in particular where prior registration with local authorities is required.

### Institutional investors

- 20.3 The sale of Classes of certain Sub-funds may be restricted to institutional investors within the meaning of article 174 of the 2010 Act (**Institutional Investors**) and the Fund will not issue or give effect to any transfer of Classes of such Sub-funds to any investor who may not be considered as an Institutional Investor. The Management Company may, at its discretion, delay the acceptance of any subscription for Classes of a Sub-fund 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 Classes of a Sub-fund restricted to Institutional Investors is not an Institutional Investor, the Management Company will, at its discretion, either redeem the relevant Units in accordance with the provisions under Section 17 of the General Section or convert such Units into Classes of a Sub-fund 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 Management Company or their agents, and notify the relevant Unitholder of such conversion.
- 20.4 Considering the qualification of a subscriber or a transferee as Institutional Investor, the Management Company will have due regard to the guidelines or recommendations (if any) of the competent supervisory authorities.
- 20.5 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 Fund or the Management Company for direct ownership of the Units.

## **21. MARKET TIMING AND LATE TRADING**

- 21.1 Prospective investors and Unitholders should note that the Management Company may reject or cancel any subscription or conversion orders for any reason and in particular in order to comply with the Circular 04/146.
- 21.2 For example, excessive trading of units 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 expenses of the relevant Sub-fund(s). Accordingly, the Management Company may, in its sole discretion, compulsorily redeem Units or reject any subscription requests, redemption requests and/or conversions requests from any investor that the Management Company reasonably believes has engaged in Market Timing activity. For these purposes, the Management Company may consider an investor's trading history in the relevant Sub-fund(s) and accounts under common control or ownership.
- 21.3 In addition to the Redemption Fee or Conversion Fee which may be of application to such orders as set forth in the Special Section of the relevant Sub-fund, the Management Company may impose a penalty of a maximum of 2% of the Net Asset Value of the Units subscribed, redeemed or converted where the Management Company reasonably believes that an investor has engaged in market timing activity. The penalty shall be credited to the relevant Sub-fund. The Fund and the Management Company will not be held liable for any loss resulting from rejected orders or mandatory redemption.
- 21.4 The Management Company will ensure that the relevant Cut-Off for requests of subscriptions, redemptions or conversions are strictly complied with and will therefore take all adequate measures to prevent practices known as Late Trading.

## **22. CALCULATION OF THE NET ASSET VALUE**

### **General**

- 22.1 The Fund, each Sub-fund and each Class have a Net Asset Value determined in accordance with the Management Regulations, Luxembourg Laws and this Prospectus. The reference currency of the Fund is the Euro.

### **Calculation of the NAV**

- 22.2 The Net Asset Value of each Sub-fund or Class shall be calculated in the Reference Currency of the relevant Sub-fund or Class, as it is stipulated in the relevant Special Section, and shall be determined by the Management Company (in its capacity as administrative agent of the Fund) in Luxembourg and in good faith as on each valuation day as stipulated in the relevant Special Section (the **Valuation Day**), by calculating the aggregate of:
- (a) the value of all assets of the Fund which are allocated to the relevant Sub-fund in accordance with the provisions of the Management Regulations; less
  - (b) all the liabilities of the Fund which are allocated to the relevant Sub-fund in accordance with the provisions of the Management Regulations and this Prospectus, and all fees attributable to the relevant Sub-fund, which fees have accrued but are unpaid on the relevant Valuation Day.
- 22.3 The Net Asset Value per Unit shall be calculated in the Reference Currency of the relevant Sub-fund and shall be calculated by the Management Company (in its capacity as administrative agent of the

Fund) as at the Valuation Day of the relevant Sub-fund by dividing the Net Asset Value of the relevant Sub-fund by the number of Units which are in issue on such Valuation Day in the relevant Sub-fund (including Units in relation to which a Unitholder has requested redemption on such Valuation Day).

- 22.4 If the Sub-fund has more than one Class in issue, the Management Company (in its capacity as administrative agent of the Fund) shall calculate the Net Asset Value for each Class by dividing the portion of the Net Asset Value of the relevant Sub-fund attributable to a particular Class by the number of Units of such Class in the relevant Sub-fund which are in issue on such Valuation Day (including Units in relation to which a Unitholder has requested redemption on such Valuation Day).

### **Assets of the Fund**

22.5 The assets of the Fund will comprise, among others:

- (a) all of the currency in cash or in bank deposits including interests due but not received and interest accrued on such deposits on the Valuation Day;
- (b) all effects and notes payable at sight and accounts receivable (including earnings from sales of securities the cost of which has still not been received);
- (c) all securities, units, shares, bonds, option rights or subscription rights and other investments and securities which are owned by the Fund;
- (d) all dividends and distributions receivable by the Fund in cash or in securities insofar as the Fund is aware of these;
- (e) all interests due but not yet received and all interest produced up to the Valuation Day by securities which are the property of the Fund, except where such interest is included within the principal of such securities;
- (f) the setting-up expenses of the Fund insofar as they have not yet been amortised; and
- (g) all other assets of any nature whatsoever, including prepaid expenses.

22.6 The Management Company (in its capacity as administrative agent of the Fund) will calculate the NAV of each Sub-fund or Class to up to three (3) decimals.

### **Valuation of assets of the Fund**

22.7 The value of such assets of the Fund 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, 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) Transferable Securities or Money Market Instruments not quoted or traded on an official stock exchange or any other Regulated Market, and quoted Transferable Securities or Money Market Instruments, but for which the last known price is not representative, valuation is based on the probable sales price estimated prudently and in good faith by the Management Company;



- (c) units and shares issued by UCITS or other UCIs will be valued at their last available net asset value;
- (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 Management Company, 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 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 Management Company 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 relevant Fund would receive if it sold the investment. The Management Company 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 Management Company. If the Management Company believes that a deviation from the amortised cost per Unit may result in material dilution or other unfair results to Unitholders, the Management Company 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) 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 Prospectus;
- (g) accrued interest on securities will be included if it is not reflected in the Unit price;
- (h) 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 between the Reference Currency and the currency of denomination; and
- (i) 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 sub-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 Management Company.

22.8 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 Management Company (in its capacity as administrative agent of the Fund), 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 relevant Sub-fund(s) 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 such Sub-fund(s) are invested. Nevertheless, the Net Asset Value calculated using this method shall be considered as final and applicable despite any future divergence.

- 22.9 In respect of relations between the Unitholders, each Sub-fund will be considered a separate entity generating its own revenues, capital gains and capital losses, expenses and costs, without restriction. Assets, liabilities, costs, and expenses which are not attributable to any specific Sub-fund shall be allocated to the various different Sub-funds in equal parts or in proportion to their respective net assets in cases where the sums in question justify this.
- 22.10 Every Unit which is in the process of being redeemed will be deemed to be a unit issued and in existence until the close of the Valuation Day which corresponds to the redemption of that unit, and its price will be deemed to constitute a liability of the Fund as from the close of that day.
- 22.11 All Units are to be issued by the Fund in compliance with the orders for subscription received will be treated as having been issued as from the Valuation Day of its issue price, and its price will be treated as a receivable of the Fund until it has in fact been received by the Fund.

### **23. SUSPENSION OF DETERMINATION OF THE NET ASSET VALUE, ISSUE, REDEMPTION AND CONVERSION OF UNITS**

- 23.1 The Management Company may suspend from to time the determination of the Net Asset Value of Units of any Sub-fund or Class, the issue of the Units of such Sub-fund or Class to subscribers, the redemption of the Units of such Sub-fund or Class requested by its Unitholders as well as conversions of Units of any Class in a Sub-fund pursuant to the following exceptional circumstances:
- (a) when one or more stock exchanges or markets, which provide the basis for valuing a substantial portion of the assets of the Sub-fund or of the relevant Class, or when one or more foreign exchange markets in the currency in which a substantial portion of the assets of the Sub-fund or of the relevant 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 Management Company, disposal of the assets of the Sub-fund or of the relevant Class is not reasonably or normally practicable without being seriously detrimental to the interests of the Unitholders;
  - (c) in the case of a breakdown in the normal means of communication used for the valuation of any investment of the Sub-fund or of the relevant Class or if, for any reason beyond the responsibility of the Management Company, the value of any asset of the Sub-fund or of the relevant 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 Fund are rendered impracticable or if purchases and sales of the Sub-fund's assets cannot be effected at normal rates of exchange; and
  - (e) where, in the opinion of the Management Company, circumstances which are beyond the control of the Fund make it impracticable or unfair vis-à-vis the Unitholders to continue trading the Units.

#### **Notification and effects of suspension**

- 23.2 Any such suspension may be notified by the Management Company in such manner as it may deem appropriate to the persons likely to be affected thereby. The Management Company will notify Unitholders requesting redemption of their Units of such suspension.

- 23.3 Such suspension as to any Sub-fund will have no effect on the calculation of the Net Asset Value per Unit, the issue, redemption and conversion of Units of any other Sub-fund.
- 23.4 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 Unit in the relevant Sub-fund, in which case Unitholders may give notice that they wish to withdraw their application. If no such notice is received by the Management Company (acting as administration agent of the Fund) before the end of the suspension period, such application will be dealt with on the first Valuation Day, as determined for each relevant Sub-fund, following the end of the period of suspension. Any subscription, redemption and/or conversion requests received by the Management Company (acting as administration agent) during a suspension period will be rejected.

## **24. GENERAL INFORMATION**

### **Fiscal Year**

- 24.1 The Fiscal Year will begin on 1 January and end on 31 December of each year, except for the first Fiscal Year which started on 22 April 2021 and will end on 31 December 2021.

### **24.2 Reports and notices to Unitholders**

- 24.3 Audited annual reports are established at the end of each Fiscal Year, and, will be established as at 31 December of each year and, for the first time as at 31 December 2021. In addition, unaudited semi-annual reports will be established as per the last day of the month of June and for the first time in June 2021. Those financial reports will provide information on each of the Sub-fund's assets as well as the consolidated accounts of the Fund and be made available to the Unitholders free of charge at the registered office of the Management Company.
- 24.4 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 Euro.
- 24.5 Audited annual reports shall be published within four (4) months following the end of the Fiscal Year and unaudited semi-annual reports shall be published within two (2) months following the end of period to which they refer.
- 24.6 Information on the Net Asset Value, the subscription price (if any) and the redemption price may be obtained at the registered office of the Management Company.

### **Documents available to Unitholders**

- 24.7 The following documents shall also be available free of charge for inspection by Unitholders during normal business hours on any Business Day at the registered office of the Management Company:
- (a) the Management Regulations;
  - (b) the Prospectus;
  - (c) the Depositary Agreement;
  - (d) the Investment Management Agreement;
  - (e) the investment adviser agreement(s) (if any);
  - (f) the KID(s); and

(g) the most recent annual and semi-annual financial statements of the Fund.

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

24.9 A copy of the Prospectus, the KID(s), the most recent financial statements and the Management Regulations may be obtained free of charge upon request at the registered office of the Management Company.

#### **Change of address**

24.10 Unitholders must notify the Management Company in writing, at the address indicated above, of any changes or other account information. Notices to Unitholders will be sent to their registered addresses (or such other address as set out in the Register).

### **25. LIQUIDATION AND MERGER OF SUB-FUNDS OR CLASSES**

#### **Right to liquidate the Fund**

25.1 Unless the Management Company determines to terminate the Fund in the case where the value of the net assets of the Fund has decreased to an amount determined by the Management Company to be the minimum level for the Fund to be operated in an economically efficient manner, or in case of a significant change of the economic or political situation, or monetary situation or as a matter of economic rationalisation, the Fund will exist for an indefinite period.

25.2 The Fund will further be dissolved:

- (a) automatically upon the termination of a Sub-fund if no further Sub-fund is active at that time;
- (b) in the case of cessation of the functions of the Management Company or the Depositary, if they have not been replaced within two (2) months;
- (c) in the case of bankruptcy of the Management Company; or
- (d) if the net assets of the Fund have become less, over a period of more than six (6) months, than a quarter (1/4) of the legal minimum net asset requirement of the Fund (i.e., EUR1,250,000).

25.3 The Fund must inform the CSSF without delay if the net assets of the Fund fall below two-thirds (2/3) of the legal minimum net asset requirement of the Fund (i.e., EUR1,250,000). If the net assets of the Fund fall below such legal minimum, the CSSF may require the Management Company to wind-up the Fund.

25.4 The liquidation of the Fund or of a Sub-fund cannot be requested by a Unitholder.

#### **Notice of liquidation – Liquidation procedure**

25.5 Notice of dissolution of the Fund will be given by the Management Company or the Depositary in the RESA and will further be published in two (2) newspapers, one of which must be a Luxembourg newspaper with a broad circulation.

25.6 No Units may be issued after the occurrence of the event giving rise to the liquidation of the Fund. The redemption of Units remains possible provided the equal treatment of Unitholders can be ensured.

25.7 In the event of a winding-up of the Fund or a Sub-fund, the Fund will dispose of the assets of the Fund or the relevant Sub-fund (as applicable) in the best interests of the Unitholders of the Fund or the Unitholders of the particular Sub-fund (as applicable), and the Depositary, upon instructions given by

the Management Company, will distribute the net proceeds of winding-up, after deduction of all winding-up expenses, among the Unitholders, *pro rata* of the number of Units held by each of them in the relevant Sub-fund and Class.

- 25.8 The Fund will seek to complete the winding-up process as soon as practicable in compliance with the provisions set forth under Luxembourg Law.
- 25.9 At the close of liquidation of the Fund the proceeds thereof, corresponding to Units not surrendered, will be deposited with the *Caisse de Consignation* in Luxembourg until expiry of the applicable statute of limitation.

### **Liquidation of Sub-funds or Classes - Merger**

- 25.10 If, for any reason, the net assets of a Sub-fund or of any Class fall below the equivalent of EUR2,000,000 or such other amount as determined by the Management Company, as to be insufficient to operate the relevant Sub-fund or Class in an economically viable manner, or if a change in the economic or political environment of the relevant Sub-fund or Class may have material adverse consequences on a Sub-fund's or Class' investments, or if an economic rationalisation so requires, the Fund may decide to offer to the relevant Unitholders the conversion of their Units into Units of another Sub-fund under terms fixed by the Management Company or to compulsorily redeem all the Units of the relevant Sub-fund or Class at the NAV per Unit (taking into account projected realisation prices of investments and realisation expenses calculated on the Valuation Day immediately preceding the date at which such decision will take effect).
- 25.11 The Management Company will send a written notice to the Unitholders affected prior to the effective date of the forced redemption and shall indicate in such notice the reasons and the procedures for the redemption operation. Unless decided otherwise in the interests of the relevant Unitholders or for the purpose of safeguarding the equitable treatment of the Unitholders, the Unitholders of the relevant Sub-fund or Class may continue to request the redemption or conversion without charge of their Units (but making use of the current exit prices of their investments and the costs of realisation) prior to the effective date of the forced redemption.
- 25.12 Under the same circumstances as set out above, the Management Company can also decide to allocate the assets of any Sub-fund to those of another existing Sub-fund or to another UCI or sub-fund thereof or to merge the Fund with another UCI (or sub-fund thereof) registered under Part I of the 2010 Act. The Unitholders will be informed one (1) month before the Valuation Day on which the merger takes effect by notice to be mailed to the Unitholders. The notice will contain information in relation to the other UCI. During this period, Unitholders, in respect of the Sub-funds (if any), may request the redemption of some or all of their Units free of any redemption charge at the corresponding Net Asset Value of the Units. After such period, Unitholders having not requested the redemption of their Units (if entitled to do so) will be bound by the decision of the Management Company, provided that only the Unitholders having expressly consented thereto may be transferred to a foreign UCI.
- 25.13 Any request for subscription will be suspended as from the moment of the announcement of the termination, the merger or the transfer of the relevant Sub-fund.

## **26. FEES, COMPENSATION AND EXPENSES**

### **Expenses**

- 26.1 Fees and expenses payable directly by the Fund, and any expenses which are not attributable to a specific Sub-fund incurred by the Fund will be charged to all Sub-funds in proportion to their average Net Asset Value.

### *Operation and administration expenses*

- 26.2 The Fund 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 Fund; the reasonable disbursements and out-of-pocket expenses (including without limitation telephone, cable and postage expenses) incurred by the Depositary and any custody charges of banks and financial institutions to whom custody of assets of the Fund is entrusted; usual banking fees due on transactions involving securities or other assets (including derivatives) held in the portfolio of the Fund; the fees, expenses and all reasonable out-of-pocket expenses properly incurred by the Management Company, the Service Providers and any other agent appointed by the Management Company for the account of the Fund; legal expenses incurred by the Management Company or the Service Providers while acting in the interests of the Unitholders; the cost and expenses of preparing and/or filing and printing the Management Regulations and all other documents concerning the Fund (in such languages as are necessary), including KIDs, registration statements, prospectuses and explanatory memoranda with all authorities (including local securities dealers' associations) having jurisdiction over the Fund or the offering of Units of the Fund; the cost of preparing, in such languages as are necessary for the benefit of the Unitholders (including the beneficial holders of the Units), 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; the cost of preparing and distributing notices to the Unitholders; a reasonable share of the cost of promoting the Fund, as determined in good faith by the Management Company, including reasonable marketing and advertising expenses; the costs incurred with the admission and the maintenance of the Units on the stock exchanges on which they are listed (if listed). The Management Company may accrue in the accounts of the Fund administrative and other expenses of a regular or recurring nature based on an estimated amount rateably for yearly or other periods.
- 26.3 The Depositary is entitled to receive, out of the assets of each Class within each Sub-fund, a fee which will always be in line with customary market practice in Luxembourg.
- 26.4 The Management Company (acting as administrative agent of the Fund) is entitled to receive, out of the assets of each Class within each Sub-fund, a fee which will always be in line with customary market practice in Luxembourg.
- 26.5 The Investment Manager is entitled to receive an Investment Management Fee out of the assets of each Sub-fund, as disclosed in the relevant Special Sections.
- 26.6 The Investment Adviser is entitled to receive an investment advisory fee out of the assets of each Sub-fund, as disclosed in the relevant Special Sections.

### *Management Company Fee and related expenses*

- 26.7 In consideration for all services provided by the Management Company, the Management Company is entitled to an annual Management Company Fee. The Management Company Fee will be calculated as the average of the month-end Net Asset Value of the previous quarter and invoiced quarterly in arrears out of the assets of each Sub-fund at a rate as specified for each Sub-fund and/or Class in the relevant Special Section.

### *Formation and launching expenses*

- 26.8 The Initial Sub-funds will bear the formation and launching expenses (including but not limited to legal fees related to the set-up of the Fund, travel expenses, etc.) incurred on behalf of, or in connection with, the formation of the Fund and the launching of the Initial Sub-funds. These expenses per Initial Sub-fund are estimated at approximately EUR 7,500 (excluding VAT, if any) and will be amortised over a period not exceeding five (5) years.

- 26.9 Expenses incurred in connection with the creation of any additional Sub-fund may be borne by the relevant Sub-fund and be amortised over a period not exceeding five (5) years. Hence, the additional Sub-funds will not bear a *pro rata* share of the costs and expenses incurred in connection with the creation of the Fund and the initial issue of Units.

#### **Rebates and inducements**

- 26.10 The Management Company, each Investment Manager or Investment Adviser may from time to time enter into arrangements whereby such person agrees that part of its fees will be redirected to one or more entities, such as business introducers, as payment for services that they have provided to or for the benefit of the Fund. The relevant person may only enter into similar arrangements in accordance with applicable law and regulatory requirements. Any such person may also enter into arrangements with one or more investors to the effect that they will rebate all or a portion of their fees to such investor(s), each time subject to applicable regulatory requirements and provided always that these arrangements are in the best interest of the Fund and that the fair treatment of the Unitholders is ensured. Further information about such arrangements is available on request.

#### **Remuneration of the Investment Manager**

- 26.11 The Investment Manager of a Sub-fund will be remunerated as agreed from time to time in writing between the Management Company and the Investment Manager, as the case may be and as set out in the relevant Special Section.

#### **Remuneration of an Investment Adviser**

- 26.12 Any Investment Adviser of a Sub-fund will be remunerated as agreed from time to time in writing between the Investment Manager, the Investment Adviser and the Fund, as the case may be and as set out in the relevant Special Section.

### **27. DISTRIBUTION – ALLOCATION OF INCOME**

- 27.1 The distributions may be made in cash or in Units in accordance with the 2010 Act. Dividends may include a capital distribution, provided that after distribution the net assets of the Fund total more than EUR1,250,000.
- 27.2 The Fund may issue Accumulation Classes and Distribution Classes within the Classes of each Sub-fund, as indicated in the Special Section. In principle, Accumulation Classes capitalise their entire earnings whereas Distribution Classes pay dividends to the Unitholders.
- 27.3 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 Management Company within the conditions set forth in the relevant Special Section.
- 27.4 Payments will be made in the Reference Currency of the relevant Sub-fund and/or Class. Dividends remaining unclaimed for five (5) years after their declaration will be forfeited and revert to the relevant Sub-fund.

### **28. TAXATION GENERAL**

- 28.1 The Fund'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, no subscription tax is due by the Fund on the portion

of assets invested therein. Are exempt from the subscription tax, Sub-funds (i) whose Units 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.

- 28.2 The Fund's income is not taxable in Luxembourg. Income received by the Fund 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 Units.
- 28.3 Under current legislation, Unitholders are not subject to any capital gains, income, withholding, or other taxes in Luxembourg with respect to their investment in the Units, except for those Unitholders resident of, or established in Luxembourg, or having a permanent establishment or permanent representative in Luxembourg.
- 28.4 The information referred to in the previous paragraph is limited to the taxation of the Unitholders in Luxembourg in respect of their investment in the Units and does not include an analysis of their taxation resulting from the underlying investments of the Fund.

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

- 28.5 The Fund may be required to report certain information about its Unitholders and, as the case may be, about individuals controlling Unitholders 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 law of 18 December 2015 concerning the Common Reporting Standard (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 Units (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 applicable Luxembourg legislation and related international agreements.
- 28.6 Each Unitholder and prospective investor agrees to provide, upon request by the Management Company (or its delegates), any such information, documents and certificates as may be required for the purposes of the Fund's identification and reporting obligations under any AEOI Law. Each Unitholder undertakes to inform the Management Company (or its delegates) within thirty (30) days of any change of circumstances that may cause such information, documents or certificates to be incomplete or incorrect. The Management Company (or its delegates) reserves the right to reject any application for Units or to redeem Units (i) if the prospective investor or Unitholder does not provide the required information, documents or certificates or (ii) if the Management Company (or its delegates) has reason to believe that the information, documents or certificates provided to the Management Company (or its delegates) are incomplete or incorrect and the Unitholder does not provide, to the satisfaction of the Management Company (or its delegates), sufficient information to cure the situation. Prospective investors and Unitholders should note that incomplete or inaccurate information may lead to multiple and/or incorrect reporting under the AEOI Laws. Neither the Fund, the Management Company nor any other person accepts any liability for any consequences that may result from incomplete or inaccurate information provided to the Management Company (or its



delegates). Any Unitholder failing to comply with the Management Company's information requests may be charged with any taxes and penalties imposed on the Fund attributable to such Unitholder's failure to provide complete and accurate information.

- 28.7 Each Unitholder and prospective investor acknowledges and agrees that the Fund 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.
- 28.8 The foregoing is only a summary of the implications of the AEOI Law, is based on the current interpretation thereof and does not purport to be complete in all respects. It does not constitute investment or tax advice and investors should therefore seek advice from their financial or tax adviser on the full implications for themselves of the relevant AEOI Law.

### **Other jurisdictions**

- 28.9 Interest, dividend and other income realised by the Fund 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 Fund will bear since the amount of the assets to be invested in various countries and the ability of the Fund to reduce such taxes is not known.
- 28.10 It is expected that Unitholders 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 Units in the Fund. These consequences will vary in accordance with the law and practice currently in force in a Unitholder's country of citizenship, residence, domicile or incorporation and with his or her personal circumstances.

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

- 28.11 The foregoing description of Luxembourg tax consequences of an investment in, and the operations of, the Fund 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 Fund to income taxes or subject Unitholders to increased income taxes.
- 28.12 THE INFORMATION SET OUT ABOVE IS A SUMMARY OF THOSE TAX ISSUES WHICH COULD ARISE IN LUXEMBOURG AND DOES NOT PURPORT TO BE A COMPREHENSIVE ANALYSIS OF THE TAX ISSUES WHICH COULD AFFECT A PROSPECTIVE SUBSCRIBER.
- 28.13 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.

## **29. RISK FACTORS**

- 29.1 Before making an investment decision with respect to Units 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 29 and under the Section "*Specific Risk Factors*" in the relevant Special Section. The risk factors referred to therein, and in this document, alone or collectively, may reduce the return on the Units of any Sub-fund and could result in the loss of all or a proportion of a Unitholder's investment in the Units of any Sub-fund.

The price of the Units of any Sub-fund can go down as well as up and their value is not guaranteed. Unitholders may not receive, at redemption or liquidation, the amount that they originally invested in any Class or any amount at all.

- 29.2 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 KID(s) 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.
- 29.3 The Company is intended to be a medium to long-term investment vehicle (depending on the investment policy of the relevant Sub-funds). Units may however be redeemed on each Valuation Day. Substantial redemptions of Units by Unitholders within a limited period of time could cause the Fund to liquidate positions more rapidly than would otherwise be desirable, which could adversely affect the value of both the Units being redeemed and the outstanding Units. In addition, regardless of the period of time in which redemptions occur, the resulting reduction in the Net Asset Value per Unit could make it more difficult for the Fund to generate trading profits or recover losses.
- 29.4 **AN INVESTMENT IN THE UNITS 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.**
- 29.5 **BEFORE MAKING ANY INVESTMENT DECISION WITH RESPECT TO THE UNITS, 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.**

### **Historical performance**

- 29.6 The past performance of the Sub-funds (if any) of any other investment vehicle managed by the Management Company or any of its Affiliates or advisors is not meant to be an indication of its potential future performance. The nature of, and risk associated with, the Sub-fund may differ substantially from those investments and strategies undertaken historically by the Management Company, its Affiliates or advisors. In addition, market conditions and investment opportunities may not be the same for the Sub-fund as they had been in the past, and may be less favourable. Therefore, there can be no assurance that the Sub-fund's assets will perform as well as the past investments managed by the Management Company, its Affiliates or advisors. It is possible that significant disruptions in, or historically unprecedented effects on, the financial markets and/or the businesses in which the Sub-fund invests in may occur, which could diminish any relevance the historical performance data of the Sub-fund may have to the future performance of the Sub-fund.

### **Investments in emerging markets**

- 29.7 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.

- 29.8 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 Fund 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.
- 29.9 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 shall 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.
- 29.10 The Fund 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 Fund 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.
- 29.11 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 Fund's claims in any of these events.
- 29.12 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.
- 29.13 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 Depositary). No certificates representing ownership of Russian companies will be held by the Depositary 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 Fund 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.
- 29.14 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.

- 29.15 In particular, investors' attention is drawn to the fact that, at present, investments in Russia are subject to increased risk as regards the ownership and custody of Transferable Securities: market practice for the custody of bonds is such that these bonds are deposited with Russian institutions that do not always have adequate insurance to cover risk of loss arising from the theft, destruction or disappearance of instruments held in custody.

#### **Nominee arrangements**

- 29.16 The Fund 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 Fund, in particular the right to participate in General Meetings, if the investor is registered himself/herself/itself and in his/her/its own name in the Register. In cases where an investor invests in the Fund through an intermediary investing into the Fund in his/her/its own name but on behalf of the investor, it may not always be possible for the investor to exercise certain unitholder rights directly against the Fund. Investors are advised to take advice on their rights.

#### **Investments in small capitalisation companies**

- 29.17 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.

#### *Investments in China and market risk*

- 29.18 Investing in the People's Republic of China (**PRC**) is subject to the risks of investing in emerging markets – outlined above – and additional risks which are specific to the PRC market. The economy of China is in a state of transition from a planned economy to a more market oriented economy and investments may be sensitive to changes in law and regulation together with political, social or economic policy which includes possible government intervention. In extreme circumstances, a Sub-fund investing in the PRC may incur losses due to limited investment capabilities, or may not be able to fully implement or pursue its investment objectives or strategy, due to local investment restrictions, illiquidity of the PRC domestic securities market, and/or delay or disruption in execution and settlement of trades. Any Sub-fund investing directly (or indirectly through a UCITS and other UCIs) in China may be adversely affected by such losses.
- 29.19 China is one of the world's largest emerging markets. As with investing in any emerging market country, investments in China may be subject to greater risk of loss than investments made in a developed market. This is due, among other things, to greater market volatility, lower trading volume, greater risk of market shut down, and more governmental limitations with respect to foreign-inward investment. The companies in which a Sub-fund invests may be held to lower disclosure, corporate governance, accounting and reporting standards than companies listed or traded in more developed markets. In addition, some of the securities held by a Sub-fund may be subject to higher transaction and other costs, foreign ownership limits, the imposition of taxes, or may have liquidity issues which make such securities more difficult to sell at reasonable prices. These factors may increase the volatility and hence the risk of an investment in a Sub-fund investing in China.

### *Legal risk*

- 29.20 The PRC legal system is based on written statutes and their interpretation by the Supreme People's Court. Prior court decisions may be cited for reference but have no precedent value. Since 1979, the PRC government has been developing a comprehensive system of commercial laws, and considerable progress has been made in introducing laws and regulations dealing with economic matters such as foreign investment, corporate organisation and governance, commerce, taxation and trade. However, because of the limited volume of published cases and judicial interpretation and their non-binding nature, the interpretation and enforcement of these regulations involves significant uncertainties. Given the short history of the PRC system of commercial laws, the PRC regulatory and legal framework may not be as well developed as those of developed countries. In addition, as the PRC legal system develops, no assurance can be given that changes in such laws and regulations, their interpretation or their enforcement will not have a material adverse effect on the relevant Sub-fund's onshore business operations. The PRC government heavily regulates the domestic exchange of foreign currencies within the PRC. PRC law requires that all domestic securities transactions must be settled in renminbi (the **RMB**) (other than trading of B shares which are not available for foreign investors under the Stock Connect as defined below), places significant restrictions on the remittance of foreign currency, and strictly regulates currency exchange from RMB.

### *Stock connect*

- 29.21 The Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect (together, the **Stock Connect**) is a securities trading and clearing linked programme developed by the Hong Kong Exchanges and Clearing Limited (the **HKEx**), the Shanghai Stock Exchange (**SSE**), the Shenzhen Stock Exchange (**SZSE**) and the China Securities Depository and Clearing Co., Ltd. (**CSDCC**), with an aim to achieve mutual stock market access between the PRC and Hong Kong.
- 29.22 Each of the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect comprises a northbound trading link (the **Northbound Trading Link**) for investment in PRC shares and a southbound trading link (the **Southbound Trading Link**) for investment in Hong Kong shares. Under the Northbound Trading Link, Hong Kong and overseas investors (including the relevant Sub-fund), through their Hong Kong brokers and a securities trading service company established by the Stock Exchange of Hong Kong Limited (**SEHK**) are able to trade eligible shares listed on the SSE or the SZSE by routing orders to the SSE or the SZSE (as the case may be). Under the Southbound Trading Link, eligible investors, through PRC securities firms and a securities trading service company established by the SSE, are able to trade eligible shares listed on the SEHK by routing orders to the SEHK.

### *Eligible securities*

- 29.23 Initially, Hong Kong and overseas investors are only able to trade certain stocks listed on the SSE market (the **SSE Securities**) and the SZSE market (the **SZSE Securities**). It is expected that the list of eligible securities will be subject to review.

### *Trading day*

- 29.24 Investors (including the relevant Sub-fund) will only be allowed to trade on the other market on days where both markets are open for trading, and banking services are available in both markets on the corresponding settlement days.

### *Trading quota*

- 29.25 Trading under the Stock Connect will be subject to a daily quota (the **Daily Quota**), which will be separate for Northbound and Southbound trading. The Daily Quota limits the maximum net buy value of cross-boundary trades by all investors (including the relevant Sub-fund) under the Stock Connect

each day. The quotas are utilised on a first-come-first-serve basis. The SEHK will monitor the quota and publish the remaining balance of the Northbound Daily Quota at scheduled times on the HKEx's website. The Daily Quota may change in the future. The Investment Manager and/or the Management Company will not notify investors in case of a change of quota.

#### *Settlement and custody*

- 29.26 The Hong Kong Securities Clearing Company Limited (**HKSCC**) is responsible for the clearing, settlement and the provision of depository, nominee and other related services of the trades executed by Hong Kong market participants and investors. SSE Securities or SZSE Securities acquired by an investor through Northbound Trading is maintained with such investor's broker's or custodian's stock account with the Central Clearing and Settlement System (**CCASS**) operated by HKSCC.

#### *Currency*

- 29.27 Hong Kong and overseas investors (including a Sub-fund) will trade and settle SSE Securities and SZSE Securities in RMB only.

#### *Trading fees*

- 29.28 In addition to paying trading fees and stamp duties in connection with China A-share trading, a Sub-fund may be subject to other fees and taxes concerned with income arising from stock transfers which are determined by the relevant authorities.

#### *Coverage of Investor Compensation Fund*

- 29.29 A Sub-fund's investments through Northbound trading under Stock Connect is not covered by Hong Kong's Investor Compensation Fund. Hong Kong's Investor Compensation Fund is established to pay compensation to investors of any nationality who suffer pecuniary losses as a result of default of a licensed intermediary or authorised financial institution in relation to exchange-traded products in Hong Kong. Since default in Northbound trading via Stock Connect do not involve products listed or traded in the SEHK or the Hong Kong Futures Exchanges Limited, such trading is not covered by Hong Kong's Investor Compensation Fund. Furthermore, since a Sub-fund is carrying out Northbound trading through securities brokers in Hong Kong but not PRC brokers, such trading is not protected by the China Securities Investor Protection Fund in the PRC.

#### *Foreign shareholding restrictions*

- 29.30 Pursuant to relevant rules and regulations, foreign investors holding China A-shares (including through the Stock Connect) are subject to the following shareholding restrictions:
- (a) the shareholding of any single foreign investor in an A-share listed company must not exceed 10% of such company's total issued shares; and
  - (b) the aggregate shareholding in the A shares of all foreign investors in an A-share listed company must not exceed 30% of such company's total issued shares.
- 29.31 When aggregate foreign shareholding in the A shares of an individual A-share listed company exceeds the 30% threshold, the foreign investors concerned will be requested to sell the relevant China A-shares on a last-in-first-out basis within 5 trading days. If the 30% threshold is exceeded due to trading via Stock Connect, the SEHK will identify the exchange participant(s) concerned and require a force-sell. As a result, it is possible that a Sub-fund may be required to unwind its positions where it has invested in a China A-share listed company in respect of which the aggregate foreign shareholding threshold has been exceeded.

29.32 The SSE, SZSE and the SEHK (as the case may be) will issue warnings as the aggregate foreign shareholding of an SSE Security or SZSE Security approaches 30%. Northbound Trading buy orders will be suspended once the aggregate foreign shareholding reaches 28% and will resume when it drops back to 26%. Northbound Trading sell orders will not be affected.

29.33 Further information about the Stock Connect is available at the website: [http://www.hkex.com.hk/mutual-market/stock-connect?sc\\_lang=en](http://www.hkex.com.hk/mutual-market/stock-connect?sc_lang=en).

*Stock Connect risk*

29.34 A Sub-fund's investments through the Stock Connect may be subject to the following risks:

29.35 In the event that a Sub-fund's ability to invest in China A-shares through the Stock Connect on a timely basis is adversely affected, the Sub-fund's ability to achieve its investment objective may be affected.

*Quota limitations*

29.36 The Stock Connect is subject to quota limitations. In particular, once the remaining balance of the Northbound Daily Quota drops to zero or the Northbound Daily Quota is exceeded during the opening call session, new buy orders will be rejected (though investors will be allowed to sell their cross-boundary securities regardless of the quota balance). The Sub-fund's ability to invest in China A-shares through the Stock Connect may be affected.

*Front-end monitoring risk*

29.37 PRC regulations require that in order for an investor to sell any China A-share on a certain trading day, there must be sufficient China A-shares in the investor's account with the SEHK Participant who acts as the selling broker before market opens on that day. If there are insufficient China A-shares in the investor's account with the SEHK Participant who acts as the selling broker, the sell order will be rejected by the SSE or the SZSE. The SEHK carries out pre-trade checking on SSE Securities and SZSE Securities sell orders of its participants (i.e. stock brokers) to ensure that this requirement is satisfied. This means that investors must transfer SSE Securities and SZSE Securities to the accounts of its brokers before the market opens on the day of selling. If an investor fails to meet this deadline, it will not be able to sell SSE Securities or SZSE Securities on the relevant trading day. Because of this requirement, investors may not be able to dispose of holdings of SSE Securities or SZSE Securities in a timely manner. This also raises concerns as to counterparty risks as securities may need to be kept by brokers overnight.

29.38 To facilitate investors whose SSE Securities or SZSE Securities are maintained with custodians to sell their SSE Securities or SZSE Securities without having to pre-deliver the SSE Securities or SZSE Securities from their custodians to their executing brokers, the HKEx introduced an enhanced pre-trade checking model in March 2015, under which an investor may request its custodian to open a special segregated account (SPSA) in CCASS to maintain its holdings in SSE Securities and SZSE Securities. Such investors only need to transfer SSE Securities or SZSE Securities from its SPSA to its designated broker's account after execution and not before placing the sell order. If a Sub-fund is unable to utilise this model, it would have to deliver SSE Securities or SZSE Securities to brokers before the trading day and the above risks may still apply.

*Legal and beneficial ownership risk*

29.39 The SSE Securities and the SZSE Securities in respect of a Sub-fund will be held by the Depository (or its delegate) in accounts in CCASS maintained by the HKSCC as central securities depository in Hong Kong. The HKSCC in turn holds the SSE Securities and the SZSE Securities, as the nominee holder, through an omnibus securities account in its name registered with the CSDCC. The precise nature and rights of a Sub-fund as the beneficial owner of the SSE Securities and the SZSE Securities

through HKSCC as nominee is not well defined under PRC law. There is lack of a clear definition of, and distinction between, legal ownership and beneficial ownership under PRC law and there have been few cases involving a nominee account structure in the PRC courts. The exact nature and methods of enforcement of the rights and interests of a Sub-fund under PRC law is also uncertain.

- 29.40 In the unlikely event that HKSCC becomes subject to winding up proceedings in Hong Kong there is a risk that the SSE Securities and the SZSE Securities may not be regarded as held for the beneficial ownership of a Sub-fund or as part of the general assets of HKSCC available for general distribution to its creditors.

*Nominee arrangements*

- 29.41 HKSCC is the nominee holder of the SSE Securities and SZSE Securities acquired by Hong Kong and overseas investors through Stock Connect.
- 29.42 The China Securities Regulatory Commission Stock Connect rules expressly provide that investors enjoy the rights and benefits of the securities acquired through Stock Connect in accordance with applicable laws. Such rules are departmental regulations having legal effect in the PRC. However, the application of such rules is untested, and there is no assurance that PRC courts will recognise such rules (for example, in liquidation proceedings of PRC companies).
- 29.43 It should be noted that, under the CCASS Rules, HKSCC as nominee holder shall have no obligation to take any legal action or court proceedings to enforce any rights on behalf of the investors in respect of the SSE Securities and SZSE Securities in the PRC or elsewhere. Therefore, although a Sub-fund's ownership may be ultimately recognised, the Sub-fund may suffer difficulties or delays in enforcing its rights in SSE Securities or SZSE Securities.

*Suspension risk*

- 29.44 Each of the SEHK, the SSE and the SZSE reserves the right to suspend Northbound and/or Southbound trading if necessary for ensuring an orderly and fair market and that risks are managed prudently. Consent from the relevant regulator would be sought before a suspension is triggered. Where a suspension in the Northbound trading is effected, a Sub-fund's ability to access the China A-share market through the Stock Connect will be adversely affected.

*Differences in trading day*

- 29.45 The Stock Connect only operates on days when both the PRC and Hong Kong markets are open for trading and when banks in both markets are open on the corresponding settlement days. So it is possible that there are occasions when it is a normal trading day for the PRC market but Hong Kong investors (such as a Sub-fund) cannot carry out any China A-shares trading. Due to the differences in trading days, a Sub-fund may be subject to a risk of price fluctuations in China A-shares on a day that the PRC stock markets are open for trading but the Hong Kong stock market is closed.

*Operational risk*

- 29.46 The Stock Connect provides a new channel for investors from Hong Kong and overseas to access the China stock market directly. The Stock Connects are premised on the functioning of the operational systems of the relevant market participants. Market participants are able to participate in this programme subject to meeting certain information technology capability, risk management and other requirements as may be specified by the relevant exchange and/or clearing house.
- 29.47 Market participants generally have configured and adapted their operational and technical systems for the purpose of trading China A-shares through the Stock Connect. However, it should be appreciated that the securities regimes and legal systems of the two markets differ significantly and in order for



the programme to operate, market participants may need to address issues arising from the differences on an on-going basis.

- 29.48 Further, the "connectivity" in the Stock Connect requires routing of orders across the border. SEHK has set up an order routing system to capture, consolidate and route the cross boundary orders input by exchange participants. There is no assurance that the systems of the SEHK and market participants will function properly or will continue to be adapted to changes and developments in both markets. In the event that the relevant systems failed to function properly, trading in both markets through the programme could be disrupted.

#### *Recalling of eligible stocks*

- 29.49 If a stock is recalled from the scope of eligible stocks for trading via the Stock Connect, the stock can only be sold and cannot be bought. This may affect a Sub-fund's ability to invest in China A-shares through the Stock Connect.

#### *Broker risk*

- 29.50 Where a Sub-fund relies on only one broker to invest via Stock Connect and for any reason, the Investment Manager is unable to use the relevant broker, the operation and its ability to invest would be adversely affected. A Sub-fund may also incur losses due to the acts or omissions of any of the broker(s) in the execution or settlement of any transaction via Stock Connect.

#### *Clearing and settlement risk*

- 29.51 The HKSCC and CSDCC establish clearing links and each has become a participant of each other to facilitate clearing and settlement of cross-boundary trades. For cross-boundary trades initiated in a market, the clearing house of that market will on one hand clear and settle with its own clearing participants, and on the other hand undertake to fulfil the clearing and settlement obligations of its clearing participants with the counterparty clearing house. Should the remote event of CSDCC default occur and the CSDCC be declared as a defaulter, HKSCC's liabilities in Northbound trades under its market contracts with clearing participants will be limited to assisting clearing participants in pursuing their claims against the CSDCC. HKSCC will in good faith seek recovery of the outstanding stocks and monies from the CSDCC through available legal channels or through the CSDCC's liquidation. In that event, a Sub-fund may suffer delay in the recovery process or may not be able to fully recover its losses from the CSDCC.

#### *Regulatory risk*

- 29.52 The Stock Connect is evolving and will be subject to regulations promulgated by regulatory authorities and implementation rules made by the stock exchanges in the PRC and Hong Kong. Further, new regulations may be promulgated from time to time by the regulators in connection with operations and cross-border legal enforcement in connection with cross-border trades under the Stock Connect. The regulations are untested and there is no certainty as to how they will be applied and are subject to change. There can be no assurance that the Stock Connect will not be abolished.

#### *Risks of investing in China A-shares*

- 29.53 The securities markets in the PRC, including the A-share markets, are still in a stage of development, and may be characterised by higher liquidity risk than markets in more developed countries, which may in turn result in higher transaction costs and price volatility. In addition, the PRC's securities markets are undergoing a period of growth and change, which lead to uncertainties and potentially result in difficulties in the settlement and recording of transactions and in interpreting and applying the relevant regulations. The PRC's regulatory authorities have only recently been given the power and duty to prohibit fraudulent and unfair market practices relating to securities markets, such as

insider trading and market abuse, and to regulate substantial acquisitions of shares and takeovers of companies. All of these factors may lead to a higher level of volatility and instability associated with the PRC securities markets relative to more developed markets.

- 29.54 The liquidity and price volatility associated with China A-share markets are subject to greater risks of government intervention (for example, to suspend trading in particular stocks) and imposition of trading band restrictions for all or certain stocks from time to time. In addition, China A-shares traded in the PRC are still subject to trading band limits that restrict maximum gain or loss in stock prices, which means the prices of stocks may not necessarily reflect their underlying value. Such factors may affect the performance of, or cause disruption to the liquidity of the relevant Sub-fund.

### **Investments in Russia**

- 29.55 In particular, investors' attention is drawn to the fact that, at present, investments in Russia are subject to increased risk as regards the ownership and custody of Transferable Securities: market practice for the custody of bonds is such that these bonds are deposited with Russian institutions that do not always have adequate insurance to cover risk of loss arising from the theft, destruction or disappearance of instruments held in custody.

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

- 29.56 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.

#### *Market risk*

- 29.57 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.

#### *Control and monitoring*

- 29.58 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.

#### *Liquidity risk*

- 29.59 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 Fund will only enter into OTC Derivatives if it is allowed to liquidate such transactions at any time at fair value).

#### *Counterparty risk*

- 29.60 A Sub-fund 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, a Sub-fund may enter into swap arrangements or other derivative techniques as specified in the relevant Special Section, each of which exposes the Sub-fund 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, a Sub-fund could experience delays in liquidating the position and significant losses, including declines in the value of its investment during the period in which the Fund 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 under Section 6 of the General Section.

#### *Different maturity*

- 29.61 The Fund will enter into derivative contracts with a maturity date which may be different from the maturity date of the Sub-fund. There can be no assurance that any new derivative contracts entered into will have terms similar to those previously entered into.

#### *Other risks*

- 29.62 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.
- 29.63 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.

#### *Performance swaps, interest rate swaps, currency swaps, credit default swaps, interest rate swaptions and hedged Classes*

- 29.64 The Management Company or the 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.
- 29.65 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.
- 29.66 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.

- 29.67 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.
- 29.68 A Sub-fund may also sell protection under credit default swaps in order to acquire a specific credit exposure.
- 29.69 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.
- 29.70 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 Management Company or the 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.
- 29.71 The value of investments for holders of Units belonging to a class denominated in a currency other than the reference currency of the Sub-fund that issued these Units may increase or decrease due to exchange rate fluctuations between the two currencies.
- 29.72 To avoid such risk, in the case of Classes denominated in currencies other than the Sub-fund's reference currency, an exchange rate risk hedge transaction will be executed. Hedged Classes are Classes to which a hedging strategy aiming at mitigating currency risk against the Reference Currency of the Sub-fund is applied in accordance with ESMA Opinion 34-43-296. There can be no guarantee that hedging strategies will be successful.

#### *Contracts for differences*

- 29.73 The Sub-funds may have an exposure in Contracts For Difference (**CFDs**). CFDs 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 Fund 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.

### **Investments in target UCIs**

- 29.74 Certain Sub-funds will invest in target UCIs. The investment by a Sub-fund in target UCIs may result in a duplication of costs and expenses that will be charged to the Sub-fund, i.e., establishment costs, filing and domiciliation costs, subscription, redemption and conversion fees, management fees, performance fees, depositary fees, auditing and other related costs. For Unitholders in the relevant Sub-fund, the accumulation of these costs and expenses may result in the Unitholders incurring higher costs and expenses than would have been incurred in case of direct Investment.
- 29.75 The attention of investors is drawn to the fact that there may be duplication of subscription, redemption and conversion fees for Sub-funds investing in target UCIs, The Fund will endeavour to ensure that the minimum level of underlying fees be applicable to the Sub-fund when investing in target UCIs.

### **Restricted valuation of target UCIs**

- 29.76 Target UCIs in which the Fund invests may be valued by administrators resulting in valuations which are not verified by an independent third party on a regular or timely basis nor are checked by the Management Company. Accordingly there is a risk that (i) the valuations of the Fund may not reflect the true value of Target UCIs' holdings held by the Fund at a specific time which could result in losses or inaccurate pricing for the Fund and/or (ii) the valuations may not be available on the Valuation Day so that some of the assets of the Fund may be valued on an estimated basis.

### **Reliance on third party fund management**

- 29.77 The Management Company will not have an active role in (the day-to-day management of the Target UCIs in which the Fund invests. Moreover, the Fund will generally not have the opportunity to evaluate the specific investments made by any Target UCIs before they are made. Accordingly, the returns of the Fund primarily will depend on the performance of these unrelated Target UCIs managers and could be substantially adversely affected by the unfavourable performance of such Target UCIs managers Where the Target UCIs is a fund-of-funds scheme the factors set out above in relation to the Target UCI manager apply to the manager of the Target UCI in which the Target UCI invests. This can result in a lack of transparency in the final investments of the Fund. In addition, the Management Company will rely on the calculation and publication of the net asset value of the Target UCI in the calculation of the Net Asset Value of the Fund. Accordingly, any delay, suspension or inaccuracy in the calculation of the net asset value of the Target UCI will directly impact on the calculation of the Net Asset Value of the Fund.

### **Use of structured finance securities**

- 29.78 Structured finance securities include, without limitation, securitised credit and portfolio credit-linked notes.
- 29.79 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.

- 29.80 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).
- 29.81 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.
- 29.82 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 Unit. In addition the value of structured finance securities from time to time, and consequently the Net Asset Value per Unit, 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.
- 29.83 Exposure to structured finance securities may entail a higher liquidity risk than exposure to sovereign bonds which may affect their realisation value.

#### **Specific restrictions in connection with the Units**

- 29.84 Investors should note that there may be restrictions in connection with the subscription, holding and trading in the Units. Such restrictions may have the effect of preventing the investor from freely subscribing, holding or transferring the Units. 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 Date or Initial Offering Period.

#### **Investment in Contingent Convertible Bonds**

- 29.85 Certain Sub-funds may invest in Contingent Convertible Bonds. Under the terms of a Contingent Convertible Bond, certain triggering events, including events under the control of the management of the Contingent Convertible Bond's issuer, could cause the permanent write-down to zero of principal investment and/or accrued interest, or a conversion to equity. These triggering events may include (i) a deduction in the issuing bank's Core Tier 1/Common Equity Tier 1 (CT1/CET1) ratio (or other capital ratios) below a pre-set limit, (ii) a regulatory authority, at any time, making a subjective determination that an institution is "nonviable", i.e., a determination that the issuing bank requires public sector support in order to prevent the issuer from becoming insolvent, bankrupt, unable to pay a material part of its debts as they fall due or otherwise carry on its business and requiring or causing the conversion of the Contingent Convertible Bonds into equity in circumstances that are beyond the control of the issuer or (iii) a national authority deciding to inject capital. The attention of investors investing in Sub-

funds that are allowed to invest in Contingent Convertible Bonds is drawn to the following risks linked to an investment in this type of instruments.

*Conversion risk*

- 29.86 Investment in Contingent Convertible Bonds may result in material losses based on certain trigger events. The existence of these trigger events creates a different type of risk from traditional bonds and may more likely result in a partial or total loss of value or alternatively they may be converted into shares of the issuing company which may also have suffered a loss in value.

*Coupon cancellation*

- 29.87 For Additional Tier 1 (AT1) Contingent Convertible Bonds, coupons may be cancelled in a going concern situation. Coupon payments on such Contingent Convertible Bonds are entirely discretionary and may be cancelled by the issuer at any point, for any reason, and for any length of time. The cancellation of coupon payments on AT1 Contingent Convertible Bonds does not amount to an event of default. Cancelled payments do not accumulate and are instead written off. This significantly increases uncertainty in the valuation of these Contingent Convertible Bonds and may lead to mispricing of risk.

*Capital structure inversion risk*

- 29.88 Contrary to classic capital hierarchy, holders of Contingent Convertible Bonds may suffer a loss of capital when equity holders do not. In certain scenarios, holders of Contingent Convertible Bonds will suffer losses ahead of equity holders. This cuts against the normal order of capital structure hierarchy where equity holders are expected to suffer the first loss.

*Call extension risk*

- 29.89 Most Contingent Convertible Bonds are issued as perpetual instruments, callable at predetermined levels only with the approval of the competent authority. It cannot be assumed that the perpetual Contingent Convertible Bonds will be called on call date. Perpetual Contingent Convertible Bonds are a form of permanent capital. The investor may not receive return of principal if expected on call date or indeed at any date.

29.90 .

**Taxation**

- 29.91 Unitholders 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 Units are purchased, sold, held or redeemed and in the country of residence or nationality of the Unitholder.

- 29.92 Unitholders 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 Unitholders receive after redemption of the Units, 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.

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

### **Risks related to regulatory requirements**

#### *Money laundering*

29.94 The Fund, the Administrative Agent or Depositary may be required by law, regulation or government authority to suspend the account of an investor or take other anti-money laundering steps. Where the Fund, the Administrative Agent or Depositary is required to take such action, the relevant investor must indemnify the Fund against any loss suffered.

#### *Disclosure of identity*

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

29.96 The Fund 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 Fund) about its beneficial owners (as such term is defined under the 2004 Act) and relevant supporting evidence and (ii) file such information and supporting evidence with the Luxembourg register of beneficial owners in accordance with the 2019 Act.

29.97 The attention of investors is drawn to the fact that the information contained in the register of beneficial owners (save for the national identification number and address of the beneficial owner) is available to the public, unless a limited access exemption is applied for and granted. Luxembourg national authorities and professionals (as referred to in the 2004 Act) may request that the Fund gives them access to the information on the beneficial owner(s) of the Fund (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 Fund, 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 Fund all relevant information about them as referred to above. Non-compliance with this obligation may expose beneficial owners to criminal sanctions.

29.98 Each investor will be required in its Subscription Agreement to agree that the Fund and any Service Provider cannot incur any liability for any disclosure about a beneficial owner made in good faith to comply with Luxembourg Law.

29.99 Each investor will be required in its Subscription Agreement to make such representations and warranties that it will promptly provide upon request, all information, documents and evidence that the Fund may require to satisfy its obligations under any applicable laws and in particular the 2019 Act.

#### *Change of law*

29.100 The Fund 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.



*Risks relating to the occurrence of pandemics*

- 29.101 Any outbreak, future outbreaks or measures taken by governments of countries in response to the emergence of pandemics and which are all beyond the reasonable control of the Fund could:
- (a) result in the increased volatility of financial markets globally, a negative impact on the economy and activities of the Fund and in a global economic recession;
  - (b) seriously restrict the Fund's activities or those of its Investors, which may have a material and adverse effect on the value of the Fund's Investments which could fluctuate significantly as a result or may be significantly diminished in such an event;
  - (c) result in restrictions on travel and public transport, prolonged closures or suspension of workplaces and the quarantine of employees, which should involve the use of a business continuity planning process by the Management Company in order to pursue the Fund's operations. Despite this, Fund's operations may be restricted in various ways in the affected regions;
  - (d) materially and adversely affect overall investor sentiment due to sporadic volatility in global markets and possible material disruptions to the Fund's activities, which in turn may materially and adversely affect the Fund's returns from its investments.
- 29.102 There can be no assurance that any precautionary measures taken against infectious diseases by governments or authorities in affected jurisdictions would be effective. The extent of the risk posed by pandemics in the future is therefore unclear; if any current outbreak or future outbreaks are inadequately controlled; this could have a materially adverse effect on the returns and operations of the Fund.

**Political factors**

- 29.103 The performance of the Units 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.

**Fees in underlying UCIs**

- 29.104 A Sub-fund may, subject to the conditions set out in Sections 6.15 to 6.20 of the General Section, invest in other UCIs which may be operated and/or managed by Management Company, the Investment Manager or any of their Affiliates. As an investor in such other UCIs, in addition to the fees, costs and expenses payable by a Unitholder in the Sub-funds, each Unitholder will also indirectly bear a portion of the fees, costs and expenses of the underlying undertakings for collective investment, including management and administration and other expenses.

**Transaction costs**

- 29.105 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.

## **SPECIAL SECTION 1 – ARFINA FUNDS – EQUITY GLOBAL OPPORTUNITY**

This Special Section is valid only if accompanied by the General Section of the Prospectus. This Special Section refers only to Arfina Funds – Equity Global Opportunity (the **Sub-fund**).

### **1. INVESTORS' PROFILE**

1.1 The Sub-fund is a medium/high risk vehicle. It may be suitable for investors who are seeking long term growth potential offered through investment in equities and are more concerned with maximising long-term returns than minimising possible short-term losses.

1.2 The Sub-fund requires an investment horizon of at least five (5) years.

### **2. INVESTMENT OBJECTIVES AND INVESTMENT POLICY**

2.1 The investment objective of the Sub-fund is to allow investors with a long-term investment horizon to benefit from a diversified portfolio with reference currency EUR that follows a high growth investment strategy.

2.2 The Sub-fund is actively managed. The Sub-fund has no benchmark index and is not managed in reference to a benchmark index.

2.3 The Sub-fund intends to mainly invest in equities and equity related securities of any type (such as ADR, GDR, closed-ended REITs).

2.4 In order to achieve its investment objective, the Sub-fund will mainly invest:

- directly in the securities mentioned in Section 2.3 of this Special Section;
- in UCIs, having as main investment objective to invest or grant an exposure to the above-mentioned securities; and
- in any Transferable Securities (such as structured products, as described below) linked (or offering an exposure) to the performance of the above-mentioned securities.

2.5 It is understood that:

- the Sub-fund will not invest more than 10% of its net assets in units or shares of UCIs;
- the Sub-fund will not invest more than 10% of its net assets in closed-ended REITs;
- the Sub-fund will not invest more than and 20% in Contingent Convertible Bonds. Investments in convertible debt securities other than Contingent Convertible Bonds will be limited to 20% of the net assets of the Sub-fund;
- the Sub-fund will not invest in ABS/MBS;
- total exposure to alternative strategies (commodities and precious metals through unleveraged structured products or UCIs as mentioned below; or UCITS eligible alternative strategy funds), in which the Sub-fund will only invest indirectly, will not exceed 15% of the net assets of the Sub-fund; and
- investments in Chinese companies will be made through ADRs, GDRs or Hong Kong listed Chinese companies (i.e., China H-shares) and via China A-shares. In order to invest in China A-shares, the Sub-fund may use the Shanghai – Hong Kong Stock Connect and/or the

Shenzhen – Hong Kong Stock Connect. These investments will not exceed 10% of the Sub-fund's net assets.

- 2.6 On an ancillary basis, the Sub-fund may invest in any other type of eligible assets, such as debt securities (including up to 10% of the net assets of the Sub-fund in non-rated debt securities and up to 10% of the net assets of the Sub-fund in distressed securities), Transferable Securities other than those mentioned above, Money Market Instruments, in UCIs other than those above-mentioned and deposits.
- 2.7 The choice of investments will neither be limited to a geographic sector (including emerging markets), a particular sector of economic activity or a given currency. However, depending on market conditions, this exposure may be focused on one country or on a limited number of countries and/or one economic activity sector and/or one currency.
- 2.8 In the event of downgrading in the credit ratings of a security or an issuer, the Sub-fund may, at the discretion of the Investment Manager, and in the best interests of the Sub-fund's unitholders, continue to hold those debt securities which have been downgraded, provided that in any case the Sub-fund's maximum exposure to distressed or defaulted securities will be limited to a maximum of 10% of its net assets.
- 2.9 The Sub-fund may invest up to 30% of its net assets in structured products, such as but not limited to credit-linked 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 2008 (including indices on volatility, on commodities, on precious metals, etc.), currencies, exchange rates, Transferable Securities or a basket of Transferable Securities or a UCITS or other UCI, at all times in compliance with article 41 of the 2010 Act and the Grand-Ducal Regulation 2008. In compliance with the Grand-Ducal Regulation 2008, the Sub-fund may also invest up to 15% of its net assets in structured products without embedded derivatives, correlated with changes in commodities (including precious metals) with cash settlement. Those investments may not be used to elude the investment policy of the Sub-fund.
- 2.10 Exposure to commodities can also be achieved through eligible exchange-traded funds qualifying as (i) UCITS or other UCIs or (ii) Transferable Securities, respectively, in accordance with article 41(1), e) of the 2010 Act.
- 2.11 For hedging and for investment purposes, within the limits set out in the Section 6 of the General Section, 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. The Sub-fund may take exposure through any financial derivative instruments such as but not limited to futures, options, contracts for difference, swaps and forwards on underlyings in line with the 2010 Act and any other related regulation as well as with the investment policy of the Sub-fund, including but not limited to, currencies (including non-delivery forwards), interest rates, Transferable Securities, basket of Transferable Securities, indices and UCITS and other UCIs.
- 2.12 The Sub-fund will not use SFTs nor TRS.
- 2.13 For the purpose of the Taxonomy Regulation, the investments underlying the Sub-fund do not take into account the EU criteria for environmentally sustainable economic activities.

### **3. REFERENCE CURRENCY**

- 3.1 The Reference Currency of the Sub-fund is the EUR.
- 3.2 The Sub-fund may issue Classes in other currency than the Reference Currency. These Classes will not be hedged.

#### 4. TERM OF THE SUB-FUND

The Sub-fund has been created for an unlimited period of time.

#### 5. LAUNCH OF THE SUB-FUND

The Initial Offering Period of the Sub-fund will start on 3 May 2021 and end on 7 May 2021.

#### 6. CLASSES AVAILABLE

For the time being, the following Classes are available for subscription by investors in the Sub-fund with the following characteristics:

Class	R (EUR)	R (CHF)	M (EUR)	M (CHF)	P (EUR)	I (CHF)	I (EUR)
Eligible Investors	Retail	Retail	Reserved for investors having entered into a mandate agreement with the Investment Manager or the Investment Adviser	Reserved for investors having entered into a mandate agreement with the Investment Manager or the Investment Adviser	Reserved for investors having entered into a mandate agreement with the Investment Manager or the Investment Adviser	Institutional Investors	Institutional Investors
Reference Currency	EUR	CHF	EUR	CHF	EUR	CHF	EUR
ISIN	LU2265030721	LU2265030994	LU2265031026	LU2265031299	LU2265031372	LU2265031455	LU2265031539
Initial Subscription Price	100.-	100.-	100.-	100.-	100.-	100.-	100.-
Minimum Subscription Amount	1 Unit	1 Unit	1 Unit	1 Unit	10,000,000	5,000,000	5,000,000
Subscription, Redemption and Conversion Fee	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Investment Manager Fee	Up to 1.35% p.a.	Up to 1.35% p.a.	Up to 1.00% p.a.	Up to 1.00% p.a.	Up to 0.3% p.a.	Up to 0.8% p.a.	Up to 0.8% p.a.
Investment Adviser Fee	Up to 0.1% p.a.	Up to 0.1% p.a.	Up to 0.1% p.a.	Up to 0.1% p.a.	Up to 0.1% p.a.	Up to 0.1% p.a.	Up to 0.1% p.a.
Performance fee	n/a	n/a	n/a	n/a	7%, subject to a High-Water Mark	n/a	n/a
Distribution or Accumulation	Accumulation	Accumulation	Accumulation	Accumulation	Accumulation	Accumulation	Accumulation

## 7. SUBSCRIPTIONS, REDEMPTIONS AND CONVERSIONS

### *General*

- 7.1 All relevant dates and deadlines relating to subscription, redemption and conversion orders are summarized in the table below:

Cut-Off	Subscription: 12:00 (noon) (Luxembourg time), each Business Day prior to the Valuation Day  Redemption: 12 (noon) (Luxembourg time), each Business Days prior to the Valuation Day  Conversion: 12 (noon) (Luxembourg time), each Business Days prior to the Valuation Day
Valuation Day (Pricing Day)	Daily, Each Business Day
Calculation Day	The Business Day following the Valuation Day
Settlement Day	Subscription: within 2 Business Days after the relevant Valuation Day  Redemption: within 2 Business Days after the relevant Valuation Day  Conversion: within 2 Business Days after the relevant Valuation Day

### *Subscriptions*

- 7.2 Subscriptions to the Units of the Sub-fund Units must be made using the documents available from the registered offices of the Management Company.
- 7.3 Subscriptions for Units are accepted at such dates as set out under Section 7.1. Applications for subscriptions must be received by the Management Company (in its capacity as administrative agent of the Fund) at the Cut-Off. Applications received after that time will be processed on the immediately following Valuation Day.
- 7.4 Payments for subscriptions must be received on the Settlement Day.

### *Redemption*

- 7.5 Redemptions for Units are accepted at such dates as set out under Section 7.1. Applications for redemptions must be received by the Management Company (in its capacity as administrative agent of the Fund) not later than the Cut-Off. Applications received after that time will be processed on the immediately following Valuation Day.
- 7.6 Redemptions will be paid by the Depositary on the Settlement Day.

### *Conversion*

- 7.7 Conversions of Units are accepted at such dates as set out under Section 7.1. Conversion requests must be received by the Management Company (in its capacity as administrative agent) no later than the

Cut-Off. Conversion requests received after this deadline will be processed on the next following Valuation Day.

7.8 Conversion requests for conversions between Sub-funds with different Valuation Days and Calculation Days are not allowed.

## 8. INVESTMENT ADVISER

8.1 The Management Company and the Investment Manager have appointed Arfina Capital Agencia de Valores, S.A., a public limited liability company incorporated under the laws of Spain, having its registered office at Calle Serrano, 93 7<sup>o</sup>B, 28006 Madrid, Spain (the **Investment Adviser**), pursuant to an investment advisory agreement entered into between the Management Company, acting in its own name but on behalf of the Fund, the Investment Manager and the Investment Adviser dated 22 April 2021.

8.2 The Investment Adviser will provide strategic advice on potential investment opportunities of the Sub-fund on a quarterly basis to the Investment Manager. The Investment Adviser may also provide tactical advice to the Investment Manager on an ad hoc basis.

## 9. FEES

### *Investment Manager Fee*

9.1 The Sub-fund will pay to the Investment Manager, from the assets of the Sub-fund, an investment manager fee payable on a quarterly basis in arrears at a rate of such percent as set out in respect of each Class in the table set out in Section 6 above on the average net assets of the relevant category of Units of the Sub-fund (the **Investment Manager Fee**).

### *Investment Adviser Fee*

9.2 The Sub-fund will pay to the Investment Adviser, from the assets of the Sub-fund, an investment adviser fee payable on a quarterly basis in arrears at a rate of such percent as set out in respect of each Class in the table set out in Section 6 above on the average net assets of the relevant category Units of the Sub-fund (the **Investment Adviser Fee**).

### *Performance Fee*

9.3 The Investment Manager will receive a performance fee, accrued on each Valuation Day, paid yearly, based on the NAV, equivalent to 7% of the performance of the NAV per Unit exceeding the High-Water Mark (as defined below) (the **Performance Fee**).

9.4 The Performance Fee is calculated on the basis of the NAV after deduction of all expenses, liabilities and management fees (but not the Performance Fee), and is adjusted to take account of all subscriptions and redemptions.

9.5 The Performance Fee is equal to the out performance of the NAV per Unit multiplied by the number of Units in circulation during the Calculation Period. No Performance Fee will be due if the NAV per Unit before the Performance Fee turns out to be below the High-Water Mark for the Calculation Period in question. The Performance Fee reference period corresponds to the whole life of the Sub-fund.

9.6 The **High-Water Mark** is defined as the greater of the following two figures:

- The last highest Net Asset Value per Unit on which a Performance Fee has been paid; and
- The initial NAV per Unit.

- 9.7 The High-Water Mark will be decreased by the dividends paid to Unitholders.
- 9.8 Provision will be made for this Performance Fee on each Valuation Day. If the NAV per Unit decreases during the Calculation Period, the provisions made in respect of the Performance Fee will be reduced accordingly. If these provisions fall to zero (0), no Performance Fee will be payable.
- 9.9 If Units are redeemed on a date other than that on which a Performance Fee is paid while provision has been made for the Performance Fees, the Performance Fees for which provision has been made and which are attributable to the Units redeemed will be paid at the end of the period even if provision for the Performance Fees is no longer made at that date. Gains which have not been realized may be taken into account in the calculation and payment of Performance Fees.
- 9.10 In case of subscription, the Performance Fee calculation is adjusted to avoid that this subscription impacts the amount of the Performance Fee accruals. To perform this adjustment, the performance of the NAV per Unit against the High-Water Mark until the subscription date is not taken into account in the Performance Fee calculation. This adjustment amount is equal to the product of the number of subscribed Units by the positive difference between the subscription price and the High-Water Mark at the date of the subscription. This cumulated adjustment amount is used in the Performance Fee calculation until the end of the relevant period and is adjusted in case of subsequent redemptions during the period.
- 9.11 **Calculation Period** shall correspond to each calendar year.
- 9.12 Performance Fees are payable within 20 Business Days following the closing of the annual accounts to which they relate.
- 9.13 The formula for the calculation of the Performance Fee is as follows:
- $$F = 0 \quad \text{If } (B / E - 1) \leq 0$$
- $$F = (B / E - 1) * E * C * A \quad \text{If } (B / E - 1) > 0$$
- The new High-Water Mark = if  $F > 0$ ; D  
If  $F = 0$ ; E
- Number of Units outstanding = A
- NAV per Unit before performance = B
- Performance Fee rate (7%) = C
- NAV per Unit after performance = D
- High-Water Mark = E
- Performance Fees = F
- 9.14 Performance Fee example

	NAV before	HWM per Unit	Yearly NAV per Unit	NAV per Units	Performance Fee	NAV after Perf Fee
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	Performance fee		performance	Performance / HWM		
Year 1:	110	100	10.00%	10.00%	0.7	109.3
Year 2:	115	109.3	5.22%	5.22%	0.40	114.60
Year 3:	108	114.60	-5.76%	-5.76%	0	108
Year 4:	112	114.60	3.70%	-2.27%	0	112
Year 5:	118	114.60	5.36%	2.97%	0.24	117.76

With a performance fee rate equal to 7%.

- (a) Year 1: The NAV per Unit performance is 10%. The excess of performance over the HWM is 10% and generates a performance fee equal to 0.7.
- (b) Year 2: The NAV per Unit performance is 5.22%. The excess of performance over the HWM is 5.22% and generates a performance fee equal to 0.40.
- (c) Year 3: The NAV per Unit performance is -5.76%. The underperformance over the HWM is -5.76%. No performance fee is calculated.
- (d) Year 4: The NAV per Unit performance is 3.70%. The underperformance over the HWM is -2.27%. No performance fee is calculated.
- (e) Year 5: The NAV per Unit performance is 5.36%. The excess of performance over the HWM is 2.97% and generates a performance fee equal to 0.24.

## 10. GLOBAL RISK EXPOSURE

The Sub-fund will use the commitment approach to monitor its global exposure. The Sub-fund may ensure that its total commitment arising from financial derivative instruments, for purposes other than hedging, does not exceed one hundred per cent (100%) of its net assets.

## 11. SPECIFIC RISK FACTORS

Before making an investment decision with respect to this Sub-fund, prospective investors should carefully consider the risks of investing set out in Section 29 of the General Section and, in particular, the risk factors relating to Contingent Convertible Bonds and investments in China.



## **SPECIAL SECTION 2 – ARFINA FUNDS – BOND GLOBAL OPPORTUNITY**

This Special Section is valid only if accompanied by the General Section of the Prospectus. This Special Section refers only to Arfina Funds – Bond Global Opportunity (the **Sub-fund**).

### **1. INVESTORS' PROFILE**

- 1.1 The Sub-fund is a low to medium risk vehicle. It may be suitable for Investors who are seeking moderate capital growth over a medium to long term and who are able to tolerate moderate price fluctuation
- 1.2 The Sub-fund requires an investment horizon of at least three (3) years.

### **2. INVESTMENT OBJECTIVES AND INVESTMENT POLICY**

- 2.1 The Sub-fund's investment objective is to allow investors with a medium to long term investment horizon to benefit from a diversified portfolio with reference currency USD that follows a moderate growth investment strategy.
- 2.2 The Sub-Fund is actively managed. The Sub-Fund has no benchmark index and is not managed in reference to a benchmark index.
- 2.3 In order to achieve its investment objective, the Sub-fund will mainly invest in investment grade and non-investment grade debt securities (including Money Market Instruments) of any type issued by corporate or sovereign issuers.
- 2.4 In order to achieve its investment objective, the Sub-fund will mainly invest:
  - directly in the securities mentioned in the previous Section;
  - in UCIs, having as main investment objective to invest or grant an exposure to the securities mentioned in the previous Section; and
  - in any Transferable Securities (such as structured products, as described below) linked (or offering an exposure) to the performance of the securities mentioned in the previous Section.
- 2.5 It is understood that:
  - the Sub-fund will not invest more than 10% of its net assets in UCIs;
  - the Sub-fund may invest in convertible bonds of any type (including Contingent Convertible Bonds) up to 20% of its net assets;
  - exposure to non-investment grade securities will be limited to 30% of the Sub-fund's net assets;
  - non-rated debt securities will not represent more than 10% of the net assets of the Sub-fund;
  - distressed and defaulted debt securities will not represent more than 10% of the net assets of the Sub-fund;
  - total exposure to alternative strategies (commodity and precious metals through unleveraged structured products or UCIs as mentioned below; or UCITS eligible alternative strategy funds), in which the Sub-fund will only invest indirectly, will not exceed 15% of the net assets of the Sub-fund;

- the Sub-fund may invest indirectly, through UCIs, in ABS and MBS up to 10% of its net assets;
- the Sub-fund may invest indirectly, through UCIs, in catastrophe bonds up to 10% of its net assets;
- the expected average credit rating of the Sub-fund's portfolio will be BBB (S&P notation) or an equivalent credit rating from other recognized credit rating agencies; and
- the Sub-fund will not invest directly: (i) in loans; (ii) in ABS and MBS; (iii) in catastrophe bonds.

2.6 On an ancillary basis, the Sub-fund may invest in any other type of eligible assets, such as equities and equity-related securities (including closed-ended REITs up to 10%), in UCIs other than those above-mentioned,.

2.7 The choice of investments will neither be limited to a geographic sector (including emerging markets), a particular sector of economic activity or a given currency. However, depending on market conditions, this exposure may be focused on one country or on a limited number of countries and/or one economic activity sector and/or one currency.

2.8 In the event of downgrading in the credit ratings of a security or an issuer, the Sub-fund may, at the discretion of the Investment Manager, and in the best interests of the Sub-fund's unitholders, continue to hold those debt securities which have been downgraded, provided that in any case the Sub-fund's maximum exposure to distressed or defaulted securities will be limited to a maximum of 10% of its net assets.

2.9 The Sub-fund may invest up to 20% of its net assets in structured products, such as but not limited to credit-linked 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 2008 (including indices on volatility, on commodities, on precious metals, etc.), currencies, exchange rates, Transferable Securities or a basket of Transferable Securities or a UCITS or other UCI, at all times in compliance with article 41 of the 2010 Act and the Grand-Ducal Regulation 2008. In compliance with the Grand-Ducal Regulation 2008, the Sub-fund may also invest up to 10% of its net assets in structured products without embedded derivatives, correlated with changes in commodities (including precious metals) with cash settlement. Those investments may not be used to elude the investment policy of the Sub-fund.

2.10 Exposure to commodities can also be achieved through eligible exchange-traded funds qualifying as (i) UCITS or other UCIs or (ii) Transferable Securities, respectively, in accordance with article 41(1), e) of the 2010 Act.

2.11 The Sub-fund will not use SFTs nor TRS.

2.12 For the purpose of the Taxonomy Regulation, the investments underlying the Sub-fund do not take into account the EU criteria for environmentally sustainable economic activities.

### **3. REFERENCE CURRENCY**

3.1 The Reference Currency of the Sub-fund is the USD.

3.2 The Sub-fund may issue Classes in other currency than the Reference Currency. These Classes will not be hedged. The Sub-fund has been created for an unlimited period of time.

### **4. LAUNCH OF THE SUB-FUND**

The Initial Offering Period of the Sub-fund will start on 10 May 2021 and end on 14 May 2021.

**5. CLASSES AVAILABLE**

For the time being, the following Classes are available for subscription by investors in the Sub-fund with the following characteristics:

Class	R (EUR)	R (CHF)	R (USD) (ACC)	R (USD) (DIS)	M (EUR)	M (CHF)	M (USD) (ACC)	M (USD) (DIS)	I (EUR)	I (CHF)	I (USD) (ACC)	I (USD) (DIS)
Eligible Investors	Retail	Retail	Retail	Retail	Reserved for investors having entered into a mandate agreement with the Investment Manager	Reserved for investors having entered into a mandate agreement with the Investment Manager	Reserved for investors having entered into a mandate agreement with the Investment Manager	Reserved for investors having entered into a mandate agreement with the Investment Manager	Institutional Investors	Institutional Investors	Institutional Investors	Institutional Investors
Reference Currency	EUR	CHF	USD	USD	EUR	CHF	USD	USD	EUR	CHF	USD	USD
ISIN	LU2265029558	LU2265029632	LU2265029715	LU2265029806	LU2265029988	LU2265030051	LU2265030135	LU2265030218	LU2265030481	LU2265030309	LU2265030564	LU2265030648
Initial Subscription Price	100	100	100	100	100	100	100	100	100	100	100	100
Minimum Subscription Amount	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	5,000,000	5,000,000	5,000,000	5,000,000
Subscription, Redemption and Conversion Fee	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Investment Manager Fee	Up to 0.9% p.a.	Up to 0.9% p.a.	Up to 0.9% p.a.	Up to 0.9% p.a.	Up to 0.6% p.a.	Up to 0.6% p.a.	Up to 0.6% p.a.	Up to 0.6% p.a.	Up to 0.45% p.a.	Up to 0.45% p.a.	Up to 0.45% p.a.	Up to 0.45% p.a.
Distribution or Accumulation	Accumulation	Accumulation	Accumulation	Distribution	Accumulation	Accumulation	Accumulation	Distribution	Accumulation	Accumulation	Accumulation	Distribution

## 6. SUBSCRIPTIONS, REDEMPTIONS AND CONVERSIONS

### *General*

- 6.1 All relevant dates and deadlines relating to subscription, redemption and conversion orders are summarized in the table below:

Cut-Off	Subscription: 12:00 (noon) (Luxembourg time), each Business Day prior to the Valuation Day  Redemption: 12:00 (noon) (Luxembourg time), each Business Days prior to the Valuation Day  Conversion: 12:00 (noon) (Luxembourg time), each Business Days prior to the Valuation Day
Valuation Day (Pricing Day)	Daily, each Business Day
Calculation Day	The Business Day following the Valuation Day
Settlement Day	Subscription: within 2 Business Days after the relevant Valuation Day  Redemption: within 2 Business Days after the relevant Valuation Day  Conversion: within 2 Business Days after the relevant Valuation Day

### *Subscriptions*

- 6.2 Subscriptions to the Units of the Sub-fund Units must be made using the documents available from the registered offices of the Management Company.
- 6.3 Subscriptions for Units are accepted at such dates as set out under Section 7.1. Applications for subscriptions must be received by the Management Company (in its capacity as administrative agent of the Fund) at the Cut-Off. Applications received after that time will be processed on the immediately following Valuation Day.
- 6.4 Payments for subscriptions must be received on the Settlement Day.

### *Redemption*

- 6.5 Redemptions for Units are accepted at such dates as set out under Section 7.1. Applications for redemptions must be received by the Management Company (in its capacity as administrative agent of the Fund) not later than the Cut-Off. Applications received after that time will be processed on the immediately following Valuation Day.
- 6.6 Redemptions will be paid by the Depository on the Settlement Day.

### *Conversion*

- 6.7 Conversions of Units are accepted at such dates as set out under Section 7.1. Conversion requests must be received by the Management Company (in its capacity as administrative agent) no later than the Cut-Off. Conversion requests received after this deadline will be processed on the next following Valuation Day.
- 6.8 Conversion requests for conversions between Sub-funds with different Valuation Days and Calculation Days are not allowed.

## **7. FEES**

### *Investment Manager Fee*

- 7.1 The Sub-fund will pay to the Investment Manager, from the assets of the Sub-fund, an investment manager fee payable on a quarterly basis in arrears at a rate of such percent as set out in respect of each Class in the table set out in Section 6 above on the average net assets of the relevant category of Units of the Sub-fund (the **Investment Manager Fee**).

## **8. GLOBAL RISK EXPOSURE**

The Sub-fund will use the commitment approach to monitor its global exposure. The Sub-fund may ensure that its total commitment arising from financial derivative instruments, for purposes other than hedging, does not exceed one hundred per cent (100%) of its net assets.

## **9. SPECIFIC RISK FACTORS**

Before making an investment decision with respect to this Sub-fund, prospective investors should carefully consider the risks of investing set out in Section 29 of the General Section.