



J. Safra Sarasin

# JSS Private FCP

Prospectus

An investment fund incorporated under Luxembourg law

1. January 2023



Sustainable Asset Management

Units are acquired on the basis of this prospectus, the key investor information documents (the “KIIDs”), the latest audited and published annual report and the following semi-annual report, if already published. These reports are an integral part of this prospectus and with it form the basis for all subscriptions of units. The above-mentioned documents are available free of charge from all sales offices. The KIIDs are also available at [www.jsafrasarasin.ch/funds](http://www.jsafrasarasin.ch/funds).

Only the information contained in the prospectus and in the documents referred to therein is valid and binding. Statements made in this prospectus are based on the law and practice currently in force in the Grand Duchy of Luxembourg and are subject to changes. This prospectus may be translated into other languages. In the event of inconsistencies between the English prospectus and a version in another language, the English prospectus shall prevail insofar as the laws in the legal system under which the units are sold do not provide for the contrary.

The relevant conditions in each country apply to the issue and redemption of units of JSS Private FCP.

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## A. General Part

### 1. Introduction

JSS Private FCP (the “Fund”) was established in accordance with Part I of the Luxembourg Law of 17 December 2010 on Undertakings for Collective Investment (the “2010 Law”) as an open-ended investment fund without legally independent status having the legal form of a Fonds Commun de Placement (FCP) and is subject to the 2010 Law in its latest version. The Fund was first launched on 25 October 2012 under the name Sarasin Private FCP.

The Fund is managed by J. Safra Sarasin Fund Management (Luxembourg) S.A. (the “Management Company”) which is licensed to act as management company pursuant to chapter 15 of the 2010 Law.

The Fund offers investors various subfunds each of which invests in accordance with the investment policy described in this prospectus. The Fund therefore has an umbrella structure and consists of a number of individual funds, known as “subfunds”.

The Management Company may at any time decide to establish various subfunds for the Fund and different unit classes with specific characteristics within a subfund. This prospectus will be updated whenever a new subfund or an additional unit class is created.

Units of the subfunds are available in registered form and may be issued, redeemed or converted in accordance with section 5.5 “Conversion of Units” into units of another subfund of the Fund on any valuation day. Bearer units are currently not issued.

Applications for the subscription or redemption of units are accepted in accordance with the provisions of this prospectus, unless otherwise specified in the annex relating to the subfund in question. The Management Company can suspend the issue of units at any time or reject applications to subscribe units without stating reasons.

Units are issued at prices expressed in the accounting currency of the relevant subfund. If subscription monies are transferred in currencies other than the respective accounting currency, the investor bears both the corresponding costs and the exchange rate risk respectively currency rate risk linked to the currency conversion carried out by the paying agent or depository. A sales fee may be charged.

The consolidated accounting currency of the Fund is the Swiss franc (CHF). The accounting (calculation of the net asset value) of all the subfunds is described in the annexes to this prospectus and section 5.1 “The Unit Classes”.

The accounting currency does not have to be the same as a subfund’s reference currency. The reference currency is the basic currency in which investment performance is measured. It generally appears in brackets after the name of the subfund. Reference currencies are usually applied to strategy funds (portfolio funds), but not equity funds. The investment currency is the currency in which the investments of a subfund are made. Investment currencies do not have to be the same as the accounting currency or reference currency. Generally, however, a substantial proportion of investments is made in the reference currency or is hedged against it. In this context, “Valuation Day” is generally defined as normal bank business days (i.e. each day on which banks are open during normal business hours) in Luxembourg and any other location if and as specified in the annexes to the prospectus for the individual subfunds with the exception of days on which the exchanges of the subfunds main countries of investment are closed or on which 50% or more of the subfunds investments cannot be adequately valued (e.g. bank and stock exchange holidays). Furthermore the net asset value might not be calculated on specific national holidays of countries, where (Sub-) Investment Managers (as disclosed in the subfunds specific annexes to the prospectus) are located and services are being provided.

The Management Company may, pursuant to the 2010 Law, issue one or more special prospectuses for the distribution of units of one or more subfunds.

Prospective purchasers of units should inform themselves of the legal requirements and any applicable foreign exchange regulations and taxes in the countries of their respective citizenship or residence, and should consult a person who can provide detailed information about the Fund in relation to any questions they may have about the contents of the prospectus.

The units of JSS Private FCP have not been and will not be registered under the United States Securities Act of 1933, as amended (the “Securities Act”). They may not be offered or sold in the USA, its territories and all areas subject to its US jurisdiction, nor to US persons or persons who would purchase the units for the account or benefit of US persons. Any re-offer or resale of units in the USA to US persons may constitute a violation of the laws of the United States of America. Units of JSS Private FCP may not be subscribed by US persons.

The Management Company can at any time proceed with the compulsory redemption of the units of an investor on

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behalf and for the account of the Fund should these units be held by/for the account of/or on behalf of:

- US Persons,
- a person who does not provide the Fund, represented by the Management Company, with the requested information and documentation that is necessary for the latter to meet its legal or supervisory requirements pursuant to (but not limited to) the FATCA regulations, or
- a person who is deemed by the Fund, represented by the Management Company, to constitute a potential financial risk to the Fund.

In accordance with an exemption provided for by the Commodity Futures Trading Commission (“CFTC”) in conjunction with accounts of a qualified, authorised person, this prospectus does not have to be, and was not, submitted to the CFTC. The CFTC does not decide about the benefits of joining a trading programme or the accuracy or adequacy of the documentation of a “commodity interests” trading advisor. Consequently, the CFTC has not reviewed nor approved this prospectus.

The Management Company draws investors’ attention to the fact that they will only be able to fully exercise their rights directly against the Fund if they have registered themselves and in their own name in the unitholders’ register which is kept at the central administration office on the Fund’s behalf. In cases where an investor invests in the Fund through an intermediary which makes the investment in its own name but on behalf of the investor, it may not be possible for the investor to exercise all their rights directly against the Fund. Investors are advised to take advice on their rights.

References in this prospectus to “Swiss francs” or “CHF” relate to the currency of Switzerland; “US dollars” or “USD” relate to the currency of the United States of America; “euro” or “EUR” relate to the currency of the European Economic & Monetary Union; “pounds sterling” or “GBP” relate to the currency of Great Britain.

Before investing in the subfunds of JSS Private FCP, investors are advised to read and take into consideration section 3.2 “Risk Profile and Risks”.

## 2. Organisation and Management

### 2.1 Management Company

J. Safra Sarasin Fund Management (Luxembourg) S.A., R.C.S. Luxembourg B 160.811.

J. Safra Sarasin Fund Management (Luxembourg) S.A. has its registered office at 11-13, Boulevard de la Foire, L-1528 Luxembourg, Grand Duchy of Luxembourg. The Management Company was formed on 2 May 2011 as an Aktiengesellschaft (public limited company) in accordance with the law of the Grand Duchy of Luxembourg, and is licensed to operate pursuant to chapter 15 of the 2010 Law. The issued and fully paid-up equity capital of the Management Company amounted to one million five hundred thousand euro (EUR 1,500,000).

The Articles of Association of the Management Company were published for the first time on 19 May 2011 in the “Mémorial, Recueil des Sociétés et Associations” (the “Mémorial”) by means of a notice of filing (Hinterlegungsvermerk). The consolidated version is deposited and available for inspection at the Register of Commerce and Companies (Registre de Commerce et Sociétés).

The members of the Board of Directors of the Management Company are as follows:

- Jules Roland Moor (chairman), Luxembourg, Grand Duchy of Luxembourg, Managing Director, Banque J. Safra Sarasin (Luxembourg) S.A.
- Michaela Imwinkelried, Basel, Switzerland, Managing Director, J. Safra Sarasin Investmentfonds AG
- Oliver Cartade, London, United Kingdom, Head of Asset Management, Bank J. Safra Sarasin AG, Basel
- Jan Stig Rasmussen, Luxembourg, Grand Duchy of Luxembourg, independent director
- Leonardo Mattos, Luxembourg, Grand Duchy of Luxembourg, J. Safra Sarasin Fund Management (Luxembourg) S.A.

The executive directors of the Management Company are as follows:

- Leonardo Mattos, Luxembourg, Grand Duchy of Luxembourg
- Ronnie Neefs, Luxembourg, Grand Duchy of Luxembourg
- Valter Rinaldi, Basel, Switzerland

The Management Company has in place a remuneration policy in line with the Directive 2009/65/EC.

The remuneration policy sets out principles applicable to the remuneration of senior management, all staff members having a material impact on the risk profile of the financial undertakings as well as all staff members carrying out independent control functions.

In particular, the remuneration policy complies with the following principles in a way and to the extent that is appropriate to the size, internal organisation and the nature, scope and complexity of the activities of the Management Company:

- i. it is consistent with and promotes sound and effective risk management and does not encourage risk taking which is inconsistent with the risk profiles of the subfunds;
- ii. if and to the extent applicable, the assessment of performance is set in a multi-year framework appropriate to the holding period recommended to the investors of the subfunds in order to ensure that the assessment process is based on the longer-term performance of the subfunds and its investment risks and that the actual payment of performance-based components of remuneration is spread over the same period;
- iii. it is in line with the business strategy, objectives, values and interests of the Management Company and the Fund and of the unitholders, and includes measures to avoid conflicts of interest;
- iv. 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.

The remuneration policy is determined and reviewed at least on an annual basis by the Board of Directors of the Management Company.

The details of the up-to-date remuneration policy of the Management Company, including, but not limited to, a description of how remuneration and benefits are calculated, the identity of the persons responsible for awarding the remuneration and benefits are available on <http://fundmanagement-lu.jsafrasarasin.com/internet/fmlu>. A paper copy will be made available free of charge upon request at the Management Company domicile.

The Management Company has adopted written plans setting out actions, which it will take with respect to the relevant Subfund in the event that any of the benchmarks listed in the table in the Schedule I materially changes or ceases to be provided (the “Contingency Plans”), as required by article 28(2) of the Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indi-

ces 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 (the “Benchmarks Regulation”). Unitholders may access the Contingency Plans free of charge upon request at the registered office of the Management Company.

The benchmarks listed in the table in the Schedule I are being provided by the entity specified next to the name of the relevant benchmark in the table, in its capacity as administrator, as defined in the Benchmarks Regulation of the relevant benchmark (each a “Benchmark Administrator” and collectively the “Benchmark Administrators”). The status of each Benchmark Administrator in relation to the register referred to in article 36 of the Benchmarks Regulation as of the date of this prospectus is set out next to the name of the relevant Benchmark Administrator in Schedule 1.

The list of benchmarks with respect to the relevant Subfunds including the relevant Benchmark Administrator can be found in the Schedule I to this prospectus.

## 2.2 Investment Manager and Investment Advisers/Advisory Board

The Management Company may, under its own responsibility and control, delegate its activity as investment manager to one or more investment managers approved by the supervisory authorities for each subfund. The following investment managers may be appointed:

### Bank J. Safra Sarasin AG

Bank J. Safra Sarasin AG, Elisabethenstrasse 62, CH-4051 Basel, Switzerland, is a Swiss private bank. Its main activities combine investment advisory services and asset management for private and institutional clients as well as the investment fund business. Investment foundations, corporate finance, brokerage and financial analysis complete the service range. Bank J. Safra Sarasin AG is subject to supervision by the Swiss Financial Market Supervisory Authority (FINMA).

Information about each subfund managed by an investment manager is provided in the annex relating to the subfund in question.

### Investment Advisers/Advisory Board

In addition, the Management Company may, under its own responsibility and control, appoint one or more investment

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advisers or advisory board(s) with no decision-making powers for each subfund.

The investment advisors/advisory boards can exchange the duties relating to the individual subfunds between themselves at any time. An up-to-date list of investment advisors for the individual subfunds is available from the Management Company.

The investment managers and investment advisers of the individual subfunds are also listed in the annual and semi-annual reports of the Fund.

The Management Company as well as the investment managers and investment advisers/advisory boards are entitled to remuneration. Further information can be found in section 6.1 “Fees and Expenses”.

### 2.3 Depositary and Paying Agent

#### Depositary's functions

The Management Company has appointed RBC Investor Services Bank S.A. (“RBC”), having its registered office at 14, Porte de France, L-4360 Esch-sur-Alzette, Grand Duchy of Luxembourg, as depositary bank and principal paying agent (the “Depositary”) of the Fund with responsibility for the

- a) safekeeping of the assets,
- b) oversight duties,
- c) cash flow monitoring, and
- d) principal paying agent functions.

in accordance with the 2010 Law, and the Depositary Bank and Principal Paying Agent Agreement dated 13 October 2016 and entered into between the Management Company and RBC (the “Depositary Bank and Principal Paying Agent Agreement”).

RBC Investor Services Bank S.A. is registered with the Luxembourg Register for Trade and Companies (RCS) under number B-47192 and was incorporated in 1994 under the name “First European Transfer Agent”. It is licensed to carry out banking activities under the terms of the Luxembourg law of 5 April 1993 on the financial services sector and specialises in custody, fund administration and related services. Its equity capital as at 31 October 2020 amounted to approximately EUR 1,282,320,000.-.

The Depositary has been authorized by the Management Company to delegate its safekeeping duties (i) to delegates

in relation to other assets and (ii) to sub-custodians in relation to Financial Instruments and to open accounts with such sub-custodians.

An up-to-date description of any safekeeping functions delegated by the Depositary and an up-to-date list of the delegates and sub-custodians may be obtained, upon request, from the Depositary or via the following website link:

<http://gmi.rbcits.com/rt/gss.nsf/Royal+Trust+Updates+Mini/53A7E8D6A49C9AA285257FA8004999BF?opendocument>.

The Depositary shall act honestly, fairly, professionally, independently and solely in the interests of the Fund and the unitholders in the execution of its duties under the 2010 Law and the Depositary Bank and Principal Paying Agent Agreement.

Under its oversight duties, the Depositary will:

- ensure that the sale, issue, repurchase, redemption and cancellation of Units effected on behalf of the Fund are carried out in accordance with the 2010 Law and with the Management Regulations of the Fund;
- ensure that the value of units is calculated in accordance with the 2010 Law and the Management Regulations of the Fund;
- carry out the instructions of the Management Company acting on behalf of the Fund, unless they conflict with the 2010 Law or the Management Regulations of the Fund;
- ensure that in transactions involving the Fund's assets, the consideration is remitted to the Fund within the usual time limits;
- ensure that the income of the Fund is applied in accordance with the 2010 Law or the Management Regulations of the Fund.

The Depositary will also ensure that cash flows are properly monitored in accordance with the 2010 Law and the Depositary Bank and Principal Paying Agent Agreement.

#### Depositary's conflicts of interests

From time to time conflicts of interests may arise between the Depositary and the delegates, for example where an appointed delegate is an affiliated group company which receives remuneration for another custodial service it provides to the Fund and/or the Management Company. On an



ongoing basis, the Depositary analyses, based on applicable laws and regulations any potential conflicts of interests that may arise while carrying out its functions. Any identified potential conflict of interest is managed in accordance with the RBC's conflicts of interest policy which is subject to applicable laws and regulation for a credit institution according to and under the terms of the Luxembourg law of 5 April 1993 on the financial services sector.

Further, potential conflicts of interest may arise 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 depositary, 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, the Management Company and/or other funds for which the Depositary (or any of its affiliates) acts.

RBC has implemented and maintains a management of conflicts of interest policy, aiming namely at:

- Identifying and analysing potential situations of conflicts of interests;
- Recording, managing and monitoring the conflicts of interests situations in:
  - Implementing a functional and hierarchical segregation making sure that operations are carried out at arm's length from the Depositary business;
  - Implementing preventive measures to decline any activity giving rise to the conflict of interest such as:
    - RBC and any third party to whom the custodian functions have been delegated do not accept any investment management mandates.
    - RBC does not accept any delegation of the compliance and risk management functions.
    - RBC has a strong escalation process in place to ensure that regulatory breaches are notified to the compliance department which reports material breaches to senior management and the board of directors of RBC.
    - A dedicated permanent internal audit department provides independent, objective risk assessment and evaluation of the adequacy and effectiveness of internal controls and governance processes.

**RBC confirms that based on the above no potential situation of conflicts of interest could be identified.**

An up-to-date information on conflicts of interest policy referred to above may be obtained, upon request, from the Depositary or via the following website link: [https://www.rbcits.com/AboutUs/CorporateGovernance/p\\_InformationOnConflictsOfInterestPolicy.aspx](https://www.rbcits.com/AboutUs/CorporateGovernance/p_InformationOnConflictsOfInterestPolicy.aspx).

#### **2.4 Central Administration, Registrar and Transfer agent**

Under an agreement concluded with RBC Investor Services Bank S.A. on 17 June 2013 ("Investment Fund Services Agreement"), the Management Company appointed RBC Investor Services Bank S.A. as central administration, registrar and transfer agent.

The central administration, registrar and transfer agent is entitled to a fee. Further information can be found in section 6.1 "Fees and Expenses".

#### **2.5 Distributors**

**The Management Company may appoint distributors to distribute units of one or more subfunds of the Fund. The names and addresses of these distributors can be obtained on request.**

#### **2.6 Auditors and Legal Advisers**

##### Auditors

Deloitte Audit, Société à responsabilité limitée, 20 Boulevard de Kockelscheuer, L-1821 Luxembourg, Grand Duchy of Luxembourg

##### Legal advisers

Arendt & Medernach, 41A, avenue J.F. Kennedy, L-2082 Luxembourg, Grand Duchy of Luxembourg

### **3. Investment Principles**

#### **3.1 Investment Objectives, Investment Policies, ESG Related Information, Typical Risk and Investor Profile of the Subfunds**

The investment objective of the subfunds is to achieve long-term capital appreciation, or for some subfunds to achieve a high and steady income. Investment will be made in a widely diversified portfolio of transferable securities and other permitted assets (hereafter "securities and other assets"). Investments will be made in accordance with the principle of risk spreading and the investment restrictions

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outlined in section 3.3 “Investment Restrictions”, while preserving the capital and maintaining its nominal value.

In order to achieve the investment objectives, the assets of the individual subfunds shall be invested, in accordance with the investment strategies described in the respective annexes, predominantly in securities and other permitted assets expressed in the currency of the subfunds or in another freely convertible currency, and which are traded on an official stock exchange or on another regulated market of an eligible state (see “Investment Restrictions”).

In addition to securities and other assets permitted by the investment restrictions, each subfund may also hold liquid assets.

Assets of each subfund expressed in a currency other than the currency of its issue price are permitted and may be hedged against currency risks through foreign exchange transactions.

For the purpose of efficient portfolio management, each subfund may use the available derivatives in accordance with the conditions described in section 3.4 “Use of derivatives”. None of the subfunds will make use of securities financing transactions (i.e. (a) repurchase transactions, (b) securities or commodities lending and commodities or securities borrowing, (c) buy-sell back transactions or sell-buy back transactions, and (d) margin lending transactions) or total return swaps subject to 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.

The investment objective and policy as well as the typical risk and investor profile of each subfund are described in more detail in the annexes to this prospectus.

For the avoidance of doubt, for the benchmark disclosures of the relevant subfunds that are actively managed without replicating any benchmark but with reference to a specific benchmark in Section “B. THE SUBFUNDS”, it shall be clarified that these subfunds are managed with reference to these benchmarks for the purposes of measuring and monitoring their performance for comparison purposes against the benchmarks. Therefore, the composition of the portfolio holdings of these subfunds is not constrained by the composition of these benchmarks.

The benchmarks of the individual subfunds are listed in the annual and semi-annual reports and in the Key Investor Information Documents.

The Management Company is not obliged to use one or more pre-selected brokers for any stock exchange transaction for individual subfunds. The same applies for other legal transactions related to the implementation of the investment policy.

The Management Company operates on the premise that, in accordance with customary market principles, it can achieve the best results by settling securities transactions with the investment advisers or companies affiliated with them, provided that their terms of business are comparable with those of other brokers or traders.

### Further sustainability-related disclosures

For the purpose of the EU Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector (the “SFDR”), subfunds with an explicit environmental, social and governance (“ESG”) investment strategy are classified into:

#### 1. *Subfunds promoting environmental or social characteristics*

These subfunds qualify as financial products under Art. 8(1) of the SFDR and further information can be found within the relevant subfund-specific part B “The Subfunds” and Schedule III “SFDR Disclosures”.

These subfunds are:

JSS Exclusive – CHF Foreign Bonds  
JSS Exclusive – EUR Bonds  
JSS Exclusive – USD Bonds  
JSS Exclusive – GBP Bonds

#### 2. *Subfunds with a sustainable investment objective*

These subfunds qualify as financial products under Art. 9(1), (2) or (3) of the SFDR.

However, currently, none of the subfunds classifies under such category.

#### 3. *Subfunds that do not promote environmental or social characteristics and/or do not have a sustainable investment objective*

These Subfunds do not promote environmental or social characteristics and / or do not have ESG investment objectives and the investments underlying these subfunds, do not take into account the EU criteria for environmentally sustainable economic activities.

However, currently, none of the subfunds classifies under such category.

### 3.2 Risk Profile and Risks

#### 3.2.1 General Risk Profile

Investments in a subfund can fluctuate in value, and there is no guarantee that the subfund units can be sold for the original capital amount invested.

If the investor's currency is not the same as the subfund's investment currency, or if the subfund invests in assets in different currencies, there is also an exchange rate risk.

#### General risks

##### Market risk

The value of investments within a subfund can be influenced by various factors (market trends, credit risk, etc.). There is therefore no guarantee that a subfund's investment objective will be achieved or that investors will get back the full amount of their invested capital upon redemption.

The value of the assets in which the subfund invests can be influenced amongst others by economic trends, the legal and fiscal framework and changes in investor confidence and behaviour.

Furthermore, the value of bonds and equities can be affected by factors specific to an individual company or issuer, as well as general market and economic conditions. Equities of companies in growth sectors (e.g. technology) or emerging markets, and equities of small and mid-caps, are associated with relatively higher price risks. Corporate bonds usually carry a higher risk than government bonds. The lower the quality rating given to a debtor by a rating agency, the higher the risk. Non-rated bonds can be riskier than bonds with an investment grade rating.

The value of equities may be reduced by changing economic conditions or disappointed expectations, and investors respectively the subfund may not get back the full value of the original investment. In the case of bonds, the above-mentioned risk factors mean there is no guarantee that all issuers will be able to meet their payment obligations in full and on time.

The value of a subfund can also be influenced by political developments. For example, the price of a subfund can be negatively affected by changes to laws and tax legislation, restrictions on foreign investments and restrictions on the freedom of exchange transactions in countries in which the subfund invests.

##### Interest rate risk

The value of bonds is affected by changes in interest rates. This is the risk that the value of a bond may fall, so when such an investment by the subfund is sold, its value may be lower than the original purchase price.

##### Credit and counterparty risk

Subfunds that enter into a business relationship with third parties, including over-the-counter (OTC) transactions (borrowing, money market investments, issuers of derivatives, etc.), are exposed to counterparty risk this means that third parties may not be able to comply fully with their obligations.

##### Exchange rate and currency risk

If a subfund invests in currencies other than the accounting currency (foreign currencies), it is exposed to exchange rate risk. This is the risk that currency fluctuations may negatively impact the value of the subfund's investments. Depending on the investor's reference currency, currency fluctuations can have a negative impact on the value of its investment.

##### Concentration risk

The greater the weighting (the unit in the subfund), the greater the enterprise risk or other risks specific to issuers involved (a fall in prices or default). These risks may be mitigated by limiting and monitoring the issuer concentration.

##### Liquidity risk

A UCITS is obliged to redeem Units at the request of a unitholder. Subfunds are exposed to liquidity risk if they cannot sell or close out certain investments at short notice and thus cannot meet their payment obligations on time.

On asset side, liquidity risk is mitigated through the maintenance of sufficient highly liquid investments at portfolio level (under normal and stressed market conditions). From liabilities' perspective, liquidity risk is managed through monitoring historical and anticipated net outflows (under normal and stressed market conditions), large unitholder

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concentrations as well as other potential payment obligations (e.g. margin, interest payments). At subfund level, it is ensured that relevant liquidity management tools in place as well as redemption terms are appropriate with regards to the subfund's investment strategy and underlying assets.

In case of insufficient portfolio liquidity or other liquidity issues, the permanent risk management function of J. Safra Sarasin Fund Management (Luxembourg) S.A. is in charge of reporting the issue to the Board of Directors of the Management Company which will in turn decide on appropriate corrective measures to be taken in accordance with the Management Company's Risk Policy.

### Operational risk including settlement risk

As a result of their collaboration with third parties, subfunds are exposed to various operational risks that may give rise to losses. With operational risks, a distinction is generally made between internal and external events. Internal events include (i) insufficient internal procedures and (ii) human or (iii) system failures. Insufficient internal procedures mean inadequate or deficient processes, insufficient internal control mechanisms, violations which are not taken into consideration or not recorded and the inadequate division of responsibilities. Human error includes poor capacity planning, dependency on key personnel, defective or ineffective management, undiscovered money laundering or thefts, insufficiently qualified personnel and fraud. System failures may include inadequate access controls, a lack of business continuity planning, unsuitable systems, a lack of system maintenance and monitoring as well as defective system security. External events, in contrast, include fraud by external persons, natural disasters, geopolitical risks and market events. Finally, operational risks also include legal and documentation risks plus risks which result from the trading, settlement and evaluation procedures operated for the subfund. Subfunds that do business with third parties are exposed to settlement risk. This is the risk that a third party may be unable to comply fully with its obligations and on time.

### Derivatives risk (risks associated with the use of derivative products)

Market risks have a far greater impact on derivatives than on direct investment instruments. As such, the value of investments in derivatives can fluctuate severely. Derivatives carry not only market risk, as with traditional investments,

but also a number of other risks. The further risks to bear in mind are:

- When using derivatives, a credit risk arises if a third party (counterparty) does not fulfil the obligations of the derivative contract. The credit risk of derivatives traded over-the-counter (OTC) is generally higher than in exchange-traded derivatives. When evaluating the potential credit risk of derivatives traded over-the-counter, the creditworthiness of the counterparty must be taken into account. In the event of the bankruptcy or insolvency of a counterparty, the subfund concerned may suffer delays in the settlement of positions and considerable losses, including impairment of the investments made during the period in which the subfund seeks to enforce its claims; it may fail to realise profits during this period and may also incur expenses in connection with the enforcement of these rights. There is also a possibility that derivative contracts will be terminated, for example due to bankruptcy, supervening illegalities or due to a change in tax or accounting legislation affecting the provisions in force when the contract was concluded. Investors should be aware that the insolvency of a counterparty can in principle result in substantial losses for the subfund.
- Liquidity risk can arise in derivatives if their market becomes illiquid. This is frequently the case in derivatives traded over-the-counter. Derivatives also carry valuation risk, since determining prices is often a complex process and can be influenced by subjective factors.
- Over-the-counter (OTC) derivatives carry higher settlement risk.
- Derivatives can also be exposed to management risk, as they do not always have a direct or parallel relationship with the value of the underlying instrument from which they are derived. As such, there can be no guarantee that the investment objective will be achieved when using derivative products.
- There is generally no market price available for OTC derivatives, which can give rise to valuation problems at the subfund level.
- Futures contracts entail the risk that the subfund may suffer losses due to an unanticipated development in the market price at maturity.
- Price changes in the underlying instrument can reduce the value of the option or futures contract until it becomes worthless. This may adversely affect the value of the subfund.

- The purchase of options entails the risk that the option is not exercised because the prices of underlying assets do not perform as expected, with the result that the option premium paid by the subfund is lost. When selling options, there is a risk that the subfund will be obliged to buy assets at a price above the current market price or to deliver assets at a price below the current market price. The subfund would then incur a loss amounting to the price difference less the option premium received.
- The leverage effect of options may result in the value of the subfund being affected more strongly than would be the case with the direct purchase of the underlying instruments.
- The potential necessity of an offsetting transaction (closing out) is associated with costs which can reduce the value of the subfund.

The Management Company may trade in commodity interests<sup>1</sup>, including certain swaps, options, futures and leveraged transactions (as defined in detail in the Commodity Exchange Act of 1936 (as amended) and in the legislation included therein), however, pursuant to CFTC rule 4.13(a)(3), the investment manager is exempt from registering as a commodity pool operator (CPO) with the US Commodity Futures Trading Commission (CFTC). Therefore, the investment manager, in contrast to a registered CPO, is not obliged to provide subscribers with an information document or a certified annual report meeting the requirements of the CFTC rules, which would otherwise apply to registered CPOs.

The investment manager is also eligible for the exemption provided that (i) each subscriber is an “accredited investor” as defined in the Securities and Exchange Commission (SEC) rules, a trust that is not an accredited investor itself but was founded by an accredited investor on behalf of a family member, a “qualified person” in accordance with the SEC rules or a “qualified eligible person” under CFTC rules; (ii) the units in the subfund are exempt from registration under the Securities Act of 1933 (as amended) and are offered and sold without public advertising in the United States and (iii) either (a) the total initial margin and premiums necessary to establish commodity interests positions

at no time exceed five per cent of the liquidation value of the fund portfolio or (b) the total net nominal value of the commodity interests positions at no time exceeds one hundred per cent of the liquidation value of the subfund portfolio.

#### Custody risk

The investment managers may decide from time to time to invest in a country where the Depositary has no correspondent. In such a case, the Depositary will have to identify and appoint a local custodian following a respective due diligence. This process may take time and deprive in the meantime the investment manager of investment opportunities.

The Depositary will assess on an ongoing basis the custody risk of the country where the subfund’s assets are safekept. In many emerging markets, local custody and settlement services remain underdeveloped and there is a custody and transaction risk involved in dealing in such markets. In certain circumstances, the subfund may not be able to recover or may encounter delays in the recovery of some of its assets. Furthermore, to secure the investment, the investment manager may be required to sell the assets immediately at a less attractive price than the subfund would have received under normal circumstances, potentially affecting the performance of the subfund.

In accordance with the Directive 2009/65/EC, entrusting the custody of the subfund’s assets to the operator of a securities settlement system (“SSS”) is not considered as a delegation by the Depositary and the Depositary is exempted from the strict liability of restitution of assets. A central securities depository (“CSD”) being a legal person that operates a SSS and provides in addition other core services, should not be considered as a delegate of the Depositary irrespective the fact that the custody of the subfund’s assets have been entrusted to it. There is however some uncertainty around the meaning to be given to such exemption, the scope of which may be interpreted narrowly by some supervisory authorities, notably the European supervisory authorities.

In certain circumstances, the Depositary may be required by local law to delegate safekeeping duties to local custodians subject to weaker legal and regulatory requirements or

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<sup>1</sup> The Company does not invest in commodities either directly or indirectly.

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who might not be subject to effective prudential supervision, increasing thus the risk of a loss of the subfund's assets held by such local custodians through fraud, negligence or mere oversight of such local custodians. The costs borne by the subfund in investing and holding investments in such markets will generally be higher than in organised security markets.

### Pledge

As a continuing security for the payment of its duties under the Depositary Bank and Principal Paying Agent Agreement (like fees to the depositary or also overdraft facilities offered by the Depositary), the Depositary shall have a first priority pledge of 10% granted by the Management Company over the assets the Depositary or any third party may from time to time hold directly for the account of the subfunds, in any currency.

### Cash

Under the Directive 2009/65/EC, cash is to be considered as a third category of assets beside financial instruments that can be held in custody and other assets. The Directive 2009/65/EC imposes specific cash flow monitoring obligations. Depending on their maturity, term deposits could be considered as an investment and consequently would be considered as other assets and not as cash.

### Investments in other investment funds

If a subfund invests in another UCITS or UCI ("Target Fund"), it should be noted that costs will also be incurred at the level of these Target Funds (incl. custodian fees, central administration fees, asset management fees, taxes, etc.). As the investor in these Target Funds, the subfund in question shall bear these costs, in addition to the costs incurred at the subfund level.

### Securities issued pursuant to Rule 144A under the US Securities Act of 1933

Subfunds may also invest in securities of corporations issued under Rule 144A under the US Securities Act of 1933. SEC Rule 144A provides a safe harbor exemption from the registration requirements of the US Securities Act of 1933 for resale of restricted securities to qualified institutional buyers, as defined in the rule. The advantage for investors is potentially higher returns due to lower administration charges. However, dissemination of secondary market transactions in rule 144A securities is restricted and only available to qualified institutional buyers. This might

increase the volatility of the security prices and, in extremes conditions, decrease the liquidity of a particular rule 144A security.

### Foreign account tax compliance act ("FATCA") related risks

The Fund may be subject to regulations imposed by foreign regulators, in particular, the United States Hiring Incentives to Restore Employment Act (Hire Act) which was enacted into U.S. law on 18 March 2010. It includes provisions generally known as FATCA. FATCA provisions generally impose a reporting to the U.S. Internal Revenue Service of non-U.S. financial institutions that do not comply with FATCA and U.S. persons' (within the meaning of FATCA) direct and indirect ownership of non-U.S. accounts and non-U.S. entities. Failure to provide the requested information will lead to a 30% withholding tax applying to certain U.S. source income (including dividends and interest) and gross proceeds from the sale or other disposal of property that can produce U.S. source interest or dividends.

Under the terms of FATCA, the Fund will be treated as a Foreign Financial Institution (within the meaning of FATCA). As such, the Fund may require all investors to provide documentary evidence of their tax residence and all other information deemed necessary to comply with the above mentioned regulations.

Should the Fund become subject to a withholding tax as a result of FATCA, the value of the units held by all investors may be materially affected.

The Fund and/or its investors may also be indirectly affected by the fact that a non U.S. financial entity does not comply with FATCA regulations even if the Fund satisfies with its own FATCA obligations.

Despite anything else herein contained, the Fund shall have the right to:

- withhold any taxes or similar charges that it is legally required to withhold by applicable laws and regulations in respect of any unit holding in the Fund;
- require any investor or beneficial owner of the units to promptly furnish such personal data as may be required by the Fund in its discretion in order to comply with applicable laws and regulations and/or to promptly determine the amount of withholding to be retained;
- divulge any such personal information to any tax authority, as may be required by applicable laws or regulations or requested by such authority; and

- delay payments of any dividend or redemption proceeds to an investor until the Fund holds sufficient information to comply with applicable laws and regulations or determine the correct amount to be withheld.

#### Common reporting standard (“CRS”) related risks

Capitalized terms used in this section should have the meaning as set forth in the CRS Law (as defined below), unless provided otherwise herein.

The Fund may be subject to the Standard for Automatic Exchange of Financial Account Information in Tax matters (the “Standard”) and its Common Reporting Standard (the “CRS”) as set out in the Luxembourg law dated 18 December 2015 implementing Council Directive 2014/107/EU of 9 December 2014 as regards mandatory automatic exchange of information in the field of taxation (the “CRS-Law”).

Under the terms of the CRS-Law, the Fund is likely to be treated as a Luxembourg Reporting Financial Institution. As such, as of 30 June 2017 and without prejudice to other applicable data protection provisions, the Fund will be required to annually report to the Luxembourg tax authority (the “LTA”) personal and financial information related, inter alia, to the identification of, holdings by and payments made to (i) certain investors qualifying as Reportable Persons and (ii) Controlling Persons of certain non-financial entities (“NFEs”) which are themselves Reportable Persons. This information, as exhaustively set out in Annex I of the CRS-Law (the “Information”), will include personal data related to the Reportable Persons.

The Fund’s ability to satisfy its reporting obligations under the CRS-Law will depend on each investor providing the Fund with the Information, along with the required supporting documentary evidence. In this context, the investors are hereby informed that the data controller will process the Information for the purposes as set out in the CRS-Law. The investors undertake to inform their Controlling Persons, if applicable, of the processing of their Information by the Fund.

The investors are further informed that the Information related to Reportable Persons within the meaning of the CRS-Law will be disclosed to the LTA annually for the purposes set out in the CRS-Law. In particular, Reportable Persons are informed that certain operations performed by them will

be reported to them through the issuance of statements, and that part of this information will serve as a basis for the annual disclosure to the LTA.

Similarly, the investors undertake to inform the Management Company for and on behalf of the Fund within thirty (30) days of receipt of these statements should any included personal data be not accurate. The investors further undertake to inform the Management Company within thirty (30) days of, and provide the Management Company with all supporting documentary evidence of any changes related to the Information after occurrence of such changes.

Any investor that fails to comply with the Management Company’s Information or documentation requests may be held liable for penalties imposed on the Fund or the Investment Manager and attributable to such investor’s failure to provide the Information.

#### 3.2.2 Subfund’s specific Risk Profile

##### **Credit Default Swaps**

Credit default swap transactions can be subject to higher risk than direct investment in debt securities. A subfund may employ credit default swaps for investment and for hedging purposes, i.e. to increase or decrease its exposure to changing security prices or other factors affecting security values.

The “buyer” (of protection) in a credit default swap transaction is obliged to pay the “seller” a periodic stream of payments over the term of the contract provided that no event of default on an underlying reference obligation has occurred. If an event of default occurs, the seller must pay the buyer the full notional value, or “par value”, of the reference obligation in exchange for the reference obligation, an equivalent deliverable obligation or the market value.

If no event of default or decrease of credit quality occurs with regard to the reference obligation, the relevant subfund (if buyer) will lose its investment and recover nothing. However, if an event of default occurs, the relevant subfund (if buyer) will receive the full notional value of the reference obligation that may have little or no value. In case of a rise in credit quality with regard to the reference obligation, the relevant subfund (as buyer) may generate a loss in case of a close-out of the credit default swap before expiry.

As seller, the relevant subfund receives a fixed rate of income throughout the term of the contract, provided that there is no event of default. If an event of default occurs,

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the relevant subfund must pay the buyer the full notional value of the reference obligation and will receive only the defaulted reference obligation or the market value of the reference obligation. In case of a decline in credit quality with regard to the reference obligation, the relevant subfund may generate a loss in case of a close-out of the credit default swap before expiry.

In addition to the risk factors addressed in the section 3.2 of this prospectus “Risk profile and risks”, sub-section 3.2.1 “General Risk Profile” chapter “Derivatives risk (risks associated with the use of derivative products)”, the market for credit derivatives may from time to time be less liquid than debt securities markets. The sale of a credit derivative may increase the risk exposure of the relevant subfund to the market (leverage).

### Sustainability-related risks

Pursuant to the SFDR, financial market participants are required to disclose the manner in which Sustainability Risks (as defined hereafter) are integrated into the investment decision and the results of the assessment of the likely impacts of Sustainability Risks on the returns of the subfunds.

Sustainability risk is 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 investments made by the subfunds (“**Sustainability Risk**”).

Such risk is principally linked to climate-related events resulting from climate change (the so-called physical risks) or to the society’s response to climate change (the so-called transition risks), which may result in unanticipated losses that could affect the subfunds’ investments and financial condition. Social events (e.g. inequality, inclusiveness, labour relations, investment in human capital, accident prevention, changing customer behavior, etc.) or governance shortcomings (e.g. recurrent significant breach of international agreements, bribery issues, products quality and safety, selling practices, etc.) may also translate into Sustainability Risks.

Sustainability Risks are integrated in the investment decision making and risk monitoring via the ESG Integration approach to the extent that they represent potential or actual material risks and/or opportunities to maximising the long-term risk-adjusted returns of the subfunds.

The impacts following the occurrence of a Sustainability Risk may be numerous and vary depending on the specific risk, region and asset class. In general, where a Sustainability Risk occurs in respect of an asset, there will be a negative impact on, or entire loss of, its value.

Such assessment of the likely impact must therefore be conducted at portfolio level.

Unless otherwise specified in Section “B. THE SUBFUNDS”, the subfunds are highly diversified. Therefore, it is expected that the subfunds will be exposed to a broad range of Sustainability Risks, which will differ from company to company. Some markets and sectors will have greater exposure to Sustainability Risks than others. For instance, the energy sector is known as a major Greenhouse Gas (GHG) producer and may be subject to greater regulatory or public pressure than other sectors and thus, greater risk. However, it is not anticipated that any single Sustainability Risk will drive a material negative financial impact on the value of the subfund.

Further details and specific information is given for each subfunds in Section “B. THE SUBFUNDS”.

### 3.3 Investment Restrictions

The assets of the subfunds are invested according to the principle of risk distribution in securities and other assets as defined in Article 41 of the 2010 Law.

Under the 2010 law, the following assets are permitted, each subfund being defined for the purposes of this section as a separate fund within the meaning of Article 40 of the 2010 Law:

1. The investments of each subfund may exclusively consist of:
  - a) Securities and money market instruments:
    - that are listed or traded on a regulated market (as defined in Article 41(1)(a) of the 2010 Law);
    - that are traded on another regulated market of a European Union (EU) member state that is recognised, open to the public and operates regularly;
    - that are officially listed on a securities exchange of a third country or traded on another regulated market of a third country



- that is recognised, open to the public and operates regularly;
- that are newly issued, where the issuing conditions include the undertaking that admission to an official listing on a securities exchange or another regulated market that is recognised, open to the public and operates regularly shall be applied for and that admission shall be granted at the latest within one year of issue.
- b) Sight or call deposits with a maximum term of 12 months at an approved credit institution with its registered office in an EU or OECD member state or a country that has ratified the resolutions of the Financial Action Task Force (FATF) (Groupe d'Actions Financière International – GAFI) (an “approved credit institution”).
- c) Derivatives, including equivalent cash-settled instruments that are traded on a regulated market as described in the first, second or third indent under (a) above, and/or OTC derivatives, provided that:
- the underlying assets consist of instruments covered by this paragraph or financial indices, interest rates, foreign exchange rates or currencies in which the subfunds may invest according to their investment objectives;
  - the counterparties in OTC derivative transactions are institutions subject to prudential supervision belonging to categories approved by the Luxembourg Financial Supervisory Authority (Commission de Surveillance du Secteur Financier – CSSF); and
  - the OTC derivatives are subject to reliable and verifiable valuation on a daily basis and can be sold, liquidated or closed by an off-setting transaction at any time at the Fund's initiative.
- d) Shares/Units of UCITS authorised under Directive 2009/65/EC and/or other undertakings for collective investment (UCIs) as defined in Article 1(2)(a) and (b) of Directive 2009/65/EC, with their registered office in an EU member state or a third country, provided that:
- such other undertakings for collective investment are authorised under laws subjecting them to supervision considered by the CSSF to be equivalent to that laid down in European Community law, and that cooperation between the authorities is sufficiently ensured;
  - the level of protection for shareholders/unitholders of such other UCIs is equivalent to that provided for shareholders/unitholders of a UCITS, and in particular that the rules on asset segregation, borrowing, lending and short-selling of securities and money market instruments are equivalent to the requirements of Directive 2009/65/EC;
  - the business of such other UCIs is reported in semi-annual and annual reports to enable an assessment to be made of the assets, liabilities, income and operations over the reporting period;
  - no more than 10% of the net asset value of the UCITS or other UCIs whose acquisition is contemplated may, according to their constitutional documents, be invested in aggregate in shares/units of other UCITS or other UCIs.
- If a subfund acquires shares/units of other UCITS and/or other UCIs that are directly or indirectly managed by the same management company or another company that is associated with the management company through joint management or control or through a substantial direct or indirect participation, any associated issue and redemption commissions relating to the target fund may not be charged to the investing subfund.
- In subfunds which invest, as part of their investment policy, in other existing UCIs or UCITS, fees may be charged both at the level of the subfund and at the level of the target fund concerned. The management fee of the target fund in which the assets of the subfund are invested, allowing for any refunds, may not exceed 3%.
- Under the conditions permitted by the 2010 Law, any subfund of this Fund may invest in units of one or more other subfunds of this Fund.
- e) Money market instruments other than those traded on a regulated market that fall within the scope of Article 1 of the 2010 Law, if the issuer or issuer of such instruments is itself regulated for the purpose of protecting investors and sav-ings, and provided that they are:

- issued or guaranteed by a central, regional or local authority or central bank of an EU member state, the European Central Bank, the European Union or the European Investment Bank, a third country 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;
  - issued by a company, any of whose securities are traded on the regulated markets referred to under 1(a) above, or;
  - issued or guaranteed by an establishment subject to prudential supervision, in accordance with criteria defined by European Community law, or by an establishment that is subject to and complies with prudential rules considered by the CSSF to be at least as stringent as those laid down by European Community law, or;
  - issued by other bodies belonging to the categories approved by the CSSF, provided that investments in such instruments are subject to investor protection equivalent to that laid down in the first, second or third indent and provided that the issuer is a company whose equity capital amounts to at least EUR ten (10) million and that presents and publishes its annual accounts in accordance with Directive 2013/34/EU, or is an entity that, within a group of companies including one or more listed companies, is dedicated to financing the group or is an entity dedicated to financing securitisation vehicles that benefit from a banking liquidity line.
- f) However:
- a subfund may invest no more than 10% of the net asset value in securities and money market instruments other than those referred to in (a) to (e) above;
  - each subfund may invest in aggregate no more than 10% of its net asset value in target funds as described in 1.(d) unless the annex relating to a subfund expressly permits an additional investment in target funds;
  - the subfunds may not acquire precious metals or certificates representing them.
- g) The subfunds may hold liquid assets on an accessory basis.
2. Risk diversification
- a) Each subfund may invest no more than 10% of its net asset value in securities or money market instruments of one and the same issuer. A subfund may invest no more than 20% of the net asset value in deposits at one and the same institution.
- The default risk for transactions of a subfund with OTC derivatives may not exceed the following limits:
- 10% of the net asset value of each subfund when the counterparty is an authorised credit institution, or;
  - 5% of the net asset value of each subfund in other cases.
- The overall exposure of each subfund relating to derivative instruments may not exceed the net asset value of the affected subfund. The exposure shall be calculated taking into account the market value of the underlying assets, the counterparty risk, future market movements and the time available to liquidate the positions.
- The overall exposure of the underlying assets may not exceed the investment limits laid down in (a) to (f) above. In the case of index-based derivative instruments, the underlying assets need not observe these investment limits. Where a derivative is embedded in a transferable security or money market instrument, it must be taken into account when complying with the requirements of this point.
- b) The total value of the securities and money market instruments of issuing bodies, in each of which a subfund invests more than 5% of its net asset value, must not exceed 40% of its net asset value. This limit does not apply to deposits or OTC derivative transactions made with financial institutions subject to prudential supervision.
- c) Notwithstanding the individual limits laid down under (a) above, a subfund may not combine in excess of 20% of its net asset value:
- investments in transferable securities or money market instruments issued by a single body;
  - deposits made with a single body; and/or

- OTC derivatives purchased from such a body.
- d) The limit laid down in the first sentence of (a) may be raised to 35% if the securities or money market instruments are issued or guaranteed by an EU member state, by its local authorities, by a third country or by a public international body to which one or more member states belong.
- e) The limit laid down in the first sentence of (a) may be raised to a maximum of 25% in the case of certain bonds when these are issued by a credit institution that has its registered office in an EU member state and is subject by law to special public supervision designed to protect bondholders. In particular, sums deriving from the issue of these bonds must be invested in conformity with the law in assets that, during the whole period of validity of the bonds, are capable of covering the liabilities attached to the bonds and that, in the event of issuer default, would be used on a priority basis for the reimbursement of the principal and payment of the accrued interest.
- If a subfund invests more than 5% of its net asset value in the bonds referred to in the preceding paragraph, issued by one single issuer, the total value of these investments may not exceed 80% of the net asset value of the subfund.
- f) The securities and money market instruments referred to under (d) and (e) above shall not be taken into account for the purpose of applying the limit of 40% referred to under (b) above. The limits provided for under (a) to (e) above may not be combined, and thus investments in securities or money market instruments issued by the same body or in deposits or derivative instruments made with this body carried out in accordance with (a) to (e) shall under no circumstances exceed in total 35% of the net asset value of a subfund.
- Companies that are included in the same group for the purposes of consolidated accounts, as defined in accordance with Directive 2013/34/EU or in accordance with recognised international accounting rules, shall be regarded as a single body for the purpose of calculating the above limits.
- Cumulative investment in securities and money market instruments within the same group is permitted up to a limit of 20% of the net asset value of a subfund.
- g) By way of derogation from points (a) to (f) above, in accordance with the principle of risk diversification, up to 100% of the net asset value of a subfund may be invested in securities and money market instruments of different issues that are issued or guaranteed by an EU Member State or its regional authorities, an OECD member state, G20 countries and Singapore or by international public organisations to which one or more EU member states belong, provided that the subfund holds securities and money market instruments from at least six different issues and that securities and money market instruments from one issue do not account for more than 30% of the total net assets of the subfund.
- h) The upper limit under (a) above may be raised to a maximum of 20% for investment in equities and/or debt securities issued by the same body when the aim of a subfund's investment strategy is to replicate the composition of a specific equity or debt securities index that is recognised by the CSSF, provided that:
- the composition of the index is sufficiently diversified;
  - the index represents an adequate benchmark for the market to which it refers;
  - the index is published in an appropriate manner.
  - The limit for the preceding paragraph shall be 35% where this is justified by exceptional market conditions, in particular in regulated markets where certain securities or money market instruments are highly dominant. Investment up to this limit is only permitted in a single issuer.
- i) A subfund may acquire shares/units of target funds, provided that its investments in any one target fund do not exceed 20% of its net asset value. Provided the segregation of the liabilities of the assets of a subfund of an umbrella fund towards third parties is ensured, this 20% limit shall apply for such subfunds. A subfund may invest up to 30% of its net asset value in other

UCIs, subject to a maximum of 20% of the net asset value in one other UCI.

j)

- A) The subfund assets may not be invested in securities carrying voting rights that would enable the Fund to exercise significant influence over the management of an issuer.
- B) Furthermore, the Fund may acquire no more than:
- 10% of the non-voting shares of any single issuer;
  - 10% of the debt securities of any single issuer;
  - 25% of the shares/units of any single target fund;
  - 10% of the money market instruments of any single issuer.

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

Application of paragraphs (A) and (B) shall be waived in regard to:

- securities and money market instruments issued or guaranteed by an EU member state or its local authorities;
- securities and money market instruments issued or guaranteed by a country which is not a member of the European Union;
- securities and money market instruments issued or guaranteed by public international bodies of which one or more EU member states are members;
- shares held in the capital of a company incorporated in a third country investing its assets mainly in the securities of issuing bodies having their registered offices in that country, where under the legislation of that country such a holding represents the only way in which the UCITS can invest in the securities of issuing bodies of that country. This derogation, however, shall apply only if in its investment policy the company

from the third country complies with the limits laid down under (a) to (f) and (i) to (j) (A) and (B). Where the limits set in (a) to (f) and (i) are exceeded, (k) shall apply mutatis mutandis;

- shares held in the capital of subsidiary companies which in their country of establishment only, and exclusively for those companies, carry out certain management, advisory or marketing activities in relation to the redemption of units at the request of unitholders.

k)

- A) For a period of six months following the official authorisation of a subfund in Luxembourg, the provisions of (a) to (h) need not be adhered to, provided the principle of risk spreading is observed.
- B) If the limits referred to in paragraph (A) are exceeded by a subfund unintentionally or as a result of the exercise of subscription rights, the Management Company must adopt as a priority objective in its sales transactions the remedying of that situation, taking due account of the interests of its unitholders.

l)

- A) The Management Company may not take out any loans for the subfunds. The Management Company may however acquire foreign currencies for the subfund by means of “back-to-back” loans.
- B) By way of derogation from paragraph (A), the Management Company may borrow for a subfund up to 10% of its net asset value, provided that the borrowing is on a temporary basis; these loans and those referred to in (A) may not in total exceed 15% of the relevant net asset value.

m)

- The Management Company or the Depositary may not guarantee any loans on behalf of subfunds or act as guarantor for third parties, without prejudice to the application of 1. (a) to (e) and investment in target funds. This shall not prevent the Management Company from acquiring securities, money market instruments, shares/units of target funds or other financial

- instruments referred to under 1. (c) and (e) that are not fully paid up.
- n) The Management Company or Depositary acting on behalf of the subfunds may not carry out short sales of securities, money market instruments, shares/units of target funds or other financial instruments referred to under 1. (c), (d) or (e).
  - o) Each subfund may hold liquid assets on an accessory basis. Exceptions to this provision, for example in regard to holding liquid assets for investment purposes, are given in the annex for each subfund.
  - p) The subfunds may not invest in securities that entail unlimited liability.
  - q) The subfund's assets may not be invested in real estate, precious metals, precious metals contracts, commodities or commodity contracts. The subfund's assets may be invested in contracts on commodity indices, provided that the indices meet the criteria described in 2. (h) above.
  - r) The Management Company may adopt further investment restrictions in order to comply with conditions in any country in which its units are destined for sale.

### 3.4 Use of Derivatives

The Management Company may use financial derivative instruments (derivatives) for each subfund for the purposes of investment or hedging (e.g. in connection with stock market movements, to hedge interest rate fluctuations or currency risks) in accordance with 3.3.1. (c). Financial derivative instruments include, but are not limited to, futures, options, swaps (interest rate swaps, currency swaps, total return swaps, credit default swaps, etc.), forwards and contracts for differences. It must at all times observe the investment restrictions laid down in Part I of the 2010 Law and in section 3.3 "Investment Restrictions", and, in particular, must take into account the securities underlying the derivatives and structured products used by the individual subfunds (the "underlying securities") when calculating the investment limits described in the previous section. The Company shall ensure that its global exposure for each subfund relating to derivative instruments does not exceed the net asset value of the subfund in question. The Management Company shall at all times observe the investment

limits laid down in the regulations applicable in Luxembourg and in the circulars of the Luxembourg supervisory authority. When using derivatives and structured products, the Management Company shall also ensure that each subfund maintains sufficient liquidity. There must always be sufficient cash positions to cover all liabilities incurred by the subfund as a result of using derivatives.

These transactions include options (call and put options) on transferable securities and other financial instruments, futures and forwards, as well as swaps. The latter include currency and interest rate swaps as well as credit default swaps (CDS).

An option is a right to buy ("call option") or sell ("put option") a particular asset at a date specified in advance ("exercise date") or during a period specified in advance at a price agreed in advance ("strike price"). The price of a call or put option is known as the option premium.

Forward transactions are binding agreements for both parties to purchase or sell a certain quantity of a certain underlying instrument at a certain date – the maturity date – at a price agreed in advance.

A swap is a contract in which two counterparties agree to exchange one stream of cash flows on assets, income or risks for another stream. In principle, a swap is traded off-exchange and cleared via a central counterparty.

An interest rate swap is a transaction in which two counterparties exchange cash flows based on fixed or variable interest payments. The transaction can be compared to borrowing at a fixed interest rate and simultaneously lending at a variable interest rate; the principal amounts are not actually exchanged.

Currency swaps generally involve exchanging the principal amounts. They can be compared to borrowing in one currency and simultaneously lending in another currency.

A credit default swap (CDS) is a short-term fixed income investment in the form of a standardised derivative contract. Both the issuer and the underlying debtor must comply with the investment principles at all times and must follow the investment policy described in this prospectus.

These transactions are executed in accordance with the investment policy of the subfund concerned.

**In principle, OTC transactions may only be conducted with counterparties approved by the Board of Directors. The limits specified in Article 43 (1) of the 2010 Law of 10% of the net asset value for transactions with qualified credit institutions and a maximum of 5% in all other cases shall be observed in each case. Where there are plans to conduct OTC transactions with a counterparty, such counterparty must have concluded an ISDA master agreement.**

### 3.5 Techniques for efficient Portfolio Management

“Efficient portfolio management techniques” is understood to mean the use of the following techniques:

- Securities lending
- Repurchase agreements
- Reverse repurchase agreements

The Management Company does not use any of these techniques.

### 3.6 Collateral

The Management Company may demand the provision of collateral on behalf of the Fund in connection with OTC derivative transactions in order to reduce the Fund's counterparty risk. The following section sets out the rules applied by the Management Company for the management of collateral for the respective subfunds.

#### General rules

Collateral accepted by the Management Company for the individual subfund may be used to reduce the counterparty risk to which the Fund is exposed if this meets the requirements listed in the applicable laws, provisions and circulars issued by the CSSF in particular with regard to liquidity, valuation, quality in terms of the solvency of issuers, correlations, risks in terms of the management of collateral and enforceability. In accordance with the ESMA guidelines 2012/832 and 2014/937, the Management Company ensures sufficient diversification across countries, markets and issuers in terms of collateral. The criterion of sufficient diversification with respect to issuer concentration is considered to be respected if the Fund receives from a counterparty of efficient portfolio management and over-the-counter financial derivative transactions a basket of collateral with a maximum exposure to a given issuer of 20% of its net asset value. When UCITS are exposed to different counterparties, the different baskets of collateral should be aggregated to calculate the 20% limit of exposure to a single issuer. By way of derogation from this sub-section, a UCITS 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 member state of the OECD, or a public international body to which one or more member states belong. These UCITS should receive securities from at least six different issues, but securities from any single issue should not account for more than 30% of the Funds' net asset value. The annex of the relevant subfund shall state if a subfund is fully collateralised by securities issued or guaranteed by a member state. In this case, the annex will also state which member state, which local authorities or which public international body issued or guaranteed the securities which have been accepted as security for more than 20% of its net asset value.

#### Amount of collateral

The Management Company does not engage in techniques such as securities lending, repurchase agreements and reverse repurchase agreements for the subfund; therefore the minimum requirements for collateral for this type of transaction do not apply pursuant to ESMA Guidelines 2012/832 and 2014/937.

The Management Company only engages in OTC transactions for the subfund on the condition that the default risk of the counterparty specified in Article 43 (1) of the 2010 Law may not exceed 10% of the net asset value for transactions with qualified credit institutions and 5% in all other cases. The extent of the counterparty risk is reduced by the collateral received and may not exceed the above limits. The Management Company will determine the necessary amount of collateral for derivative OTC transactions for the individual subfund in each case depending on the type and characteristics of the transactions carried out, the creditworthiness and identity of the counterparties and the individual market conditions, while complying with the above limits.

#### Type of collateral and valuation discounts

The Management Company accepts the following asset classes as collateral and for each asset employs a valuation discount in accordance with the range specified for each asset class:

- a) Cash (no valuation discount in principle if provided in the subfund currency; the valuation discount amounts to between 0.5% and 5% of the face value in the case of foreign currencies),

- b) Government bonds rated A- (S&P) or better, bonds issued or guaranteed by central banks and bonds issued or guaranteed by an EU member state or its public-sector entities, and bonds issued or guaranteed by a non-EU member state (valuation discount between 0.5% and 10% of the market value),
- c) Corporate bonds rated A- (S&P) or better (valuation discount between 5% and 20% of the market value),
- d) Equities (valuation discount of between 50% and 75% of the market value).

Collateral received is valued on each Valuation Day, taking due account of valuation discounts. The valuation discount applied to bonds is normally higher the longer the remaining term to maturity or the time remaining until the regular yield adjustments. Shares are generally accepted as collateral only if they are included in relevant equity indices.

It is possible to accept transactions involving OTC derivatives without demanding collateral from the counterparty.

#### **Reinvestment of collateral**

Cash collateral accepted for the individual subfund may only be invested in liquid assets in accordance with the provisions of the Luxembourg law and the applicable provisions in particular of the ESMA guidelines 2014/937, which were implemented through CSSF Circular 14/592. All reinvestment of cash collateral must be sufficiently diversified in terms of countries, markets and issuers, with maximum exposure to a specific issuer of 20% of the net asset value of the individual subfund.

Furthermore, the individual subfund may suffer losses due to the reinvestment of the cash collateral. Such losses may result from an impairment of the investments made using the cash collateral. An impairment of the investments made using the cash collateral may result in a reduction in the amount of collateral available for repayment by the individual subfund to the counterparty after completion of the transaction. In this instance the individual subfund is obliged to bear the difference in value between the collateral originally received and the amount actually available for repayment to the counterparty, resulting in a loss for the individual subfund.

## **4. The Fund, Reports and Publications and Deposit of Documents**

### **4.1 The Fund**

JSS Private FCP is an Undertaking for Collective Investment in Transferable Securities in the form of a Fonds Commun de Placement (FCP), and is subject to Part I of the Law of 17

December 2010 on Undertakings for Collective Investment (the "2010 Law"). The Fund is managed by J. Safra Sarasin Fund Management (Luxembourg) S.A. (the "Management Company") in accordance with the management regulations of the Fund (the "Management Regulations").

The Management Regulations of the Fund were issued for the first time on 25 October 2012 and can be amended by the Management Company with the consent of the Depositary in compliance with legal requirements. The Management Regulations of the Fund were last amended with effective date as of 16 August 2017. The filing of the Management Regulations was published for the first time in the Mémorial on 9 November 2012. As at the date of this prospectus, these changes had not yet been published in the RESA, the Recueil électronique des sociétés et associations. The new Management Regulations come into effect on the date of signing by the Management Company and the Depositary. The consolidated version will be deposited and available for inspection at the Trade and Companies Register (Registre de Commerce et Sociétés).

The Management Regulations govern the relationships described in this prospectus between the Management Company, the Depositary and the unitholders. The subscription or acquisition of units constitutes acceptance of the Management Regulations (including the explanations that supplement these) by the unitholder.

The Fund has an umbrella structure and consists of various subfunds (each referred to as a "subfund").

As an investment fund, the Fund has no legal personality. The total net assets of a subfund are owned jointly by all unitholders who enjoy equal rights in proportion to their units. These assets are separate from the assets of the Management Company. The Fund is therefore not liable for the obligations of the Management Company. The securities and other assets of the Fund are managed as separate assets of J. Safra Sarasin Fund Management (Luxembourg) S.A., in the interest and for the account of the unitholders. The Management Regulations make no provision for a general meeting of unitholders.

The Management Regulations allow the Management Company to establish various subfunds for the Fund and different unit classes with specific characteristics within a subfund. The characteristics of these possible unit classes are described in section 5.1 "The Unit Classes".

Each subfund is liable towards third parties with its own assets, only in respect of its own liabilities. As far as the relationship between unitholders is concerned, each subfund

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is treated as a separate entity and the liabilities of a subfund are attributed to that subfund in the net asset value calculation. Costs borne by the Fund which cannot be allocated to a single subfund are charged to the individual subfunds in proportion to their net assets. No subfund with its assets is liable for the obligations of another subfund.

The financial year of the Fund ends on the last day of February.

### 4.2 Regular Reports and Publications and Deposit of Documents

An annual report as at the last day of February and a semi-annual report as at 31 August is published for each subfund and for the Fund.

The said reports contain statements for each subfund and for each unit class in the respective accounting currency. The consolidated list of assets of the whole Fund is produced in CHF.

The annual report, which is published within four months of the end of the accounting year, contains the annual financial statements audited by the independent auditors.

The audited annual financial statements are made available to unitholders free of charge at the headquarters of the Management Company within four months of the end of each financial year. Unaudited interim reports are made available in the same way within two months of the end of

the accounting period concerned. Other information about the Fund and the issue and redemption prices of the units are available on every banking business day at the registered office of the Management Company.

The net asset value is published daily on the Internet on the website of Swiss Fund Data AG ([www.swissfunddata.ch](http://www.swissfunddata.ch)). Any change in the Management Regulations will be published in the RESA, the Recueil électronique des sociétés et associations, of the Grand Duchy of Luxembourg.

Any notices to unitholders, including all information relating to the suspension of determination of the net asset value, will, if necessary, be published in the RESA, the Recueil électronique des sociétés et associations, in the Luxembourgish Wort and in various newspapers in the countries where the Fund is licensed for sale. The Management Company may also place additional notices in other newspapers and periodicals of its choosing. In the case of registered units, communications can also be made by letter.

Unitholders may obtain the prospectus, the Key Investor Information, the latest annual and semi-annual reports and copies of the Management Regulations free of charge at the registered office of the Management Company or downloaded via the Internet at [www.jsafrasarasin.ch/funds](http://www.jsafrasarasin.ch/funds). The corresponding contractual agreements and the Articles of Association of the Management Company are available for inspection at the registered office of the Management Company during normal business hours.

## 5. Participation in the Fund

### 5.1 The Unit Classes

The Management Company is able to offer the following subfunds and unit classes:

Subfunds	Unit class	Currency	Initial issue price*	Minimum initial subscription**	Allocation of income***	Taxe d'abonnement p.a.	Max. sales fee****	Max. redemption fee*****	Max. management fee p.a.*****
JSS Exclusive – CHF Foreign Bonds	M CHF dist	CHF	150	None	Distributed	0.01%	0.0%	0.0%	0.4%
	M CHF acc	CHF	150	None	Accumulated	0.01%	0.0%	0.0%	0.4%
	C CHF dist	CHF	150	None	Distributed	0.05%	0.0%	0.0%	0.4%
	C CHF acc	CHF	150	None	Accumulated	0.05%	0.0%	0.0%	0.4%
JSS Exclusive – EUR Bonds	M EUR dist	EUR	150	None	Distributed	0.01%	0.0%	0.0%	0.4%
	M EUR acc	EUR	150	None	Accumulated	0.01%	0.0%	0.0%	0.4%
	C EUR dist	EUR	150	None	Distributed	0.05%	0.0%	0.0%	0.4%
	C EUR acc	EUR	150	None	Accumulated	0.05%	0.0%	0.0%	0.4%
JSS Exclusive – USD Bonds	M USD dist	USD	150	None	Distributed	0.01%	0.0%	0.0%	0.4%
	M USD acc	USD	150	None	Accumulated	0.01%	0.0%	0.0%	0.4%
	C USD dist	USD	150	None	Distributed	0.05%	0.0%	0.0%	0.4%
	C USD acc	USD	150	None	Accumulated	0.05%	0.0%	0.0%	0.4%



JSS Exclusive – GBP Bonds	M GBP dist	GBP	100	None	Distributed	0.01%	0.0%	0.0%	0.4%
	M GBP acc	GBP	100	None	Accumulated	0.01%	0.0%	0.0%	0.4%
	C GBP dist	GBP	100	None	Distributed	0.05%	0.0%	0.0%	0.4%
	C GBP acc	GBP	100	None	Accumulated	0.05%	0.0%	0.0%	0.4%

### Description of the types of unit class

#### M

Units of unit classes with ‘M’ in the name may only be purchased by institutional investors as referred to in Article 174(2)(c) of the 2010 Law who have concluded an asset management agreement or a special agreement for investment in subfunds of the Fund with a business unit of J. Safra Sarasin Holding AG, Basel, or Bank J. Safra Sarasin AG, Basel, or one of their subsidiaries or affiliated companies. Asset management and distribution costs are charged to investors in unit class ‘M’ in accordance with the aforementioned agreements.

If the asset management contract or special agreement in question is terminated, units of unit classes with ‘M’ in the name are either automatically redeemed or converted as instructed by the investor into another unit class for which the investor meets the requirements of purchase.

Units of unit classes with ‘M’ in the name attract no sales or redemption fee and benefit from a reduced “taxe d’abonnement”.

No minimum initial subscription is required to subscribe units of unit classes with ‘M’ in the name.

#### C

Units of unit classes with “C” in the name are available:

1. for distribution from a permitted country listed on list “A”
2. to investors resident in other countries, provided they are professional investors with a written agreement in place with the Management Company or the distributors who make the following investments in their own name and:
  - a) for their own account
  - b) for account of the underlying customer within the framework of an asset management mandate or an advisory agreement; or
  - c) for a collective investment that is managed by a person professionally active in the finance sector
3. to investors who have signed an asset management mandate or an advisory agreement with Bank J. Safra Sarasin AG or one of its subsidiaries.

In cases (b) and (c), the person professionally active in the finance sector was duly authorised to carry out such transactions by the supervisory authority by which the person is regulated. Furthermore, this person is resident in a country permitted according to list “B” and/or is acting in the name of and for account of another financial professional who has the written authorisation of the Company or of the Management Company and is resident in a country specified on list “B”.

The Board of Directors decides at its own discretion whether to authorise investors in other distribution countries (list “A” and list “B”). The current lists “A” and “B” are provided below:

“A”: United Kingdom, Netherlands

“B”: Switzerland, Luxembourg, Liechtenstein, Germany, Austria, France, Italy, Ireland, Belgium, Spain, Sweden, Denmark.

Units of unit classes with “C” in the name are either automatically redeemed or converted as instructed by the investor into another unit class for which the investor meets the requirements of purchase if the investor no longer meets the requirements for the unit class with “C” in the name.

No minimum initial subscription is required for the subscription of Units of units classes with “C” in the name.

#### Footnotes

\* Plus any issuing commission and any stamp duties and fees. After the initial issue, units can be subscribed at the respective net asset value (including any transaction fee) in accordance with section 5.3 “Issue and Sale of Units and Subscription Procedure and Registration”.

\*\* At the time of the initial subscription a minimum subscription is required as specified in the table (or the equivalent in the currency of the subfund in question), or, under a written agreement of the investor with Bank J. Safra Sarasin AG or with a contract partner authorised by the latter, the minimum total assets held by the unitholder at Bank J. Safra Sarasin AG must amount to the

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- value of the minimum subscription (or the equivalent in the currency of the subfund in question).
- \*\*\* The unit classes comprise either accumulation or distribution units. Details are listed in section 5.2 “Dividend policy”.
  - \*\*\*\* Plus any transaction fee in favour of the subfund of up to 0.4% of the net asset value.
  - \*\*\*\*\* Less a transaction fee in favour of the subfund of up to 0.4% of the net asset value.
  - \*\*\*\*\* The management fee actually charged will be stated in the annual and/or semi-annual report.

All unit classes are obtainable only as uncertificated units and exist purely as book entries. A list of the currently issued unit classes is given in the annex relating to the subfund in question and may be requested from the Management Company. They are also provided in the annual and semi-annual reports.

### 5.2 Dividend Policy

Each unit or fraction of a unit is entitled to a corresponding portion of the profits, income and liquidation proceeds of the subfund. The Board of Directors of the Management Company decides whether and to what extent the subfunds distribute dividends.

The Board of Directors of the Management Company intends to pay out to unitholders holding units of distributing unit classes as described in section 5.1 “The Unit Classes”, up to four times per year, at least 85% of the investment income less general expenses (“ordinary net income”), as well as a portion of the realised capital gains, less realised capital losses (“net capital gains”), such portion being decided by the Board of Directors of the Management Company, as well as all other extraordinary income. If the distributable net income of a subfund for a financial year falls below 1% of the net asset value of a unit at the end of the corresponding financial year and under 1 CHF/EUR/USD/GBP, the Board of Directors of the management Company may propose to the general meeting of unitholders to waive a distribution of dividends, in view of the considerable costs for the subfunds and the unitholders related to a dividend distribution.

The Board of Directors of the Management Company does not pay out any dividends to unitholders holding units whose income is reinvested according to section 5.1 “The Unit Classes”. Income from those unit classes is currently reinvested (accumulation).

The Board of Directors of the Management Company may reduce the net asset value per unit by means of a unit split accompanied by an issue of free units.

### 5.3 Issue And Sale Of Units And Subscription Procedure And Registration

Units are offered for sale and issued on each Valuation Day after the initial offering date at the issue price applicable on the relevant issue date, provided the subscription request is received by the transfer agent no later than 12 p.m. Luxembourg time (the “cut-off time” or “acceptance closing”) on the Valuation Day, unless otherwise stated in the annex for a particular subfund.

Earlier acceptance closing times may apply to applications placed with distributors abroad in order to ensure punctual forwarding to the transfer agent. Information on these times is available at the respective distributor.

The Management Company may set different acceptance closing times for certain groups of investors due to operational reasons linked to distribution. If this is the case, the acceptance date in force must always precede the time when the applicable net asset value is determined. Different times for the acceptance closing time may be agreed separately with the relevant distribution countries or distributors.

The issue price will always be determined after the cut-off time to ensure that investors subscribe on the basis of unknown prices. Subscription requests received by the transfer agent after the established time shall be executed at the issue price applicable on the next Valuation Day.

Unless otherwise agreed in the specific annex for the subfund for a certain subfund, subscriptions from clients which usually pay after the units have been issued will also be taken into consideration if the payment is received within three bank business days of the issue date. Information about certain subscription periods that must be observed for subscribing for subfunds is contained in the annex for each subfund.

The issue price per unit and unit class is calculated on the basis of the net asset value per unit and unit class applicable on the issue date, plus any transaction fee in favour of the subfund in the amount of up to 0.4% of the net asset value. Further information on the issue price may be requested from the registered office of the Management Company and/or from the distributors.

Applications may be sent to one of the distributors, who will forward it to the transfer agent, or directly to the transfer agent in Luxembourg. Details of the subscriber's identity and the name of the selected subfund(s) and unit class(es) must be stated. In addition, the provisions of section 5.10 "Unfair Trading Practices - Prevention of Money Laundering" must be observed. The issue price must be paid in the accounting currency of the relevant subfund. If subscription monies are transferred in currencies other than the respective accounting currency, the investor bears both the corresponding costs and the exchange rate risk and currency risk linked to the currency conversion carried out by the paying agent or Depositary.

Subscribers or unitholders may also directly contact RBC Investor Services Bank, a public limited company with registered offices at 14, Porte de France, L-4360 Esch-sur-Alzette, which effectively performs either all or part of the central administration tasks.

Additional points to note:

- a) In the case of joint subscribers, all subscribers must sign the request form.
- b) In the case of several joint subscribers, the Management Company is authorised to accept conversion or redemption instructions from the first named subscriber and in the case of distribution units to pay dividends to the first named subscriber, unless written instructions to the contrary are given.
- c) A legal entity must submit its request under its own name through a person duly authorised for this purpose, providing proof of his signatory power.
- d) If any request or confirmation is signed by a proxy, the power of attorney must accompany the request.
- e) Notwithstanding (a), (b), (c) and (d), a request signed by a bank may be accepted.

The Management Company has the right to reject any request without stating reasons. It reserves the right, in response to the conditions prevailing on the stock exchanges or currency markets or for any other reasons, to suspend the public sale of its units. In both cases, any payments already made and/or positive balances will be returned to the subscribers without interest.

#### 5.4 Redemption of Units

Unitholders' requests for redemption of units must be submitted in writing directly to the transfer agent no later than

12 p.m. Luxembourg time (the "cut-off time" or "acceptance closing") on the Valuation Day on which the units are to be redeemed. Orders received by the transfer agent after the cut-off time shall be executed on the next Valuation Day.

A redemption request duly made shall be irrevocable, except in case of and during any period of suspension or deferral of redemptions.

The price to be paid in respect of each unit submitted for redemption (the "redemption price") will be the net asset value per unit and unit class on the Valuation Day of the relevant subfund, less a fee of up to 0.4% of the asset value in favour of the subfund to cover the costs of selling portfolio securities to procure liquidity to meet redemption requests, redemption requests made on the same Valuation Day being treated equally. In the event of a suspension of the calculation of the net asset value or a deferral of redemptions, units shall be redeemed on the next Valuation Day following the end of the suspension of the net asset value calculation or the end of the deferral of redemptions, unless the redemption request has been withdrawn in writing prior thereto.

Payments will ordinarily be made in the currency of the relevant subfund within three business days of the relevant Valuation Day. If payments are transferred in currencies other than the respective accounting currency, the investor bears both the corresponding costs and the exchange rate risk and currency risk linked to the currency conversion carried out by the paying agent or Depositary. In the case of redemptions, should the liquidity of the investments of a subfund not be sufficient to make the payment within this period due to exceptional circumstances, the payment shall be made as soon as possible, without interest. When making the transfer, is it possible that correspondent banks may levy charges on the transaction.

The Management Company is not bound to redeem more than 10% of the outstanding units of any subfund on any Valuation Day.

The conversion of units of a subfund shall in this respect be considered as a redemption of units. If on any Valuation Day the Management Company receives redemption or conversion requests for a number of units that is larger than the stated number, the Management Company reserves the right to defer redemptions or conversions until the third subsequent Valuation Day. A maximum of 10% of the outstanding units may be progressively redeemed on each Valuation Day up to the third Valuation Day. On such Valuation

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Days, these redemption or conversion requests shall be considered in preference to requests received later.

The subscriber shall be informed forthwith, as described in section 4.2 “Regular Reports and Publications and Deposit of Documents” of any suspension of the calculation of the net asset value or of a deferral of redemptions or conversions and he is entitled in such case to withdraw his request.

The value of units at the time of their redemption may be more or less than their acquisition cost. Any units redeemed will be cancelled.

The last known redemption price may be requested at the registered office of the Management Company or from distributors.

The Management Company is also entitled to proceed to the compulsory redemption of all units held by a unitholder if the declarations and assurances given in connection with the acquisition of units were not correct or are no longer correct or if the unitholder does not fulfil any of the conditions applicable to a unit class.

The units may also be compulsorily redeemed by the Management Company if:

- a) the investor’s participation in the Fund could be significantly detrimental to the financial interests of other investors, especially if his involvement could have adverse tax implications for the Fund in Switzerland or abroad;
- b) the investors have acquired or hold their units in violation of provisions of a law to which they are subject either in Switzerland or abroad, or of this Prospectus;
- c) the financial interests of investors are affected, specifically in situations where, by carrying out systematic subscriptions followed immediately by redemptions, certain investors attempt to obtain price advantages by exploiting differences between the times at which the closing price is set and the Fund’s net asset value is calculated (market timing practices).

### 5.5 Conversion of Units

Holders of units of each subfund are entitled to convert some or all of their units into units of another subfund or from one unit class into another unit class of the same subfund on any day which is a Valuation Day for both of the subfunds concerned, provided they meet the requirements of the unit class to which they wish to change. Requests should be made to one of the distributors or the transfer agent. The request must include the following information:

the number of units, the name of the existing subfund (including unit class) and the new subfund (including unit class) and, if allocating units to more than one new subfund, the respective proportions to be invested in each subfund.

Units may be converted on each Valuation Day at the issue price applicable on such day, provided that the conversion request is received by 12 p.m. Luxembourg time on the Valuation Day by the transfer agent. Conversion orders received by the transfer agent after the cut-off time shall be executed on the next Valuation Day. The basis for conversion is related to the respective net asset value per unit of the subfund concerned.

The Management Company determines the number of units into which a unitholder intends to convert his existing units in accordance with the following formula:

$$A = \frac{(B \times C) \times F}{D} - \text{max. } 0.4\%$$

A = the number of units of the new subfund or unit class to be issued;

B = the number of units of the former subfund or unit class;

C = the redemption price per unit of the former subfund in the corresponding unit class, less redemption fees, if deducted;

D = the net asset value per unit of the new subfund in the corresponding unit class, plus any fees for reinvestment, if charged;

F = exchange rate.

Redemption fees and/or fees for reinvestment on a Valuation Day depend on the liquidity of the corresponding subfund(s) and shall not exceed 0.4%. Where applicable, they shall be charged on a Valuation Day in the same way for all requests processed at that time.

### 5.6 Term, Closure and Merger

The Fund has been established for an indeterminate period. Subfunds can be established for a defined period. Information on this matter can be found in the annex relating to the subfund in question.

Unitholders, heirs or other beneficial owners may not demand the division or dissolution of the Fund or of a subfund or of a unit class.

The dissolution of the Fund, a subfund or a unit class is obligatory in the legally specified cases and at the end of their term in the case of subfunds established for a defined period.

The dissolution of the Fund, a subfund or a unit class can also take place at any time upon the decision of the Management Company. No further units will be issued from the date of the Management Company's decision onwards. Units may however continue to be redeemed provided it can be guaranteed that all unitholders will be treated equally. At the same time, all calculable outstanding costs and fees will be set aside.

The unitholders will be informed of the dissolution decision in accordance with section 4.2 "Regular Reports and Publications and Deposit of Documents".

Where the Fund, a subfund or a unit class is dissolved, the unitholders are obliged to redeem all their units.

All units of the subfund or unit class in question will be redeemed on the basis of the applicable net asset value (less liquidation costs and/or the estimated dealing costs as described in the prospectus) on the Valuation Day or at the valuation time when the corresponding decision will take effect, without charging a redemption fee.

Liquidation proceeds not claimed by unitholders at the close of liquidation of a subfund shall be deposited at the "Caisse de Consignation" in Luxembourg and forfeited after 30 years.

The Board of Directors may furthermore, in compliance with the 2010 Law, merge the assets of a subfund or unit class with another subfund or unit class of another UCITS (which is registered in Luxembourg or another EU member state and has been set up either as a company or as a "fonds commun de placement"), or with the assets of a subfund of another such UCITS. The Management Company will inform the investors in the subfunds in question accordingly in compliance with the 2010 Law and CSSF Regulation 10-5. Each investor in the subfunds concerned will have the opportunity to demand the redemption or conversion, without charge (except with regard disposal-related costs), of his or her units for a period of at least 30 days before the effective date of the merger, with the merger then taking effect five working days after the end of this period. Units that have not been presented for redemption will be converted on the basis of the net asset value of the subfund concerned calculated for the day on which the merger takes effect.

## 5.7 Calculation of the Net Asset Value

The net asset value per unit of each class of each subfund will be determined in the relevant currency on each day banks are open for business in Luxembourg and any other location if and as specified in the annexes to the prospectus for the individual subfunds (hereinafter the "Valuation Day"), except in the event of a temporary suspension as described in section 5.8 "Suspension of Calculation of the Net Asset Value and of the Issue, Redemption and Conversion of Units", by the domiciliary agent entrusted with the central administration in Luxembourg, under the supervision of the Board of Directors of the Management Company or its delegate. A subfund's net asset value will not be calculated on days when the stock exchanges or markets in that subfund's main investment countries are closed or 50% or more of the subfund's investments cannot be adequately valued (e.g. bank and stock exchange holidays). Furthermore the net asset value might not be calculated on specific national holidays of countries, where (Sub-) Investment Managers (as disclosed in the subfunds specific annexes to the prospectus) are located and services are being provided. If on any given trading day the total of subscriptions or redemptions of all of a subfund's unit classes leads to a net capital inflow or outflow, the net asset value of the subfund in question on this trading day can be increased or reduced (single swing pricing). The maximum adjustment amounts to 2% of the net asset value. The percentage that is applicable to the individual subfunds is determined by a committee appointed by the Board of Directors. The adjustment leads to an increase in the net asset value if the net movements lead to an increase in the number of units of the subfund in question. This results in a reduction of the net asset value if the net movements lead to a reduction in the number of units. The Board of Directors may determine a threshold for each subfund. This threshold may be derived from the net asset value on a trading day relative to the net assets of the subfund or an absolute amount in the currency of the respective subfund. The net asset value would therefore not be adjusted unless this threshold is breached on any given trading day.

The total net asset value represents the market value of all the assets, less liabilities.

The net asset value per unit of each class of a subfund is calculated on each Valuation Day in the currency of the relevant class, by dividing the total net asset value of the relevant class by the number of units outstanding in each class. An income equalisation is performed for each subfund.

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The assets of each subfund are valued as follows:

- a) The value of all securities that are listed on an official exchange shall be determined on the basis of the closing prices on the Valuation Day. If the securities are listed on more than one exchange, the value of such securities shall be determined on the basis of the closing prices on the exchange on which the subfund acquired them.

In the case of securities whose trading volume on an exchange is minimal, whose last available closing price is not representative of their value and for which a secondary market among securities brokers exists, on which fair market prices are offered, the Board of Directors may value such securities on the basis of prices so determined.

- b) Securities traded on a regulated market are valued in the same manner as listed securities.
- c) Securities that are not listed on an official stock exchange or traded on a regulated market are valued at the last known market price; if no such price is available, these securities shall be valued in accordance with valuation principles decided by the Board of Directors of the Management Company on the basis of their foreseeable sale prices.
- d) Term deposits shall be valued at their nominal value increased by accrued interest.
- e) Securities issued by an open-ended investment fund are valued at their last available net asset value or are valued according to the provisions stipulated under (a) above at the price quoted at the place of their listing.
- f) The sale price of forward, futures and options contracts that are not traded on an exchange or other organised market (forwards) will be valued according to guidelines laid down by the Board of Directors of the Management Company, with the same method being used for all contracts. The sale value of forward, futures or options contracts that are traded on a stock exchange or other organised market is determined on the basis of the last available settlement price for these contracts on stock exchanges and organised markets on which these types of futures and options contracts are traded; in the case of futures and options contracts that could not be sold on a business day for which the net asset value is determined, the value judged by the Board of Directors of the Management Company to be commensurate and adequate

shall serve as the basis for determining the sale value of this contract.

- g) Liquid assets and money market instruments can be valued at their nominal value plus accrued interest or in consideration of scheduled amortisation of historical costs. The latter method can lead to temporary discrepancies between values and the prices that the fund in question would receive on selling the investment. The Management Company shall constantly review this valuation method and recommend any necessary changes to ensure that the valuation of these assets results in an appropriate value that can be determined in good faith according to the procedures laid down by the Board of Directors. If the Management Company takes the view that deviation from the scheduled amortisation of historical costs per unit would lead to considerable dilution or other undesired effects for unitholders, it must make any corrections it considers appropriate to avoid or restrict dilution or other undesired effects, where this is possible and reasonable.
- h) Swap transactions shall be regularly valued on the basis of the valuations received from the swap counterparties. These valuations can be bid, ask or mid prices, as determined in good faith according to the procedures laid down by the Board of Directors of the Management Company. If the Board of Directors does not believe that these values represent the real market value of the swap transactions in question, their value shall be determined in good faith by the Board of Directors or according to another method that the Board of Directors deems appropriate.
- i) All other securities and approved assets, and those aforementioned assets for which valuation was not possible or feasible according to the provisions above or where such valuation would not reflect their fair value, shall be valued at their fair market value, determined in good faith according to methods laid down by the Board of Directors of the Management Company.
- j) The valuations arrived at in this way shall be converted into the accounting currency at the appropriate mid-price. Forward and futures contracts concluded to hedge against currency risk shall be included in the conversion.

The Management Company may, at its sole discretion, allow other valuation methods if it considers this to be in the

interest of a fair valuation of the asset value of the subfund. This applies in particular to bonds acquired by the subfund, whose stock market price is not expected to differ from the actual value.

If the Management Company believes that the calculated net asset value on a particular valuation date does not reflect the actual value of the units of a subfund, or if significant movements have occurred on the exchanges and/or markets concerned since the net asset value was calculated, the Management Company may decide to update the net asset value on the same day. In these circumstances, all requests for subscription and redemption received for this valuation date will be fulfilled on the basis of the net asset value that has been updated in good faith.

Where different unit classes have been established for a subfund, the following special points should be noted regarding the net asset value calculation:

The net asset value is calculated for each class separately according to the criteria mentioned in this section.

The inflow of funds resulting from the issue of units increases the proportional contribution of the unit class concerned to the overall value of the subfund's net assets.

The outflow of funds resulting from the redemption of units reduces the proportional contribution of the unit class concerned to the overall value of the subfund's net assets.

When a dividend is paid, the net asset value of the distribution units of the relevant unit class is reduced by the amount of the distribution. Therefore the proportional contribution of the distribution unit class to the overall value of the net assets of the subfund diminishes, while the proportional contribution of one or more non-distributing unit classes to the overall net assets of the subfund increases.

Income equalisation is carried out in relation to the ordinary net income.

#### **5.8 Suspension of the Calculation of the Net Asset Value and of the Issue, Redemption and Conversion of Units**

The Management Company may temporarily suspend the calculation of the net asset value and the issue, redemption and conversion of units of a subfund:

- a) if a securities market or stock exchange on which a substantial part of a subfund's portfolio is traded is closed (except for ordinary holidays), or securities trading is severely restricted or suspended;

- b) during the existence of any state of affairs which constitutes an emergency as a result of which the sale or valuation of a subfund's assets would, in the opinion of the Board of Directors, be impracticable or unfair towards the remaining unitholders of the subfund in question;
- c) during any breakdown in or restriction of the use of the means of communication normally employed in determining the price of any of the securities attributable to any subfund;
- d) if the transfer of monies for paying the redemption price of units is impossible or, in the opinion of the Board of Directors, the transfer of monies for the purchase or sale of investments of the subfund cannot in the opinion of the Board of Directors, be effected at normal exchange rates;
- e) if a decision of the Management Company to liquidate the subfund or the Fund has been published;
- f) in the event that a decision is taken to merge a subfund or the Fund, where this is justified in order to protect the interests of the investors;
- g) in the case of a feeder subfund, if the calculation of the net asset value, the issue, redemption or conversion of units of the master are suspended;
- h) in the case of a subfund that invests exclusively in target funds, if the calculation of the net asset value, the issue, redemption or conversion of a substantial portion of the target funds are suspended;
- i) if, due to unforeseen circumstances, a large number of redemption applications have been received and, in the view of the Board of Directors, the interests of the shareholders remaining in the subfund are thereby endangered.

The Management Company shall suspend the issue, redemption and conversion of the units forthwith upon the occurrence of an event causing it to enter into liquidation or upon the order of the Luxembourg supervisory authority. Unitholders who have submitted units for redemption or conversion will be notified of the suspension in writing within seven days, and informed immediately when the suspension is lifted.

Suspension of calculation of the net asset value, suspension of the issue and redemption of units and suspension of conversion between the individual subfunds shall be notified forthwith to all competent authorities of the countries in which units of the Fund are licensed for public sale and

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published in a Luxembourg daily newspaper and where applicable the official publications of the individual countries of distribution.

### 5.9 Distribution of Units

The Management Company may appoint distributors to sell units of one or more subfund. The names and addresses of these distributors can be obtained on request.

Where subscriptions are made through the distributors, the latter are entitled to charge an issue fee plus any costs associated with distribution. The distributors are entitled to a sales fee for the units distributed by them, which may be waived in whole or in part.

### 5.10 Unfair Trading Practices – Prevention Of Money Laundering

Subscriptions and redemptions should only be made for investment purposes. The Management Company does not allow market timing or other excessive trading practices. Such practices may harm the performance of the subfunds and interfere with asset management. To minimise such negative consequences, the Management Company reserves the right to reject subscription and conversion requests from investors who, in the view of the Management Company, engage or have engaged in such trading practices, or whose trading practices are detrimental to other investors.

The Management Company can also proceed with the compulsory redemption of the units of an investor who engages or has engaged in these trading practices. The Management Company is not liable for any gain or loss incurred from rejected investment instructions or compulsory redemptions.

The Management Company reserves the right to reject requests or to accept a request in part only.

If a request is wholly or partially rejected, the subscription amount or the corresponding balance will be returned without interest to the first named subscriber at the risk of the person(s) entitled thereto within thirty (30) days of the decision to reject the request. The Management Company reserves the right to withhold any excess subscription monies until the funds have cleared.

In particular, financial institutions based in Luxembourg are obliged to verify the identity of their clients or the investors/beneficial owners of an investment fund. The Luxembourg laws and measures resulting therefrom serve to prevent money laundering.

The Management Company is therefore entitled to defer acceptance of a request until it has received the requested information on investors' identities, the beneficial entitlement of the investor and the origin of the monies.

In particular in the case of

- a) direct investments; or
- b) Investments made through brokers or financial intermediaries domiciled in countries where the requirements for identification are not as strict as those imposed by Luxembourg law, the Management Company reserves the right to ask every investor to prove his identity by producing the following documents:
  - for a natural person: a certified copy (authenticated by the police, local authority, embassy, etc.) of his passport or ID card; confirmation of the beneficial owner(s);
  - for a legal entity: a certified copy of an official document (articles of incorporation, an excerpt from the commercial register, balance sheets); authorised signatories of the company; confirmation of the identities of the beneficial owner(s).

The Management Company is also obliged to verify the origin of monies from financial institutions that are not subject to Luxembourg equivalent identification rules.

Pursuant to Article 3 (2) (d) of the law of 12 November 2004 on the fight against money laundering and terrorist financing the Management Company is obliged to conduct an ongoing monitoring of the business relationship with the unitholders of the Fund. Ongoing monitoring includes, inter alia, the obligation to verify and, where appropriate, to update, within an appropriate timeframe, the documents, data or information gathered while fulfilling the customer due diligence obligations. The Management Company may only be in a position to fulfil its legal obligation to conduct an ongoing monitoring of the business relationship with the unitholders of the Fund if the unitholders will provide the Management Company with the relevant information and documents in order to verify and, where appropriate update collected data. In case of any lack of cooperation of a unitholder, the Management Company would be obliged to block such unitholder's account until the receipt of the information and documents required by the Management Company. Any costs (including account maintenance costs) which are related to non-cooperation of such unitholder will be borne by the respective unitholder.



### 5.11 Confidentiality, Data Processing and Professional Secrecy

The Fund, the Management Company, the registrar or any other agent used by them agree to keep all information concerning the investor(s) confidential unless required to disclose such information to third parties by applicable law or by formal instruction of the investor(s) or as further described in this section. The Management Company has established an independent Data Protection Officer function who is inter alia in charge of the proper treatment of the investors Personal Data and investor request linked to the processing of Personal Data. The Data Protection Officer is reachable by e-mail [JSSFML\\_DPO@jsafrasarasin.com](mailto:JSSFML_DPO@jsafrasarasin.com) or by letter J. Safra Sarasin Fund Management (Luxembourg) S.A., Data Protection Officer, 11-13 Boulevard de la Foire, L-1528 Luxembourg.

In accordance with the applicable Luxembourg data protection law and, as of 25 May 2018, the Regulation n°2016/679 of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data ("Data Protection Law"), the Management Company acting as data controller (the "Data Controller") collects stores and processes, by electronic or other means, the data supplied by the investor at the time of his/her/its investment for the purpose of fulfilling the services required by the investor and complying with its legal obligations.

The data processed may include the name, contact details (including postal and/or e-mail address), banking details, economic background of the investor and the invested amount, pictures as far as they are content of the identification documents, tax related information and the invested amount of the investor (or, if the investor is a legal person, of its contact person(s) and/or beneficial owner(s)) (the "Personal Data").

The investor may, at his/her/its discretion, refuse to communicate the Personal Data to the Data Controller. In this event however the acceptance of the subscription in the Fund has to be rejected.

Personal Data supplied by the investor is processed in order to enter into and execute the subscription in the Fund, for the legitimate interests of the Data Controller and to comply with the legal obligations imposed on the Data Controller. In particular, the Personal Data supplied by the

investor is processed for the purposes of (i) subscribing in the Fund, (ii) maintaining the Shares register; (iii) processing investments and withdrawals of and payments of dividends to the investor; (iv) account administration and (v) complying with applicable anti-money laundering rules and other legal obligations, such as maintaining controls in respect of CRS/FATCA obligations. In addition, Personal Data may be processed for the purposes of marketing. Each investor has the right to object to the use of his/her/its Personal Data for marketing purposes by writing to the Data Controller. In this event the Personal Data processed for Marketing Purposes will be deleted by the Management Company. The retention period for Personal Data processed for (v) is 5 years as of the end of the relationship and in cases (i) to (iv) 10 years as of the end of the relevant calendar year.

The Personal Data may also be processed by the Data Controller's data processors (the "Processors") which, in the context of the above mentioned purposes, refer to the depositary and paying agent, the central administration, domiciliary agent, registrar and transfer agent, the distributors, the auditor and the legal adviser. The Processors are located in the European Union and in Switzerland. Any transfer of Personal Data to the Processors located in Switzerland relies on the EU Commission decision 2000/518/EC of 26 July 2000 pursuant to which Switzerland is considered to offer an adequate level of protection for Personal Data.

Personal Data may also be disclosed by the central administration or by the depositary and paying agent, acting in turn as data controller, to their own data processor(s) located in Malaysia. As Malaysia do not ensure an adequate level of protection for Personal Data, the central administrator of the Fund acting also as depositary and paying agent has entered into legally binding transfer agreements with the relevant processor(s) in the form of EU Commission approved model clauses. In this respect, the investor has a right to request copies of the relevant documents for enabling the Personal Data transfer(s) towards such country by writing to the central administrator of the Fund at the following address: 14, Porte de France, L-4360 Esch-sur-Alzette, Grand Duchy of Luxembourg.

The Personal Data may also be transferred to third-parties such as governmental or regulatory agencies, including tax authorities, in accordance with applicable laws and regulations. In particular, Personal Data may be disclosed to the

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Luxembourg tax authorities which in turn may, acting as data controller, disclose the same to foreign tax authorities (including for compliance with the FATCA/CRS obligations).

In accordance with the conditions laid down by the Data Protection Law, the investor acknowledges his/her/its right to:

- access his/her/its Personal Data;
- correct his/her/its Personal Data where it is inaccurate or incomplete;
- object to the processing of his/her/its Personal Data;
- ask for erasure of his/her/its Personal Data;
- ask for Personal Data portability.

The investor also acknowledges the existence of his/her/its right to lodge a complaint with the National Commission for Data Protection (“CNPD”).

The investor may exercise the above rights by writing to the Data Controller at the following address: 11-13, Boulevard de la Foire, L-1528 Luxembourg, Grand Duchy of Luxembourg.

Personal Data shall not be retained for periods longer than those required for the purpose of their processing subject to any limitation periods imposed by law.

## 6. Fees, Expenses and Tax Considerations

### 6.1 Fees And Expenses

The subfunds bear the following expenses:

- all taxes charged to the subfund on the assets, income and expenses of the subfund;
- all costs in connection with the purchase and sale of assets of the subfunds, the issue and redemption of units and the payment of dividends;
- a monthly management fee for the Management Company, payable quarterly in arrears on the basis of the net asset value of the subfund calculated on each Valuation Day. The fee in favour of the investment managers/investment advisers/advisory boards is deducted from the fee payable to the Management Company. The management fee for individual subfunds and unit classes within a subfund may be charged at different rates or be waived altogether. Further details of the management fee can be found in section 5.1 “The Unit Classes”. The fee actually paid is stated in the annual and semi-annual reports;
- the fee of the Depositary is agreed between the Management Company and the Depositary from time to time

in accordance with Luxembourg market practice. It is subject to a maximum of 0.1% p.a. (as a percentage of the subfund’s net assets) and is charged directly to the individual subfund. In addition, the Depositary shall be entitled to reimbursement of the fees and expenses of the collective custodians and foreign correspondent banks it uses. The fee actually paid is stated in the annual and semi-annual reports;

- the fee of the central administration body (as paying agent, transfer agent, central administrator and registrar) is agreed between the Management Company and the central administration body from time to time in accordance with Luxembourg market practice. It is subject to a maximum of 0.12% p.a. (as a percentage of the subfund’s net assets) and is charged directly to the individual subfund. The fee actually paid is stated in the annual and semi-annual reports;
- expenses incurred in connection with the operation of the Management Company, including (without limit) costs of establishing the Fund, subfunds and unit classes and the initial issue of units of the subfunds or unit classes, expenses for legal and auditing services, printing and distribution costs for financial reports and prospectuses and costs for the preparation and printing of Key Investor information in all languages, other promotional and marketing expenses, costs of publications addressed to unitholders, any expenses incurred for the issue and redemption of units and payment of dividends, costs of the paying agents, registration fees and other expenses incurred in connection with reporting to supervisory authorities in Luxembourg and the various other countries of distribution, interest, listing and brokerage costs, out-of-pocket disbursements of all other agents of the Management Company as well as the costs of publishing the net asset value per unit and issue prices.

The fees are payable quarterly in arrears.

All expenses which can be assigned to individual subfunds will be charged to those subfunds.

Expenses which can be attributed to individual unit classes will be charged to those unit classes. If expenses relate to several or all subfunds or unit classes, these expenses shall be charged to the subfunds or unit classes concerned in proportion to their net asset values.

## 6.2 Tax Considerations

The following summary is based on the laws and practice currently in force in the Grand Duchy of Luxembourg and is subject to changes therein.

### The Fund

The Fund's income is not taxed in the Grand Duchy of Luxembourg. It may however be subject to withholding or other taxes in countries in which the assets of individual sub-funds are invested. The Depositary is responsible, under the conditions laid down in the Depositary Bank and Principal Paying Agent Agreement, for the refund of any withheld taxes.

However, under current legislation the fund assets are subject to a tax of 0.05% p.a. ("taxe d'abonnement"). For unit classes of the relevant subfund which are reserved for institutional investors within the meaning of Article 174 (2) letter c of the 2010 Law, a reduced tax rate of 0.01% p.a. is applicable. This tax is payable quarterly on the basis of the net asset value at the end of each quarter. No stamp duty or other tax is payable in Luxembourg on the issue of units. Under current Luxembourg tax law, unitholders do not in principle have to pay capital gains, income, withholding, gift, inheritance or other tax in Luxembourg (except for unitholders who are domiciled or resident in Luxembourg or have a place of business or a local representative in Luxembourg).

Investors are advised to consult their professional advisers about the consequences of buying, holding, converting, transferring or selling units under the laws of their countries, including the tax consequences and possible restrictions on movements of capital.

For the purpose of Luxembourg VAT, the Fund together with its Management Company is treated as a single taxable person with no entitlement to the deduction of input tax. Services relating to the management of the Fund (fund management services) are exempt from VAT in Luxembourg. Other services additionally provided to the Fund and its Management Company may in principle incur a VAT liability, which if applicable then makes it necessary for the Fund and its Management Company to be registered with the Luxembourg VAT authorities in order to comply with the VAT self-assessment requirement that applies to the purchase of VAT-liable services (also supplies in some cases) from abroad.

Payments by the Fund to its investors are irrelevant for VAT purposes in principle, provided the payments relate to the

subscription and holding of units in the Fund and do not constitute a consideration for services rendered.

The tax considerations presented in this prospectus are not exhaustive. The legal situation presented herein is only a general overview of taxation and refers to the legal position in September 2016.

Details of particularities to be observed in individual cases cannot be given; specific statements regarding the taxation of individual unitholders cannot be made. Due to the complexity of the tax systems of the individual distribution countries, unitholders are advised to consult their tax adviser regarding the taxation of their unitholdings and to take advice specifically relating to their personal circumstances.

Under the terms of the CRS-Law, the Fund may be required to annually report to the LTA, the name, address, Member State(s) of residence, TIN(s), as well as the date and place of birth of i) each Reportable Person that is an Account Holder within the meaning of CRS-Law, ii) and, in the case of a Passive NFE within the meaning of the CRS-Law, of each Controlling Person(s) that is a Reportable Person. Such information may be disclosed by the LTA to foreign tax authorities.

The Fund's ability to satisfy its reporting obligations under the CRS-Law will depend on each investor providing the Fund with the information, including information regarding direct or indirect owners of each investor, along with the required supporting documentary evidence. Upon request of the Fund, each investor shall agree to provide the Fund such information.

Additionally, the Fund is responsible for the processing of personal data and each shareholder has a right to access the data communicated to the Luxembourg tax authorities and to correct such data (if necessary). Any data obtained by the Fund are to be processed in accordance with the Luxembourg law dated 2 August 2002 on the protection of persons with regard to the processing of personal data, as amended.

Although the Fund will attempt to satisfy any obligation imposed on it to avoid any taxes or penalties imposed by the CRS-Law, no assurance can be given that the Fund will be able to satisfy these obligations. If the Fund becomes subject to a tax or penalty as result of the CRS-Law, the value of the units held by the investors may suffer material losses.

Any investor that fails to comply with the Fund's documentation requests may be charged with any taxes and penalties imposed on the Fund attributable to such investor's

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failure to provide the information and the Fund may, in its sole discretion, redeem the units of such investor.

Investors should consult their own tax advisor or otherwise seek professional advice regarding the impact of the CRS-Law on their investment.

### FATCA

Capitalized terms used in this section should have the meaning as set forth in the IGA (as defined below), unless provided otherwise herein.

As part of the process of implementing FATCA, Luxembourg has entered into a Model I Intergovernmental Agreement (“IGA”), implemented by the Luxembourg law dated 24 July 2015 which requires Financial Institutions located in Luxembourg to report, when required, information on Financial Accounts held by U.S. Specified Persons (within the meaning of the IGA) and non-U.S. financial institutions that do not comply with FATCA and, if any, to the competent authorities. Being established in Luxembourg and subject to the supervision of the CSSF the Fund will be treated as a Foreign Financial Institution (within the meaning of the IGA).

This status includes the obligation of the Fund to regularly obtain and verify information on all of its investors. Upon request of the Fund, each investor shall agree to provide certain information, including, in case of a Non-Financial Foreign Entity (“NFFE”) (within the meaning of the IGA), the direct or indirect owners above a certain threshold of ownership of such NFFE, along with the required supporting documentation. Similarly, each investor shall agree to actively provide to the Fund within thirty days any information that would affect its status, as for instance a new mailing address or a new residency address.

FATCA and the IGA may result in the obligation for the Fund to disclose the name, address and taxpayer identification number (if available) of the investor as well as information such as account balances, income and gross proceeds

(non-exhaustive list) to the Luxembourg tax authorities (administration des contributions directes) under the terms of the IGA. Such information will be onward reported by the Luxembourg tax authorities to the U.S. Internal Revenue Service.

Additionally, the Fund is responsible for the processing of personal data and each shareholder has a right to access the data communicated to the Luxembourg tax authorities and to correct such data (if necessary). Any data obtained by the Fund are to be processed in accordance with the Luxembourg law dated 2 August 2002 on the protection of persons with regard to the processing of personal data, as amended.

Although the Fund will attempt to satisfy any obligation imposed on it to avoid imposition of FATCA withholding tax, no assurance can be given that the Fund will be able to satisfy these obligations. If the Fund becomes subject to a withholding tax as result of the FATCA regime, the value of the units held by the investors may suffer material losses. A failure for the Fund to obtain such information from each investor and to transmit it to the Luxembourg tax authorities may trigger the 30% withholding tax to be imposed on payments of U.S. source income and on proceeds from the sale of property or other assets that could give rise to U.S. source interest and dividends.

Any investor that fails to comply with the Fund’s documentation requests may be charged with any taxes imposed on the Fund attributable to such investor’s failure to provide the information and the Fund may, in its sole discretion, redeem the units of such investor.

Investors who invest through intermediaries are reminded to check if and how their intermediaries will comply with this U.S. withholding tax and reporting regime.

Investors should consult a U.S. tax advisor or otherwise seek professional advice regarding the above requirements.

## B. The Subfunds

### JSS Exclusive – CHF Foreign Bonds

#### General information

Units of JSS Exclusive – CHF Foreign Bonds were issued for the first time on 8 November 2012 at an initial issue price of CHF 150 per unit.

#### Investment objective

The investment objective of JSS Exclusive – CHF Foreign Bonds is to achieve a regular income while maintaining a balanced risk diversification.

#### Investment policy and investment restrictions

The assets of JSS Exclusive – CHF Foreign Bonds are invested worldwide either directly or indirectly in debt instruments denominated in Swiss francs (CHF) and in fixed or variable income securities (including zero bonds) of public, private and semi-private issuers with the majority of them not domiciled in Switzerland (“foreign bonds” from the Swiss point of view).

At least 85% of the subfund’s investments in debt instruments must have a minimum credit rating of BBB- or equivalent from a recognised rating agency.

The subfund promotes environmental and social characteristics according to SFDR Art. 8, but does not have a sustainable investment objective according to SFDR Art. 9. For further information of the subfund under SFDR, investors are referred to Schedule III “SFDR Disclosures”.

In addition, shares/units of other UCITS/UCIs as well as derivatives may be used in accordance with the information contained in section 3.3 “Investment Restrictions”. The subfund may also borrow up to 10% of its net assets on a temporary basis and undertake potential commitments within the limits of the 2010 Law through derivative investment instruments (e.g. futures and options). Commitments through futures on interest rates for the management of duration risk may also be denominated in EUR. The subfund may also hold liquid assets and invest in money market instruments.

The subfund is actively managed without replicating any benchmark. However, the subfund is managed with reference to SBI® Foreign AAA-BBB 1-10 Years Index (the “Benchmark”). Generally, the majority of the positions within the subfund are constituents of the Benchmark. In order to exploit specific investment opportunities the investment manager may discretionarily select securities not included in the Benchmark. In addition, the investment

manager integrates sustainability aspects which lead to an exclusion of investable Benchmark components. The holdings and their weightings in the subfund’s portfolio will diverge from the weightings of the securities included in the Benchmark therefore the subfund’s returns may deviate from the performance of the Benchmark.

#### Risk profile

Investments in the subfund can fluctuate in value, and there is no guarantee that the units can be sold for the original capital amount invested.

In addition, if the investor’s reference currency differs from the subfund’s investment currency, a currency risk exists. Given the investments in fixed and variable-rate securities, the performance of JSS Exclusive – CHF Foreign Bonds is primarily influenced by issuer-specific changes and changes in the interest rate environment.

The subfund holds sufficient cash and investments which can be sold within one day under normal and stressed market conditions. However, it may also hold assets which are less liquid. The part of less liquid assets is strictly limited so as to ensure that large redemptions can be met at any time in accordance with the defined redemption terms. The subfund’s liquidity management tools in place as well as its dealing frequency arrangements are appropriate with regards to its investment strategy and underlying assets.

Risks related to:

- Sustainability Risks

are described in section “3.2.2 Subfund’s Specific Risk Profile”.

#### Benchmark

SBI® Foreign AAA – BBB 1-10 Years Index.

#### Investment manager

Bank J. Safra Sarasin AG, Basel

#### Risk monitoring method

Commitment

#### Investor profile

This subfund is suited to investors with a medium-term investment horizon seeking a high and stable income.

## The Subfunds

JSS Exclusive – CHF Foreign Bonds is intended as a core investment in fixed and floating rate CHF-denominated securities for private and institutional investors.

M CHF acc  
C CHF dist  
C CHF acc

### Accounting currency

CHF

### Valuation Day

Each day banks are open for business in Luxembourg and Switzerland.

### Unit classes

The subfund contains the unit classes listed in section 5.1 “The Unit Classes”.

The following unit classes are currently available for subscription:

M CHF dist

### Fees

The fees are as described in section 5.1 “The Unit Classes”.

### Issue and redemption of units

Subfund units are issued or redeemed on any bank working day (bank business day) in Luxembourg (order date). Subscription, redemption and conversion orders must be received by the transfer agent in Luxembourg no later than 12 p.m. on the order date.

Requests from clients which pay after the units have been issued will be considered when the payment is received within two bank business days of the issue date.

## JSS Exclusive – EUR Bonds

### General information

Units of JSS Exclusive – EUR Bonds were issued for the first time on 8 November 2012 at an initial issue price of EUR 150 per unit.

### Investment objective

The investment objective of JSS Exclusive – EUR Bonds is to achieve a regular income while maintaining a balanced risk spread.

### Investment policy and investment restrictions

The assets of JSS Exclusive – EUR Bonds are invested worldwide either directly or indirectly in debt instruments denominated in euros (EUR) and in fixed or variable income securities (including zero bonds) of public, private and semi-private issuers. At least 85% of the subfund's investments in debt instruments must have a minimum credit rating of BBB- or equivalent from a recognised rating agency.

The subfund promotes environmental and social characteristics according to SFDR Art. 8, but does not have a sustainable investment objective according to SFDR Art. 9. For further information of the subfund under SFDR, investors are referred to Schedule III "SFDR Disclosures".

For the purpose of efficient portfolio management, hedging or investment of the subfund assets, the subfund may use financial derivative instruments that are traded on a stock exchange or other regulated market open to the public or over the counter (OTC). These include, amongst others, futures, forwards, swaps, credit default swaps and credit linked notes for the management of currency, interest-rate and credit risks.

In addition, shares/units of other UCITS/UCIs may be used in accordance with the information contained in section 3.3 "Investment Restrictions". The subfund may also borrow up to 10% of its net assets on a temporary basis and undertake potential commitments within the limits of the 2010 Law through derivative investment instruments (e.g. futures and options). The subfund may also hold ancillary liquid assets and invest in money market instruments.

The subfund is actively managed without replicating any benchmark. However, the subfund is managed with reference to ICE BofA EUR Broad Market 1-10Y Index (the "Benchmark"). Generally, the majority of the positions within the subfund are constituents of the Benchmark. In order to exploit specific investment opportunities the investment manager may discretionarily select securities not

included in the Benchmark. In addition, the investment manager integrates sustainability aspects which lead to an exclusion of investable Benchmark components. The holdings and their weightings in the subfund's portfolio will diverge from the weightings of the securities included in the Benchmark therefore the subfund's returns may deviate from the performance of the Benchmark.

### Risk profile

Investments in the subfund can fluctuate in value, and there is no guarantee that the units can be sold for the original capital amount invested.

In addition, if the investor's reference currency differs from the subfund's investment currency, a currency risk exists. Given the investments in fixed and variable-rate securities, the performance of JSS Exclusive – EUR Bonds is primarily influenced by issuer-specific changes and changes in the interest rate environment.

Risks related to:

- Credit Default Swaps
- Sustainability Risks

are described in section 3.2.2 "Subfund's specific risk profile".

### Benchmark

ICE BofA EUR Broad Market 1-10Y Index

### Investment manager

Bank J. Safra Sarasin AG, Basel

### Risk monitoring method

Commitment

### Investor profile

This subfund is suited to investors with a medium-term investment horizon seeking a high and stable income.

JSS Exclusive – EUR Bonds is intended as a core investment in fixed and floating rate EUR-denominated securities for private and institutional investors.

### Accounting currency

EUR

### Valuation Day

Each day banks are open for business in Luxembourg and Switzerland.

## **The Subfunds**

### **Unit classes**

The subfund contains the unit classes listed in section 5.1 “The Unit Classes”.

The following unit classes are currently available for subscription:

M EUR dist

M EUR acc

C EUR dist

C EUR acc

### **Fees**

The fees are as described in section 5.1 “The Unit Classes”.

### **Issue and redemption of units**

Subfund units are issued or redeemed on any bank working day (bank business day) in Luxembourg (order date). Subscription, redemption and conversion orders must be received by the transfer agent in Luxembourg no later than 12 p.m. on the order date.

Requests from clients which pay after the units have been issued will be considered when the payment is received within two bank business days of the issue date.



## JSS Exclusive – USD Bonds

### General information

Units of JSS Exclusive – USD Bonds were issued for the first time on 8 November 2012 at an initial issue price of USD 150 per unit.

### Investment objective

The investment objective of JSS Exclusive – USD Bonds is to achieve a regular income while maintaining a balanced risk spread.

### Investment policy and investment restrictions

The assets of JSS Exclusive – USD Bonds are invested worldwide either directly or indirectly in debt instruments denominated in US dollars (USD) and in fixed or variable income securities (including zero bonds) of public, private and semi-private issuers. At least 85% of the subfund's investments in debt instruments must have a minimum credit rating of BBB- or equivalent from a recognised rating agency.

The subfund promotes environmental and social characteristics according to SFDR Art. 8, but does not have a sustainable investment objective according to SFDR Art. 9. For further information of the subfund under SFDR, investors are referred to Schedule III "SFDR Disclosures".

For the purpose of efficient portfolio management or hedging of the subfund assets, the subfund may use financial derivative instruments that are traded on a stock exchange or other regulated market open to the public or over the counter (OTC). These include, amongst others, futures, forwards, swaps, credit default swaps and credit linked notes for the management of currency, interest-rate and credit risks.

In addition, shares/units of other UCITS/UCIs may be used in accordance with the information contained in section 3.3 "Investment Restrictions". The subfund may also borrow up to 10% of its net assets on a temporary basis and undertake potential commitments within the limits of the 2010 Law through derivative investment instruments (e.g. futures and options). The subfund may also hold ancillary liquid assets and invest in money market instruments.

The subfund is actively managed without replicating any benchmark. However, the subfund is managed with reference to ICE BofA 1-10Y US Corporate & Government A+ Index (the "Benchmark"). Generally, the majority of the positions within the subfund are constituents of the Benchmark. In order to exploit specific investment opportunities

the investment manager may discretionarily select securities not included in the Benchmark. In addition, the investment manager integrates sustainability aspects which lead to an exclusion of investable Benchmark components. The holdings and their weightings in the subfund's portfolio will diverge from the weightings of the securities included in the Benchmark therefore the subfund's returns may deviate from the performance of the Benchmark.

### Risk profile

Investments in the subfund can fluctuate in value, and there is no guarantee that the units can be sold for the original capital amount invested.

In addition, if the investor's reference currency differs from the subfund's investment currency, a currency risk exists. Given the investments in fixed and variable-rate securities, the performance of JSS Exclusive – USD Bonds is primarily influenced by issuer-specific changes and changes in the interest rate environment.

Risks related to:

- Credit Default Swaps
- Sustainability Risks

Are described in section 3.2.2 "Subfund's specific risk profile".

### Benchmark

ICE BofA 1-10Y US Corporate & Government A+ Index

### Investment manager

Bank J. Safra Sarasin AG, Basel

### Risk monitoring method

Commitment

### Investor profile

This subfund is suited to investors with a medium-term investment horizon seeking a high and stable income.

JSS Exclusive – USD Bonds is intended as a core investment in fixed and floating rate USD-denominated securities for private and institutional investors.

### Accounting currency

USD

### Valuation Day

Each day banks are open for business in Luxembourg and Switzerland.

## The Subfunds

### Unit classes

The subfund contains the unit classes listed in section 5.1 “The Unit Classes”.

The following unit classes are currently available for subscription:

M USD dist

M USD acc

C USD dist

C USD acc

### Fees

The fees are as described in section 5.1 “The Unit Classes”.

### Issue and redemption of units

Subfund units are issued or redeemed on any bank working day (bank business day) in Luxembourg (order date). Subscription, redemption and conversion orders must be received by the transfer agent in Luxembourg no later than 12 p.m. on the order date.

Requests from clients which pay after the units have been issued will be considered when the payment is received within two bank business days of the issue date.

## JSS Exclusive – GBP Bonds

### General information

Units of the JSS Exclusive – GBP Bonds subfund were issued for the first time on 24 February 2017 at an initial price of GBP 100 per unit.

### Investment objective

The investment objective of JSS Exclusive – GBP Bonds is to achieve interest income with investments in British Pound (GBP) denominated debt instruments.

### Investment policy and investment restrictions

The assets of JSS Exclusive – GBP Bonds are invested worldwide either directly or indirectly in debt instruments denominated in British Pound (GBP) and in fixed or variable income securities (including zero bonds) of public, private and semi-private issuer. At least 85% of the subfund's investments in debt instruments must have a minimum credit rating of BBB- or equivalent from a recognised rating agency.

The subfund promotes environmental and social characteristics according to SFDR Art. 8, but does not have a sustainable investment objective according to SFDR Art. 9. For further information of the subfund under SFDR, investors are referred to Schedule III "SFDR Disclosures".

In addition, shares/units of other UCITS/UCIs as well as derivatives may be used in accordance with the information contained in section 3.3 "Investment Restrictions". The subfund may also borrow up to 10% of its net assets on a temporary basis and undertake potential commitments within the limits of the 2010 Law through derivative investment instruments (e.g. futures and options). The subfund may also hold liquid assets and invest in money market instruments.

The subfund is actively managed without replicating any benchmark. However, the subfund is managed with reference to ICE BofA GBP Broad Market 1-10Y Index (the "Benchmark"). Generally, the majority of the positions within the subfund are constituents of the Benchmark. In order to exploit specific investment opportunities the investment manager may discretionarily select securities not included in the Benchmark. In addition, the investment manager integrates sustainability aspects which lead to an exclusion of investable Benchmark components. The holdings and their weightings in the subfund's portfolio will diverge from the weightings of the securities included in the Benchmark therefore the subfund's returns may deviate from the performance of the Benchmark.

### Risk profile

Investments in the subfund can fluctuate in value, and there is no guarantee that the units can be sold for the original capital amount invested.

In addition, if the investor's reference currency differs from the subfund's investment currency, a currency risk exists. Given the investments in fixed and variable-rate securities, the performance of JSS Exclusive – GBP Bonds is primarily influenced by issuer-specific changes and changes in the interest rate environment.

Risks related to:

- Sustainability Risks
- are described in section "3.2.2 Subfund's Specific Risk Profile".

### Benchmark

ICE BofA GBP Broad Market 1-10Y Index

### Investment manager

Bank J. Safra Sarasin AG, Basel

### Risk monitoring method

Commitment

### Investor profile

This subfund is suited to investors with a medium-term investment horizon seeking a high and stable income.

JSS Exclusive – GBP Bonds is intended as a core investment in fixed and floating rate GBP-denominated securities for private and institutional investors.

### Accounting currency

GBP

### Valuation Day

Each day banks are open for business in Luxembourg and Switzerland.

### Unit classes

The subfund contains the unit classes listed in section 5.1 "The Unit Classes".

The following unit classes are currently available for subscription:

M GBP dist  
M GBP acc  
C GBP dist  
C GBP acc

## **The Subfunds**

### **Fees**

The fees are as described in section 5.1 “The Unit Classes”.

**Schedule I: Benchmark Inventory**

Legend:

n.a.: not applicable

n.d.a.: no data available

Name of the Subfund	Name of Benchmark	Benchmark Administrator	Being an EU-Administrator			Being a Non EU-Administrator				Third-country Benchmark
			listed in the ESMA administrator register referred to in article 36 (i.e. ESMA public register)	not listed in the ESMA administrator register - in the process of obtaining registration pursuant to Article 34	not listed in the ESMA administrator register - has not yet applied for authorisation or registration pursuant to Article 34	listed in the ESMA administrator register referred to in article 36 as an administrator, who complies with the conditions laid down in article 30(1)	listed in the register referred to in articles 36 as an administrator, who has acquired recognition in accordance with article 32	listed in the ESMA administrator register referred to endorsement under article 33	does not comply with the conditions laid down in article 30(1) nor has it acquired recognition in accordance with article 32	
JSS Exclusive – CHF Foreign Bonds	SBI® Foreign AAA - BBB 1-10 Years Index	SIX Financial Information AG	SIX Financial Information Nordic AB	n.a.	n.a.	n.a.	n.a.	Yes	n.a.	No.
JSS Exclusive – EUR Bonds	ICE BofA EUR Broad Market 1-10Y Index	ICE Data Indices, LLC	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	Yes	n.a.
JSS Exclusive – USD Bonds	ICE BofA 1-10Y US Corporate & Government A+ Index	ICE Data Indices, LLC	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	Yes	n.a.
JSS Exclusive – GBP Bonds	ICE BofA GBP Broad Market 1-10Y Index	ICE Data Indices, LLC	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	Yes	n.a.

## Schedule II

### Schedule II: Benchmark Disclaimers

#### **SIX Swiss Exchange AG**

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Schedule III

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

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

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

Product name:  
JSS Exclusive - USD Bonds

Legal entity identifier:  
549300EVMKV1HUIWGX12

## Environmental and/or social characteristics

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

<p><input checked="" type="radio"/> <input checked="" type="radio"/> <input type="checkbox"/> <b>Yes</b></p> <p><input type="checkbox"/> It will make a minimum of <b>sustainable investments with an environmental objective: __%</b></p> <p style="margin-left: 20px;"><input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy</p> <p style="margin-left: 20px;"><input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</p> <p><input type="checkbox"/> It will make a minimum of <b>sustainable investments with a social objective: __%</b></p>	<p><input checked="" type="radio"/> <input type="radio"/> <input checked="" type="checkbox"/> <b>No</b></p> <p><input checked="" type="checkbox"/> It <b>promotes Environmental/Social (E/S) characteristics</b> and while it does not have as its objective a sustainable investment, it will have a minimum proportion of 50% of sustainable investments</p> <p style="margin-left: 20px;"><input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy</p> <p style="margin-left: 20px;"><input checked="" type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</p> <p style="margin-left: 20px;"><input checked="" type="checkbox"/> with a social objective</p> <p><input type="checkbox"/> It promotes E/S characteristics, but <b>will not make any sustainable investments</b></p>
---	--

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

This product considers environmental, social and governance aspects (ESG) along the investment process with the aim to reduce controversial exposures, to align the portfolio with international norms, to mitigate sustainability risks and to harness opportunities emanating from ESG trends and to get a better-informed perspective of portfolio holdings. The social characteristics promoted by this financial product include various aspects such as tackling inequality, fostering social cohesion, social integration and labour relations, and investing in economically or socially disadvantaged communities. This product’s sustainable investment process starts with the universe definition in accordance with the ESG criteria as determined by the investment manager on the basis of the sustainability analysis performed by Bank J. Safra Sarasin AG and its affiliates ("JSS"). The universe def-





### Schedule III

initiation comprises the following norms-based exclusions and controversial business activities which are not deemed to be compatible with sustainable development and lead to the exclusion of companies from the sustainable investment universe which is based on the following exclusion criteria (with revenue thresholds) (“JSS Exclusion Policy”):

- Controversial Weapons: Controversial weapons are types of weapons that are categorised as controversial because of their long-term humanitarian impact and/or the large numbers of civilian casualties they cause. They include biological, chemical and nuclear weapons, cluster munitions and anti-personnel mines (revenue threshold: 0%);
- Defense and Armament: Producers of civilian firearms, conventional weapons (systems and critical components) and weapon support systems and services (e.g. weapon control systems, target navigation systems, etc.) (revenue threshold: 5%);
- Nuclear Energy: Companies that own or operate nuclear power plants (utilities) and companies that supply key nuclear-specific products or services to the nuclear power industry (suppliers) (revenue threshold: 5%);
- Coal: Companies that simultaneously have a significant involvement in the coal business and lack a solid transition strategy towards a low-carbon economy (revenue threshold: 5% for coal extraction and 20% for power generation);
- Genetically-modified organisms in agriculture: Companies that genetically modify organisms for agricultural use (revenue threshold: 0%);
- Genetically-modified organisms in medicine: Human cloning and other manipulations of the human gene line (revenue threshold: 0%);
- Tobacco: Producers of tobacco products (revenue threshold: 5%);
- Adult Entertainment: Producers of adult entertainment materials (revenue threshold: 5%);
- Violation of Human Rights and other Global Compact Principles: Companies involved in severe violations of human rights or other breaches of the UN Global Compact Principles, in line with established international standards (revenue threshold: 0%).

The product invests in issuers with an above average ESG profile. The ESG profile is assessed according to the proprietary JSS Matrix, which considers material ESG criteria for each industry. ESG criteria may include among others: greenhouse gas emissions restrictions, policies addressing climate change, health, safety and human rights provisions, and implementation of the Modern Slavery Act. Issuers that promote environmental and/or social characteristics either provide products or services relevant for the UN Sustainable Development Goals (“SDG revenues”) or are setting industry-leading operational standards in an environmental and/or social key area that is material for the respective industry. A reference benchmark has not been designated for the purpose of attaining the product’s environmental or social characteristics.

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

The product’s attainment of the environmental or social characteristics promoted, is measured according to the proportion of A- and B- rated assets, as determined by the JSS Sustainability Matrix. A-rated issuers are considered to have a superior ESG profile, are industry leaders and are eligible for all sustainable strategies. B-rated issuers are eligible for integrated sustainable strategies.

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

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

The sustainable investments of the product contribute to one or more environmental and/or social objectives. These objectives may include among others, reducing carbon emissions, increasing biodiversity, tackling inequality, and facilitating social cohesion.

An issuer can contribute to an environmental or social objective if its products facilitate the achievement of one or more of the UN Sustainable Development Goals as determined by the proportion of the issuers' revenues that align with one of the Goals or if the issuer achieves operational excellence as determined by outperforming at least 75% of its peers on material environmental and/or social indicators.

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

The do no significant harm ("DNSH") test excludes issuers which are fundamentally misaligned with sustainability practices and/or that fail to meet minimum thresholds for adverse impact indicators. In addition and going a step further, issuers with an E, S or G score smaller than -2 standard deviations away from the sub-industry are excluded.

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

The investment manager is required to consider the negative consequences of their investment decisions as indicated by adverse impact indicators, as part of the investment process. This is achieved through the exclusion of investments which do not meet minimum environmental or social thresholds and through engagement activities. At entity-level, a detailed approach to each of the 14 mandatory principal adverse impact indicators will be available on the website by 30 June 2023 at the latest. At product level, this will be included in the annual report from 2023 onwards.

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

The ESG screening and universe definition are based on the JSS Sustainable Investment Policy and strategy which integrate the principles of several international conventions and norms, including:

- The OECD Guidelines for Multinational Enterprises,
- The UN Guiding Principles on Business and Human Rights,
- The United Nations Global Compact,
- The OECD Principles of Corporate Governance,
- The OECD Guidelines for Multinational Enterprises,
- The Universal Declaration of Human Rights,
- The Children's Rights and Business Principles,
- The ILO conventions on labour standards,

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

The Rio Declaration on Environment and Development,

The UN Convention on Corruption,

The Convention on Cluster Munitions.

The ESG screening helps identify listed companies allegedly involved in breaches of international law and norms on environmental protection, human rights, labour standards and anti-corruption as laid out in the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights. Such companies are not deemed to be compatible with the above principles and excluded from the JSS sustainable investment universe.

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

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

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



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

Yes. Principal adverse impacts are considered in the investment process and are integrated through the exclusion of investments which do not meet minimum environmental or social thresholds. The investment manager aims to manage all of the 14 mandatory principal adverse impact indicators and the most relevant indicators for each industry and sector are assessed. Issuers which fail to consider the most significant negative impacts of their activities on environmental or social factors are excluded. Adverse impacts may also be addressed through engagement activities and active ownership. Further information about the consideration of principal adverse impacts will be available in the annual report published after 1 January 2023.

No



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

This financial product invests at least 75% of its net assets in debt instruments of countries, organisations and companies that contribute to sustainable development. These countries are distinguished by the fact that they make the lowest possible and most efficient use of environmental and social resources. The organisations in which the financial product invests integrate sustainability into their use of resources and also take into account sustainability issues when measuring their performance. These companies distinguish themselves through their strategic focus on environmentally friendly, eco-efficient management and proactive shaping of relations with key stakeholder groups (e.g. employees, customers, financial backers, shareholders, public sector bodies, etc.). Certain issuers may be excluded on the grounds of critical activities (e.g. production of nuclear energy or armaments). The financial product aims to deliver superior risk-adjusted investment

performance by taking into account all relevant issuer-specific aspects, including ESG factors, in the investment analysis. The JSS ESG rating assesses issuers relative to their peers. The rating ranges from A-rated issuers, which are considered best in class, to D-rated issuers which may engage in controversial business activities. As part of the sustainable investment process, issuers which are fundamentally misaligned with sustainability practices and hence likely to cause significant harm are rated C (worst performing relative to industry peers) or D (excluded due to controversial business activities).

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

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

The product's investment strategy follows a strict process whereby ESG considerations are integrated throughout. The investment manager applies the following binding criteria in its strategy:

(a) Excluding investments in controversial business activities according to the JSS Exclusion Policy;

(b) Mitigating ESG risks and harnessing ESG opportunities. Issuers which are A- or B-rated will be excluded if their E, S or G score is smaller than -2 standard deviations away from the sub-industry. This ensures that issuers perform well across all material ESG factors and do not fall below defined thresholds;

(c) Achieving an above-average ESG profile. This product will not invest in C- or D-rated issuers;

(d) Intentionally targeting measurable positive outcomes by investing in issuers that promote sustainable products and services as determined by the proportion of the issuers' revenues that align with one of the UN Sustainable Development Goals or if the issuer achieves operational excellence as determined by outperforming at least 75% of its peers on material environmental and/or social indicators. In addition, the investment manager engages with selected investee companies to foster a change in behavior towards sustainable practices.

● **What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?**

The investment manager's ESG approach reduces a global investment universe of issuers for which ESG data is available by roughly 15%. The percentage reduction may be bigger or smaller for regional investment universes or strategy-specific carve-outs.

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

Investee companies are rated for governance aspects against a variety of factors including board structure, tax compliance, executive remuneration, and adherence to governance codes, in line with the JSS sustainable investment methodology. Over 70 KPIs are included in the governance rating methodology and are weighted per industry. In addition to achieving a JSS ESG rating of A or B, companies with a governance score -2 standard deviations away from the industry standard are excluded from the investment process.

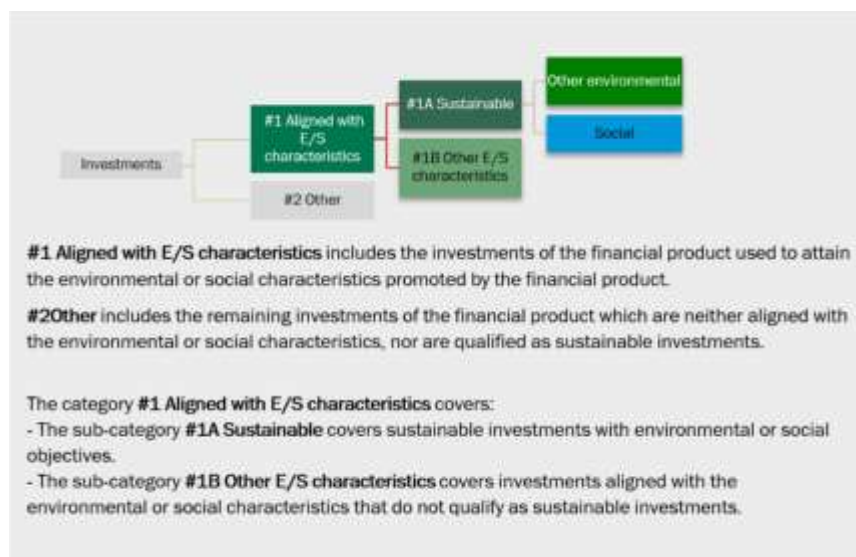
**Good governance practices** include sound management structures, employee relations, remuneration of staff and tax compliance.



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

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

The minimum proportion of the investments of the financial product that are aligned with the environmental and social characteristics promoted by the financial product is at least 85%. Cash and derivatives are included under "#2 Other". The category "#1 A Sustainable" covers a minimum of 50% of sustainable investments with environmental and/or social objectives. The minimum share of sustainable investments consists of at least 1% of environmentally sustainable investments and at least 1% of socially sustainable investments. The percentage share of sustainable investments above that minimum amount can be distributed in any ratio between environmentally or socially sustainable investments.



Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.

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

Not applicable

**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.

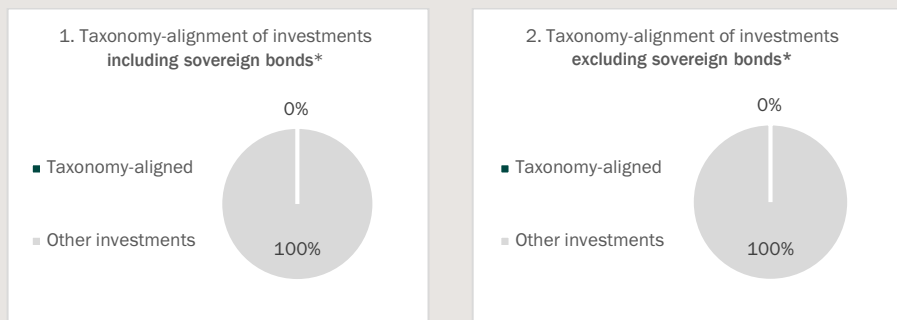
**Transitional activities** are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.



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

Until data coverage for the assessment of the EU Taxonomy alignment is broader and more reliable, the investment manager cannot accurately calculate to what extent the sustainable investments with an environmental objective are aligned with the EU Taxonomy therefore the current alignment is 0%. As data availability improves, it is expected that this calculation will become more accurate and hence more meaningful information will be made available to investors in the coming years. Such data will therefore be integrated in a future version of this document.

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



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

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

There is no minimum share of investments in transitional and enabling activities.

are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.



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

There is a minimum share of 1% of investments with an environmental objective that are not aligned with the EU Taxonomy. The percentage share of sustainable investments above that minimum amount can be distributed in any ratio between environmentally or socially sustainable investments.



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

There is a minimum share of 1% of investments with a social objective. The percentage share of sustainable investments above that minimum amount can be distributed in any ratio between environmentally or socially sustainable investments.



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

The product's cash balance and derivatives are included under "#2 Other" the primary purpose of which is to hedge risks. There is currently no agreed methodology to consider ESG criteria for these asset classes.



**Reference benchmarks** are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

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

No

- How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?

Not applicable

- How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?

Not applicable

- How does the designated index differ from a relevant broad market index?

Not applicable

- Where can the methodology used for the calculation of the designated index be found?

Not applicable



Where can I find more product specific information online?

More product-specific information can be found on the website: [https://www.isafrasarsin.com/internet/lu/lu\\_index/lu\\_legal\\_information.htm](https://www.isafrasarsin.com/internet/lu/lu_index/lu_legal_information.htm)



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

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

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

Product name:  
JSS Exclusive - GBP Bonds

Legal entity identifier:  
2221006NMJGSUEKD6K23

## Environmental and/or social characteristics

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

<p><input checked="" type="radio"/> <input checked="" type="radio"/> <input type="checkbox"/> <b>Yes</b></p> <p><input type="checkbox"/> It will make a minimum of <b>sustainable investments with an environmental objective: __%</b></p> <p style="margin-left: 20px;"><input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy</p> <p style="margin-left: 20px;"><input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</p> <p><input type="checkbox"/> It will make a minimum of <b>sustainable investments with a social objective: __%</b></p>	<p><input checked="" type="radio"/> <input type="radio"/> <input checked="" type="checkbox"/> <b>No</b></p> <p><input checked="" type="checkbox"/> It <b>promotes Environmental/Social (E/S) characteristics</b> and while it does not have as its objective a sustainable investment, it will have a minimum proportion of 50% of sustainable investments</p> <p style="margin-left: 20px;"><input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy</p> <p style="margin-left: 20px;"><input checked="" type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</p> <p style="margin-left: 20px;"><input checked="" type="checkbox"/> with a social objective</p> <p><input type="checkbox"/> It promotes E/S characteristics, but <b>will not make any sustainable investments</b></p>
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### What environmental and/or social characteristics are promoted by this financial product?

This product considers environmental, social and governance aspects (ESG) along the investment process with the aim to reduce controversial exposures, to align the portfolio with international norms, to mitigate sustainability risks and to harness opportunities emanating from ESG trends and to get a better-informed perspective of portfolio holdings. The social characteristics promoted by this financial product include various aspects such as tackling inequality, fostering social cohesion, social integration and labour relations, and investing in economically or socially disadvantaged communities. This product's sustainable investment process starts with the universe definition in accordance with the ESG criteria as determined by the investment manager on the basis of the sustainability analysis performed by Bank J. Safra Sarasin AG and its affiliates ("JSS"). The universe definition comprises the following norms-based exclusions and controversial business activities which are not deemed to be compatible with sustainable development and lead to





### Schedule III

the exclusion of companies from the sustainable investment universe which is based on the following exclusion criteria (with revenue thresholds) (“JSS Exclusion Policy”):

- Controversial Weapons: Controversial weapons are types of weapons that are categorised as controversial because of their long-term humanitarian impact and/or the large numbers of civilian casualties they cause. They include biological, chemical and nuclear weapons, cluster munitions and anti-personnel mines (revenue threshold: 0%);
- Defense and Armament: Producers of civilian firearms, conventional weapons (systems and critical components) and weapon support systems and services (e.g. weapon control systems, target navigation systems, etc.) (revenue threshold: 5%);
- Nuclear Energy: Companies that own or operate nuclear power plants (utilities) and companies that supply key nuclear-specific products or services to the nuclear power industry (suppliers) (revenue threshold: 5%);
- Coal: Companies that simultaneously have a significant involvement in the coal business and lack a solid transition strategy towards a low-carbon economy (revenue threshold: 5% for coal extraction and 20% for power generation);
- Genetically-modified organisms in agriculture: Companies that genetically modify organisms for agricultural use (revenue threshold: 0%);
- Genetically-modified organisms in medicine: Human cloning and other manipulations of the human gene line (revenue threshold: 0%);
- Tobacco: Producers of tobacco products (revenue threshold: 5%);
- Adult Entertainment: Producers of adult entertainment materials (revenue threshold: 5%);
- Violation of Human Rights and other Global Compact Principles: Companies involved in severe violations of human rights or other breaches of the UN Global Compact Principles, in line with established international standards (revenue threshold: 0%).

The product invests in issuers with an above average ESG profile. The ESG profile is assessed according to the proprietary JSS Matrix, which considers material ESG criteria for each industry. ESG criteria may include among others: greenhouse gas emissions restrictions, policies addressing climate change, health, safety and human rights provisions, and implementation of the Modern Slavery Act. Issuers that promote environmental and/or social characteristics either provide products or services relevant for the UN Sustainable Development Goals (“SDG revenues”) or are setting industry-leading operational standards in an environmental and/or social key area that is material for the respective industry. A reference benchmark has not been designated for the purpose of attaining the product’s environmental or social characteristics.

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

The product’s attainment of the environmental or social characteristics promoted, is measured according to the proportion of A- and B- rated assets, as determined by the JSS Sustainability Matrix. A-rated issuers are considered to have a superior ESG profile, are industry leaders and are eligible for all sustainable strategies. B-rated issuers are eligible for integrated sustainable strategies.

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

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

The sustainable investments of the product contribute to one or more environmental and/or social objectives. These objectives may include among others, reducing carbon emissions, increasing biodiversity, tackling inequality, and facilitating social cohesion.

An issuer can contribute to an environmental or social objective if its products facilitate the achievement of one or more of the UN Sustainable Development Goals as determined by the proportion of the issuers' revenues that align with one of the Goals or if the issuer achieves operational excellence as determined by outperforming at least 75% of its peers on material environmental and/or social indicators.

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

The do no significant harm ("DNSH") test excludes issuers which are fundamentally misaligned with sustainability practices and/or that fail to meet minimum thresholds for adverse impact indicators. In addition and going a step further, issuers with an E, S or G score smaller than -2 standard deviations away from the sub-industry are excluded.

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

The investment manager is required to consider the negative consequences of their investment decisions as indicated by adverse impact indicators, as part of the investment process. This is achieved through the exclusion of investments which do not meet minimum environmental or social thresholds and through engagement activities. At entity-level, a detailed approach to each of the 14 mandatory principal adverse impact indicators will be available on the website by 30 June 2023 at the latest. At product level, this will be included in the annual report from 2023 onwards.

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

The ESG screening and universe definition are based on the JSS Sustainable Investment Policy and strategy which integrate the principles of several international conventions and norms, including:

- The OECD Guidelines for Multinational Enterprises,
- The UN Guiding Principles on Business and Human Rights,
- The United Nations Global Compact,
- The OECD Principles of Corporate Governance,
- The OECD Guidelines for Multinational Enterprises,
- The Universal Declaration of Human Rights,
- The Children's Rights and Business Principles,
- The ILO conventions on labour standards,
- The Rio Declaration on Environment and Development,
- The UN Convention on Corruption,

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

The Convention on Cluster Munitions.

The ESG screening helps identify listed companies allegedly involved in breaches of international law and norms on environmental protection, human rights, labour standards and anti-corruption as laid out in the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights. Such companies are not deemed to be compatible with the above principles and excluded from the JSS sustainable investment universe.

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

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

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



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

Yes. Principal adverse impacts are considered in the investment process and are integrated through the exclusion of investments which do not meet minimum environmental or social thresholds. The investment manager aims to manage all of the 14 mandatory principal adverse impact indicators and the most relevant indicators for each industry and sector are assessed. Issuers which fail to consider the most significant negative impacts of their activities on environmental or social factors are excluded. Adverse impacts may also be addressed through engagement activities and active ownership. Further information about the consideration of principal adverse impacts will be available in the annual report published after 1 January 2023.

No



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

This financial product invests at least 75% of its net assets in debt instruments of countries, organisations and companies that contribute to sustainable development. These countries are distinguished by the fact that they make the lowest possible and most efficient use of environmental and social resources. The organisations in which the financial product invests integrate sustainability into their use of resources and also take into account sustainability issues when measuring their performance. These companies distinguish themselves through their strategic focus on environmentally friendly, eco-efficient management and proactive shaping of relations with key stakeholder groups (e.g. employees, customers, financial backers, shareholders, public sector bodies, etc.). Certain issuers may be excluded on the grounds of critical activities (e.g. production of nuclear energy or armaments). The financial product aims to deliver superior risk-adjusted investment performance by taking into account all relevant issuer-specific aspects, including ESG factors, in the investment analysis. The JSS ESG rating assesses issuers relative to their peers. The rating ranges from A-rated issuers, which are considered best in class, to D-

rated issuers which may engage in controversial business activities. As part of the sustainable investment process, issuers which are fundamentally misaligned with sustainability practices and hence likely to cause significant harm are rated C (worst performing relative to industry peers) or D (excluded due to controversial business activities).

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

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

The product's investment strategy follows a strict process whereby ESG considerations are integrated throughout. The investment manager applies the following binding criteria in its strategy:

(a) Excluding investments in controversial business activities according to the JSS Exclusion Policy;

(b) Mitigating ESG risks and harnessing ESG opportunities. Issuers which are A- or B-rated will be excluded if their E, S or G score is smaller than -2 standard deviations away from the sub-industry. This ensures that issuers perform well across all material ESG factors and do not fall below defined thresholds;

(c) Achieving an above-average ESG profile. This product will not invest in C- or D-rated issuers;

(d) Intentionally targeting measurable positive outcomes by investing in issuers that promote sustainable products and services as determined by the proportion of the issuers' revenues that align with one of the UN Sustainable Development Goals or if the issuer achieves operational excellence as determined by outperforming at least 75% of its peers on material environmental and/or social indicators. In addition, the investment manager engages with selected investee companies to foster a change in behavior towards sustainable practices.

● **What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?**

The investment manager's ESG approach reduces a global investment universe of issuers for which ESG data is available by roughly 15%. The percentage reduction may be bigger or smaller for regional investment universes or strategy-specific carve-outs.

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

Investee companies are rated for governance aspects against a variety of factors including board structure, tax compliance, executive remuneration, and adherence to governance codes, in line with the JSS sustainable investment methodology. Over 70 KPIs are included in the governance rating methodology and are weighted per industry. In addition to achieving a JSS ESG rating of A or B, companies with a governance score -2 standard deviations away from the industry standard are excluded from the investment process.

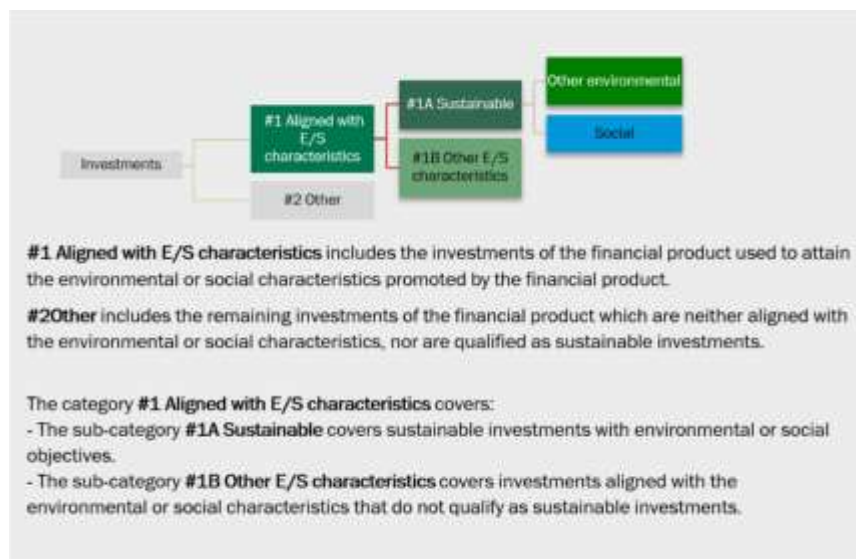
**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.



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

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

The minimum proportion of the investments of the financial product that are aligned with the environmental and social characteristics promoted by the financial product is at least 85%. Cash and derivatives are included under "#2 Other". The category "#1 A Sustainable" covers a minimum of 50% of sustainable investments with environmental and/or social objectives. The minimum share of sustainable investments consists of at least 1% of environmentally sustainable investments and at least 1% of socially sustainable investments. The percentage share of sustainable investments above that minimum amount can be distributed in any ratio between environmentally or socially sustainable investments.



Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.

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

Not applicable

**Enabling activities**

directly enable other activities to make a substantial contribution to an environmental objective.

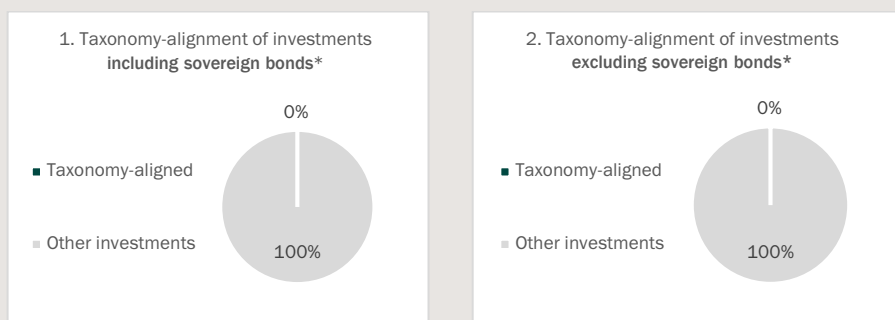
**Transitional activities** are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.



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

Until data coverage for the assessment of the EU Taxonomy alignment is broader and more reliable, the investment manager cannot accurately calculate to what extent the sustainable investments with an environmental objective are aligned with the EU Taxonomy therefore the current alignment is 0%. As data availability improves, it is expected that this calculation will become more accurate and hence more meaningful information will be made available to investors in the coming years. Such data will therefore be integrated in a future version of this document.

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



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

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

There is no minimum share of investments in transitional and enabling activities.



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

There is a minimum share of 1% of investments with an environmental objective that are not aligned with the EU Taxonomy. The percentage share of sustainable investments above that minimum amount can be distributed in any ratio between environmentally or socially sustainable investments.



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

There is a minimum share of 1% of investments with a social objective. The percentage share of sustainable investments above that minimum amount can be distributed in any ratio between environmentally or socially sustainable investments.



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

The product's cash balance and derivatives are included under "#2 Other" the primary purpose of which is to hedge risks. There is currently no agreed methodology to consider ESG criteria for these asset classes.

are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.



**Reference benchmarks** are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

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

No

- How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?

Not applicable

- How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?

Not applicable

- How does the designated index differ from a relevant broad market index?

Not applicable

- Where can the methodology used for the calculation of the designated index be found?

Not applicable



Where can I find more product specific information online?

More product-specific information can be found on the website: [https://product.jas-frasarasin.com/internet/product/sfdr\\_website\\_disclosures.pdf](https://product.jas-frasarasin.com/internet/product/sfdr_website_disclosures.pdf)



Schedule III

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

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

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

Product name:  
JSS Exclusive - EUR Bonds

Legal entity identifier:  
222100J1I5FXK0YEUQ14

## Environmental and/or social characteristics

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

<p><input checked="" type="radio"/> <input checked="" type="radio"/> <input type="checkbox"/> <b>Yes</b></p> <p><input type="checkbox"/> It will make a minimum of <b>sustainable investments with an environmental objective: __%</b></p> <p style="margin-left: 20px;"><input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy</p> <p style="margin-left: 20px;"><input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</p> <p><input type="checkbox"/> It will make a minimum of <b>sustainable investments with a social objective: __%</b></p>	<p><input checked="" type="radio"/> <input type="radio"/> <input checked="" type="checkbox"/> <b>No</b></p> <p><input checked="" type="checkbox"/> It <b>promotes Environmental/Social (E/S) characteristics</b> and while it does not have as its objective a sustainable investment, it will have a minimum proportion of 50% of sustainable investments</p> <p style="margin-left: 20px;"><input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy</p> <p style="margin-left: 20px;"><input checked="" type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</p> <p style="margin-left: 20px;"><input checked="" type="checkbox"/> with a social objective</p> <p><input type="checkbox"/> It promotes E/S characteristics, but <b>will not make any sustainable investments</b></p>
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### What environmental and/or social characteristics are promoted by this financial product?

This product considers environmental, social and governance aspects (ESG) along the investment process with the aim to reduce controversial exposures, to align the portfolio with international norms, to mitigate sustainability risks and to harness opportunities emanating from ESG trends and to get a better-informed perspective of portfolio holdings. The social characteristics promoted by this financial product include various aspects such as tackling inequality, fostering social cohesion, social integration and labour relations, and investing in economically or socially disadvantaged communities. This product’s sustainable investment process starts with the universe definition in accordance with the ESG criteria as determined by the investment manager on the basis of the sustainability analysis performed by Bank J. Safra Sarasin AG and its affiliates ("JSS"). The universe def-





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initiation comprises the following norms-based exclusions and controversial business activities which are not deemed to be compatible with sustainable development and lead to the exclusion of companies from the sustainable investment universe which is based on the following exclusion criteria (with revenue thresholds) (“JSS Exclusion Policy”):

- Controversial Weapons: Controversial weapons are types of weapons that are categorised as controversial because of their long-term humanitarian impact and/or the large numbers of civilian casualties they cause. They include biological, chemical and nuclear weapons, cluster munitions and anti-personnel mines (revenue threshold: 0%);
- Defense and Armament: Producers of civilian firearms, conventional weapons (systems and critical components) and weapon support systems and services (e.g. weapon control systems, target navigation systems, etc.) (revenue threshold: 5%);
- Nuclear Energy: Companies that own or operate nuclear power plants (utilities) and companies that supply key nuclear-specific products or services to the nuclear power industry (suppliers) (revenue threshold: 5%);
- Coal: Companies that simultaneously have a significant involvement in the coal business and lack a solid transition strategy towards a low-carbon economy (revenue threshold: 5% for coal extraction and 20% for power generation);
- Genetically-modified organisms in agriculture: Companies that genetically modify organisms for agricultural use (revenue threshold: 0%);
- Genetically-modified organisms in medicine: Human cloning and other manipulations of the human gene line (revenue threshold: 0%);
- Tobacco: Producers of tobacco products (revenue threshold: 5%);
- Adult Entertainment: Producers of adult entertainment materials (revenue threshold: 5%);
- Violation of Human Rights and other Global Compact Principles: Companies involved in severe violations of human rights or other breaches of the UN Global Compact Principles, in line with established international standards (revenue threshold: 0%).

The product invests in issuers with an above average ESG profile. The ESG profile is assessed according to the proprietary JSS Matrix, which considers material ESG criteria for each industry. ESG criteria may include among others: greenhouse gas emissions restrictions, policies addressing climate change, health, safety and human rights provisions, and implementation of the Modern Slavery Act. Issuers that promote environmental and/or social characteristics either provide products or services relevant for the UN Sustainable Development Goals (“SDG revenues”) or are setting industry-leading operational standards in an environmental and/or social key area that is material for the respective industry. A reference benchmark has not been designated for the purpose of attaining the product’s environmental or social characteristics.

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

The product’s attainment of the environmental or social characteristics promoted, is measured according to the proportion of A- and B- rated assets, as determined by the JSS Sustainability Matrix. A-rated issuers are considered to have a superior ESG profile, are industry leaders and are eligible for all sustainable strategies. B-rated issuers are eligible for integrated sustainable strategies.

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

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

The sustainable investments of the product contribute to one or more environmental and/or social objectives. These objectives may include among others, reducing carbon emissions, increasing biodiversity, tackling inequality, and facilitating social cohesion.

An issuer can contribute to an environmental or social objective if its products facilitate the achievement of one or more of the UN Sustainable Development Goals as determined by the proportion of the issuers' revenues that align with one of the Goals or if the issuer achieves operational excellence as determined by outperforming at least 75% of its peers on material environmental and/or social indicators.

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

The do no significant harm ("DNSH") test excludes issuers which are fundamentally misaligned with sustainability practices and/or that fail to meet minimum thresholds for adverse impact indicators. In addition and going a step further, issuers with an E, S or G score smaller than -2 standard deviations away from the sub-industry are excluded.

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

The investment manager is required to consider the negative consequences of their investment decisions as indicated by adverse impact indicators, as part of the investment process. This is achieved through the exclusion of investments which do not meet minimum environmental or social thresholds and through engagement activities. At entity-level, a detailed approach to each of the 14 mandatory principal adverse impact indicators will be available on the website by 30 June 2023 at the latest. At product level, this will be included in the annual report from 2023 onwards.

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

The ESG screening and universe definition are based on the JSS Sustainable Investment Policy and strategy which integrate the principles of several international conventions and norms, including:

- The OECD Guidelines for Multinational Enterprises,
- The UN Guiding Principles on Business and Human Rights,
- The United Nations Global Compact,
- The OECD Principles of Corporate Governance,
- The OECD Guidelines for Multinational Enterprises,
- The Universal Declaration of Human Rights,
- The Children's Rights and Business Principles,
- The ILO conventions on labour standards,

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

The Rio Declaration on Environment and Development,

The UN Convention on Corruption,

The Convention on Cluster Munitions.

The ESG screening helps identify listed companies allegedly involved in breaches of international law and norms on environmental protection, human rights, labour standards and anti-corruption as laid out in the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights. Such companies are not deemed to be compatible with the above principles and excluded from the JSS sustainable investment universe.

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

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

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



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

Yes. Principal adverse impacts are considered in the investment process and are integrated through the exclusion of investments which do not meet minimum environmental or social thresholds. The investment manager aims to manage all of the 14 mandatory principal adverse impact indicators and the most relevant indicators for each industry and sector are assessed. Issuers which fail to consider the most significant negative impacts of their activities on environmental or social factors are excluded. Adverse impacts may also be addressed through engagement activities and active ownership. Further information about the consideration of principal adverse impacts will be available in the annual report published after 1 January 2023.

No



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

This financial product invests at least 75% of its net assets in debt instruments of countries, organisations and companies that contribute to sustainable development. These countries are distinguished by the fact that they make the lowest possible and most efficient use of environmental and social resources. The organisations in which the financial product invests integrate sustainability into their use of resources and also take into account sustainability issues when measuring their performance. These companies distinguish themselves through their strategic focus on environmentally friendly, eco-efficient management and proactive shaping of relations with key stakeholder groups (e.g. employees, customers, financial backers, shareholders, public sector bodies, etc.). Certain issuers may be excluded on the grounds of critical activities (e.g. production of nuclear energy or armaments). The financial product aims to deliver superior risk-adjusted investment

performance by taking into account all relevant issuer-specific aspects, including ESG factors, in the investment analysis. The JSS ESG rating assesses issuers relative to their peers. The rating ranges from A-rated issuers, which are considered best in class, to D-rated issuers which may engage in controversial business activities. As part of the sustainable investment process, issuers which are fundamentally misaligned with sustainability practices and hence likely to cause significant harm are rated C (worst performing relative to industry peers) or D (excluded due to controversial business activities).

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

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

The product's investment strategy follows a strict process whereby ESG considerations are integrated throughout. The investment manager applies the following binding criteria in its strategy:

(a) Excluding investments in controversial business activities according to the JSS Exclusion Policy;

(b) Mitigating ESG risks and harnessing ESG opportunities. Issuers which are A- or B-rated will be excluded if their E, S or G score is smaller than -2 standard deviations away from the sub-industry. This ensures that issuers perform well across all material ESG factors and do not fall below defined thresholds;

(c) Achieving an above-average ESG profile. This product will not invest in C- or D-rated issuers;

(d) Intentionally targeting measurable positive outcomes by investing in issuers that promote sustainable products and services as determined by the proportion of the issuers' revenues that align with one of the UN Sustainable Development Goals or if the issuer achieves operational excellence as determined by outperforming at least 75% of its peers on material environmental and/or social indicators. In addition, the investment manager engages with selected investee companies to foster a change in behavior towards sustainable practices.

● **What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?**

The investment manager's ESG approach reduces a global investment universe of issuers for which ESG data is available by roughly 15%. The percentage reduction may be bigger or smaller for regional investment universes or strategy-specific carve-outs.

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

Investee companies are rated for governance aspects against a variety of factors including board structure, tax compliance, executive remuneration, and adherence to governance codes, in line with the JSS sustainable investment methodology. Over 70 KPIs are included in the governance rating methodology and are weighted per industry. In addition to achieving a JSS ESG rating of A or B, companies with a governance score -2 standard deviations away from the industry standard are excluded from the investment process.

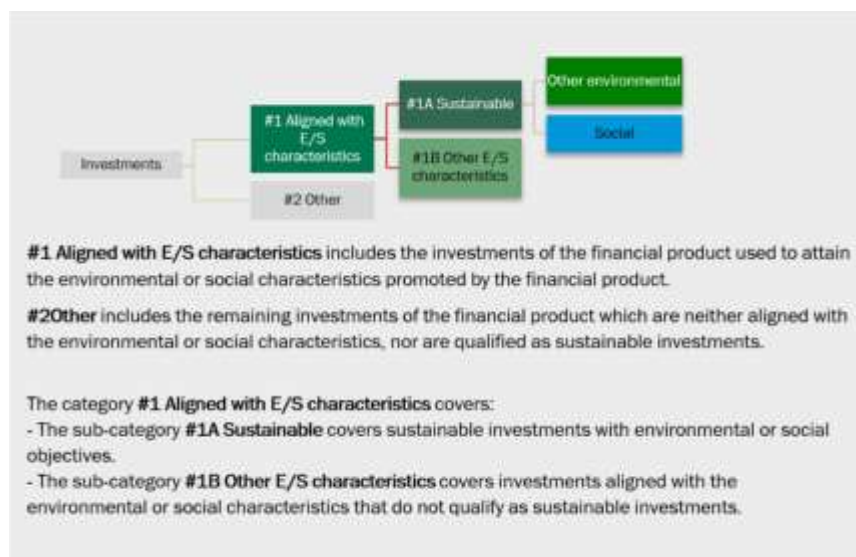
**Good governance practices** include sound management structures, employee relations, remuneration of staff and tax compliance.



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

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

The minimum proportion of the investments of the financial product that are aligned with the environmental and social characteristics promoted by the financial product is at least 85%. Cash and derivatives are included under "#2 Other". The category "#1 A Sustainable" covers a minimum of 50% of sustainable investments with environmental and/or social objectives. The minimum share of sustainable investments consists of at least 1% of environmentally sustainable investments and at least 1% of socially sustainable investments. The percentage share of sustainable investments above that minimum amount can be distributed in any ratio between environmentally or socially sustainable investments.



Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.

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

Not applicable

**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.

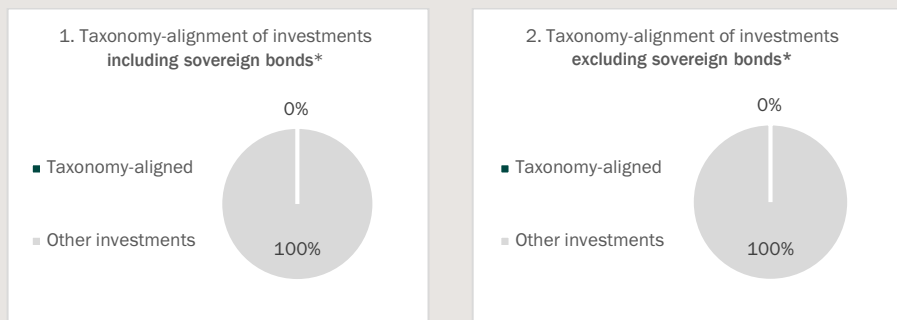
**Transitional activities** are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.



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

Until data coverage for the assessment of the EU Taxonomy alignment is broader and more reliable, the investment manager cannot accurately calculate to what extent the sustainable investments with an environmental objective are aligned with the EU Taxonomy therefore the current alignment is 0%. As data availability improves, it is expected that this calculation will become more accurate and hence more meaningful information will be made available to investors in the coming years. Such data will therefore be integrated in a future version of this document.

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



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

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

There is no minimum share of investments in transitional and enabling activities.

are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.



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

There is a minimum share of 1% of investments with an environmental objective that are not aligned with the EU Taxonomy. The percentage share of sustainable investments above that minimum amount can be distributed in any ratio between environmentally or socially sustainable investments.



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

There is a minimum share of 1% of investments with a social objective. The percentage share of sustainable investments above that minimum amount can be distributed in any ratio between environmentally or socially sustainable investments.



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

The product's cash balance and derivatives are included under "#2 Other" the primary purpose of which is to hedge risks. There is currently no agreed methodology to consider ESG criteria for these asset classes.



**Reference benchmarks** are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

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

No

- How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?

Not applicable

- How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?

Not applicable

- How does the designated index differ from a relevant broad market index?

Not applicable

- Where can the methodology used for the calculation of the designated index be found?

Not applicable



Where can I find more product specific information online?

More product-specific information can be found on the website: [https://product.jas-frasarasin.com/internet/product/sfdr\\_website\\_disclosures.pdf](https://product.jas-frasarasin.com/internet/product/sfdr_website_disclosures.pdf)



Schedule III

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

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

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

Product name:  
JSS Exclusive - CHF Foreign Bonds

Legal entity identifier:  
549300WIKTLG98SJP521

## Environmental and/or social characteristics

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

<p><input checked="" type="radio"/> <input checked="" type="radio"/> <input type="checkbox"/> <b>Yes</b></p> <p><input type="checkbox"/> It will make a minimum of <b>sustainable investments with an environmental objective: __%</b></p> <p style="margin-left: 20px;"><input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy</p> <p style="margin-left: 20px;"><input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</p> <p><input type="checkbox"/> It will make a minimum of <b>sustainable investments with a social objective: __%</b></p>	<p><input checked="" type="radio"/> <input type="radio"/> <input checked="" type="checkbox"/> <b>No</b></p> <p><input checked="" type="checkbox"/> It <b>promotes Environmental/Social (E/S) characteristics</b> and while it does not have as its objective a sustainable investment, it will have a minimum proportion of 50% of sustainable investments</p> <p style="margin-left: 20px;"><input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy</p> <p style="margin-left: 20px;"><input checked="" type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</p> <p style="margin-left: 20px;"><input checked="" type="checkbox"/> with a social objective</p> <p><input type="checkbox"/> It promotes E/S characteristics, but <b>will not make any sustainable investments</b></p>
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### What environmental and/or social characteristics are promoted by this financial product?

This product considers environmental, social and governance aspects (ESG) along the investment process with the aim to reduce controversial exposures, to align the portfolio with international norms, to mitigate sustainability risks and to harness opportunities emanating from ESG trends and to get a better-informed perspective of portfolio holdings. The social characteristics promoted by this financial product include various aspects such as tackling inequality, fostering social cohesion, social integration and labour relations, and investing in economically or socially disadvantaged communities. This product’s sustainable investment process starts with the universe definition in accordance with the ESG criteria as determined by the investment manager on the basis of the sustainability analysis performed by Bank J. Safra Sarasin AG and its affiliates ("JSS"). The universe def-





### Schedule III

initiation comprises the following norms-based exclusions and controversial business activities which are not deemed to be compatible with sustainable development and lead to the exclusion of companies from the sustainable investment universe which is based on the following exclusion criteria (with revenue thresholds) (“JSS Exclusion Policy”):

- Controversial Weapons: Controversial weapons are types of weapons that are categorised as controversial because of their long-term humanitarian impact and/or the large numbers of civilian casualties they cause. They include biological, chemical and nuclear weapons, cluster munitions and anti-personnel mines (revenue threshold: 0%);
- Defense and Armament: Producers of civilian firearms, conventional weapons (systems and critical components) and weapon support systems and services (e.g. weapon control systems, target navigation systems, etc.) (revenue threshold: 5%);
- Nuclear Energy: Companies that own or operate nuclear power plants (utilities) and companies that supply key nuclear-specific products or services to the nuclear power industry (suppliers) (revenue threshold: 5%);
- Coal: Companies that simultaneously have a significant involvement in the coal business and lack a solid transition strategy towards a low-carbon economy (revenue threshold: 5% for coal extraction and 20% for power generation);
- Genetically-modified organisms in agriculture: Companies that genetically modify organisms for agricultural use (revenue threshold: 0%);
- Genetically-modified organisms in medicine: Human cloning and other manipulations of the human gene line (revenue threshold: 0%);
- Tobacco: Producers of tobacco products (revenue threshold: 5%);
- Adult Entertainment: Producers of adult entertainment materials (revenue threshold: 5%);
- Violation of Human Rights and other Global Compact Principles: Companies involved in severe violations of human rights or other breaches of the UN Global Compact Principles, in line with established international standards (revenue threshold: 0%).

The product invests in issuers with an above average ESG profile. The ESG profile is assessed according to the proprietary JSS Matrix, which considers material ESG criteria for each industry. ESG criteria may include among others: greenhouse gas emissions restrictions, policies addressing climate change, health, safety and human rights provisions, and implementation of the Modern Slavery Act. Issuers that promote environmental and/or social characteristics either provide products or services relevant for the UN Sustainable Development Goals (“SDG revenues”) or are setting industry-leading operational standards in an environmental and/or social key area that is material for the respective industry. A reference benchmark has not been designated for the purpose of attaining the product’s environmental or social characteristics.

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

The product’s attainment of the environmental or social characteristics promoted, is measured according to the proportion of A- and B- rated assets, as determined by the JSS Sustainability Matrix. A-rated issuers are considered to have a superior ESG profile, are industry leaders and are eligible for all sustainable strategies. B-rated issuers are eligible for integrated sustainable strategies.

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

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

The sustainable investments of the product contribute to one or more environmental and/or social objectives. These objectives may include among others, reducing carbon emissions, increasing biodiversity, tackling inequality, and facilitating social cohesion.

An issuer can contribute to an environmental or social objective if its products facilitate the achievement of one or more of the UN Sustainable Development Goals as determined by the proportion of the issuers' revenues that align with one of the Goals or if the issuer achieves operational excellence as determined by outperforming at least 75% of its peers on material environmental and/or social indicators.

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

The do no significant harm ("DNSH") test excludes issuers which are fundamentally misaligned with sustainability practices and/or that fail to meet minimum thresholds for adverse impact indicators. In addition and going a step further, issuers with an E, S or G score smaller than -2 standard deviations away from the sub-industry are excluded.

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

The investment manager is required to consider the negative consequences of their investment decisions as indicated by adverse impact indicators, as part of the investment process. This is achieved through the exclusion of investments which do not meet minimum environmental or social thresholds and through engagement activities. At entity-level, a detailed approach to each of the 14 mandatory principal adverse impact indicators will be available on the website by 30 June 2023 at the latest. At product level, this will be included in the annual report from 2023 onwards.

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

The ESG screening and universe definition are based on the JSS Sustainable Investment Policy and strategy which integrate the principles of several international conventions and norms, including:

- The OECD Guidelines for Multinational Enterprises,
- The UN Guiding Principles on Business and Human Rights,
- The United Nations Global Compact,
- The OECD Principles of Corporate Governance,
- The OECD Guidelines for Multinational Enterprises,
- The Universal Declaration of Human Rights,
- The Children's Rights and Business Principles,
- The ILO conventions on labour standards,

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

The Rio Declaration on Environment and Development,

The UN Convention on Corruption,

The Convention on Cluster Munitions.

The ESG screening helps identify listed companies allegedly involved in breaches of international law and norms on environmental protection, human rights, labour standards and anti-corruption as laid out in the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights. Such companies are not deemed to be compatible with the above principles and excluded from the JSS sustainable investment universe.

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

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

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

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

Yes. Principal adverse impacts are considered in the investment process and are integrated through the exclusion of investments which do not meet minimum environmental or social thresholds. The investment manager aims to manage all of the 14 mandatory principal adverse impact indicators and the most relevant indicators for each industry and sector are assessed. Issuers which fail to consider the most significant negative impacts of their activities on environmental or social factors are excluded. Adverse impacts may also be addressed through engagement activities and active ownership. Further information about the consideration of principal adverse impacts will be available in the annual report published after 1 January 2023.

No

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

This financial product invests at least 75% of its net assets in debt instruments of countries, organisations and companies that contribute to sustainable development. These countries are distinguished by the fact that they make the lowest possible and most efficient use of environmental and social resources. The organisations in which the financial product invests integrate sustainability into their use of resources and also take into account sustainability issues when measuring their performance. These companies distinguish themselves through their strategic focus on environmentally friendly, eco-efficient management and proactive shaping of relations with key stakeholder groups (e.g. employees, customers, financial backers, shareholders, public sector bodies, etc.). Certain issuers may be excluded on the grounds of critical activities (e.g. production of nuclear energy or armaments). The financial product aims to deliver superior risk-adjusted investment

performance by taking into account all relevant issuer-specific aspects, including ESG factors, in the investment analysis. The JSS ESG rating assesses issuers relative to their peers. The rating ranges from A-rated issuers, which are considered best in class, to D-rated issuers which may engage in controversial business activities. As part of the sustainable investment process, issuers which are fundamentally misaligned with sustainability practices and hence likely to cause significant harm are rated C (worst performing relative to industry peers) or D (excluded due to controversial business activities).

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

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

The product's investment strategy follows a strict process whereby ESG considerations are integrated throughout. The investment manager applies the following binding criteria in its strategy:

(a) Excluding investments in controversial business activities according to the JSS Exclusion Policy;

(b) Mitigating ESG risks and harnessing ESG opportunities. Issuers which are A- or B-rated will be excluded if their E, S or G score is smaller than -2 standard deviations away from the sub-industry. This ensures that issuers perform well across all material ESG factors and do not fall below defined thresholds;

(c) Achieving an above-average ESG profile. This product will not invest in C- or D-rated issuers;

(d) Intentionally targeting measurable positive outcomes by investing in issuers that promote sustainable products and services as determined by the proportion of the issuers' revenues that align with one of the UN Sustainable Development Goals or if the issuer achieves operational excellence as determined by outperforming at least 75% of its peers on material environmental and/or social indicators. In addition, the investment manager engages with selected investee companies to foster a change in behavior towards sustainable practices.

● **What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?**

The investment manager's ESG approach reduces a global investment universe of issuers for which ESG data is available by roughly 15%. The percentage reduction may be bigger or smaller for regional investment universes or strategy-specific carve-outs.

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

Investee companies are rated for governance aspects against a variety of factors including board structure, tax compliance, executive remuneration, and adherence to governance codes, in line with the JSS sustainable investment methodology. Over 70 KPIs are included in the governance rating methodology and are weighted per industry. In addition to achieving a JSS ESG rating of A or B, companies with a governance score -2 standard deviations away from the industry standard are excluded from the investment process.

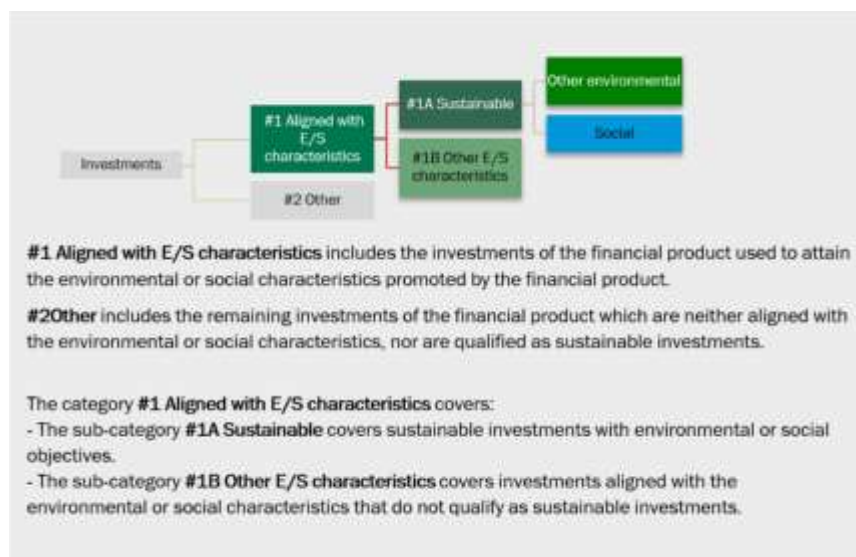
**Good governance practices** include sound management structures, employee relations, remuneration of staff and tax compliance.



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

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

The minimum proportion of the investments of the financial product that are aligned with the environmental and social characteristics promoted by the financial product is at least 85%. Cash and derivatives are included under "#2 Other". The category "#1 A Sustainable" covers a minimum of 50% of sustainable investments with environmental and/or social objectives. The minimum share of sustainable investments consists of at least 1% of environmentally sustainable investments and at least 1% of socially sustainable investments. The percentage share of sustainable investments above that minimum amount can be distributed in any ratio between environmentally or socially sustainable investments.



Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.

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

Not applicable

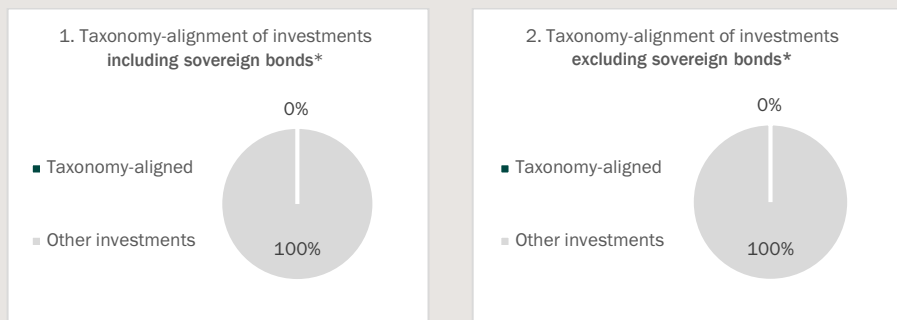
**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective. **Transitional activities** are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.



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

Until data coverage for the assessment of the EU Taxonomy alignment is broader and more reliable, the investment manager cannot accurately calculate to what extent the sustainable investments with an environmental objective are aligned with the EU Taxonomy therefore the current alignment is 0%. As data availability improves, it is expected that this calculation will become more accurate and hence more meaningful information will be made available to investors in the coming years. Such data will therefore be integrated in a future version of this document.

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



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

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

There is no minimum share of investments in transitional and enabling activities.

are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.



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

There is a minimum share of 1% of investments with an environmental objective that are not aligned with the EU Taxonomy. The percentage share of sustainable investments above that minimum amount can be distributed in any ratio between environmentally or socially sustainable investments.



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

There is a minimum share of 1% of investments with a social objective. The percentage share of sustainable investments above that minimum amount can be distributed in any ratio between environmentally or socially sustainable investments.



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

The product's cash balance and derivatives are included under "#2 Other" the primary purpose of which is to hedge risks. There is currently no agreed methodology to consider ESG criteria for these asset classes.



**Reference benchmarks** are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

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

No

- How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?

Not applicable

- How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?

Not applicable

- How does the designated index differ from a relevant broad market index?

Not applicable

- Where can the methodology used for the calculation of the designated index be found?

Not applicable



Where can I find more product specific information online?

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## Management Regulations

### Management Regulations of the Fund

#### JSS Private FCP

J. Safra Sarasin Fund Management (Luxembourg) S.A. (the “Management Company”) is a public limited company with registered office at 11-13, Boulevard de la Foire, L-1528 Luxembourg, Grand Duchy of Luxembourg, which manages the fund “JSS Private FCP” (the “Fund”) and issues unit certificates in the form of registered units in accordance with these Management Regulations. Bearer units are currently not issued.

The assets of the Fund are lodged with RBC Investor Services Bank S.A., a public limited company incorporated under Luxembourg law (the “Depositary”).

The respective rights and obligations of the owners of the units (hereinafter referred to as “Unitholders”), the Management Company and the Depositary are regulated by these Management Regulations.

Ownership of a unit implies recognition of the Management Regulations and of future changes thereto.

#### Article 1. – The Fund and the Subfunds

The fund JSS Private FCP was established in accordance with Part I of the Luxembourg Law of 17 December 2010 on Undertakings for Collective Investment (the “2010 Law”) as an open-ended investment fund under Luxembourg law. The FCP units represent the co-ownership rights of the investors as joined owners of the Fund’s assets.

As an investment fund, the Fund has no legal personality. The total net assets of a subfund are owned jointly by all unitholders who enjoy equal rights in proportion to their units. These assets are separate from the assets of the Management Company. The Fund is therefore not liable for the obligations of the Management Company. The securities and other assets of the Fund are managed as separate assets of J. Safra Sarasin Fund Management (Luxembourg) S.A., in the interest and for the account of the unitholders.

The investor is offered one or more subfunds operated under one and the same Fund which invest their assets, depending on their investment policy, in securities and other permitted assets.

The Management Company defines these individual subfunds and may at any time establish new subfunds and different unit classes with specific characteristics within a subfund and dissolve existing subfunds and unit classes. All unit classes are obtainable only as uncertificated units and exist purely as book entries.

Further details of the unit classes can be found in the prospectus.

The investment policy of each subfund is defined by the Board of Directors of the Management Company within the framework of the investment objectives.

The net assets of each subfund and the net asset values of the units of these subfunds are expressed in the currencies determined by the Management Company. The consolidated accounting currency of the Fund is the Swiss franc (CHF). The accounting (calculation of the net asset value) of all subfunds is described in the annexes to the prospectus.

Each subfund is liable towards third parties with its own assets, only in respect of its own liabilities. As far as the relationship between shareholders is concerned, each subfund is treated as a separate entity and the liabilities of a subfund are attributed to that subfund in the net asset value calculation. Costs borne by the Management Company which cannot be allocated to a single subfund are charged to the individual subfunds in proportion to their net assets. No subfund with its assets is liable for the obligations of another subfund.

#### Article 2. – The Investment Policy

The Board of Directors defines the investment policy according to which the assets of the Fund or of the individual subfunds are invested. The assets of the subfunds are to be invested according to the principle of risk diversification and taking into account the investment objectives and investment limits, as described in the prospectus published by the Management Company.

When investing the assets of the subfunds the following rules must be observed, each subfund being considered below as a separate fund within the meaning of Article 40 of the 2010 Law:



**1. Investment restrictions**

1. The investments of each subfund may exclusively consist of:

- a) Securities and money market instruments:
  - that are listed or traded on a regulated market (as defined in Article 41(1)(a) of the 2010 Law);
  - that are traded on another regulated market of a European Union (EU) member state that is recognised, open to the public and operates regularly;
  - that are officially listed on a securities exchange of a third country or traded on another regulated market of a third country that is recognised, open to the public and operates regularly;
  - that are newly issued, where the issuing conditions include the undertaking that admission to an official listing on a securities exchange or another regulated market that is recognised, open to the public and operates regularly shall be applied for and that admission shall be granted at the latest within one year of issue.
- b) Sight or call deposits with a maximum term of 12 months at an approved credit institution with its registered office in an EU or OECD member state or a country that has ratified the resolutions of the Financial Action Task Force (FATF) (Groupe d'Actions Financière Internationale "GAFI") (an "approved credit institution").
- c) Derivatives, including equivalent cash-settled instruments that are traded on a regulated market as described in the first, second or third indent under (a) above, and/or OTC derivatives, provided that:
  - the underlying assets consist of instruments covered by this paragraph or financial indices, interest rates, foreign exchange rates or currencies in which the subfunds may invest according to their investment objectives;
  - the counterparties in OTC derivative transactions are institutions subject to prudential supervision belonging to categories approved by the Luxembourg Financial Supervisory Authority (Commission de Surveillance du Secteur Financier – CSSF); and

- the OTC derivatives are subject to reliable and verifiable valuation on a daily basis and can be sold, liquidated or closed by an off-setting transaction at any time at the Fund's initiative.
- d) Shares/Units of UCITS authorised under Directive 2009/65/EC and/or other undertakings for collective investment (UCIs) as defined in Article 1(2)(a) and (b) of Directive 2009/65/EC, with their registered office in an EU member state or a third country, provided that:
    - such other undertakings for collective investment are authorised under laws subjecting them to supervision considered by the CSSF to be equivalent to that laid down in European Community law, and that cooperation between the authorities is sufficiently ensured;
    - the level of protection for shareholders/unit-holders of such other UCIs is equivalent to that provided for shareholders/unit-holders of a UCITS, and in particular that the rules on asset segregation, borrowing, lending and short-selling of securities and money market instruments are equivalent to the requirements of Directive 2009/65/EC;
    - the business of such other UCIs is reported in semi-annual and annual reports to enable an assessment to be made of the assets, liabilities, income and operations over the reporting period;
    - no more than 10% of the net asset value of the UCITS or other UCIs whose acquisition is contemplated may, according to their constitutional documents, be invested in aggregate in shares/units of other UCITS or other UCIs.

Under the conditions permitted by the 2010 Law, any subfund of this Fund may invest in units of one or more other subfunds of this Fund. The Board of Directors may however decide, in conformity with chapter 9 of the 2010 Law and subject to the conditions defined therein, that a subfund ("feeder") shall invest at least 85% of its assets in units of another UCITS (or a subfund thereof) which is authorised under EU Directive 2009/65/EC, which is not itself a feeder and

## Management Regulations

- which does not hold units of a feeder. This is only possible if expressly stated in the prospectus.
- e) Money market instruments other than those traded on a regulated market that fall within the scope of Article 1 of the 2010 Law, if the issuer or issuer of such instruments is itself regulated for the purpose of protecting investors and savings, and provided that they are:
- issued or guaranteed by a central, regional or local authority or central bank of an EU member state, the European Central Bank, the European Union or the European Investment Bank, a third country 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;
  - issued by a company, any of whose securities are traded on the regulated markets referred to under 1(a) above, or;
  - issued or guaranteed by an establishment subject to prudential supervision, in accordance with criteria defined by European Community law, or by an establishment that is subject to and complies with prudential rules considered by the CSSF to be at least as stringent as those laid down by European Community law, or;
  - issued by other bodies belonging to the categories approved by the CSSF, provided that investments in such instruments are subject to investor protection equivalent to that laid down in the first, second or third indent and provided that the issuer is a company whose equity capital amounts to at least EUR ten (10) million and that presents and publishes its annual accounts in accordance with Directive 2013/34/EU, or is an entity that, within a group of companies including one or more listed companies, is dedicated to financing the group or is an entity dedicated to financing securitisation vehicles that benefit from a banking liquidity line.
- f) However:
- a subfund may invest no more than 10% of the net asset value in securities and money market instruments other than those referred to in (a) to (e) above;
  - each subfund may invest in aggregate no more than 10% of its net asset value in target funds as described in 1.(d) unless the prospectus annex relating to a subfund expressly permits an additional investment in target funds;
  - the subfunds may not acquire precious metals or certificates representing them.
- g) The subfunds may hold liquid assets on an accessory basis.
2. Risk diversification
- a) Each subfund may invest no more than 10% of its net asset value in securities or money market instruments of one and the same issuer. A subfund may invest no more than 20% of the net asset value in deposits at one and the same institution.
- The default risk for transactions of a subfund with OTC derivatives may not exceed the following limits:
- 10% of the net asset value of each subfund when the counterparty is an authorised credit institution, or;
  - 5% of the net asset value of each subfund in other cases.
- The overall exposure of each subfund relating to derivative instruments may not exceed the net asset value of the affected subfund. The exposure shall be calculated taking into account the market value of the underlying assets, the counterparty risk, future market movements and the time available to liquidate the positions.
- The overall exposure of the underlying assets may not exceed the investment limits laid down in (a) to (f) above. In the case of index-based derivative instruments, the underlying assets need not observe these investment limits. Where a derivative is embedded in a transferable security or money market instrument, it must be taken into account when complying with the requirements of this point.
- b) The total value of the securities and money market instruments of issuing bodies, in each of which a subfund invests more than 5% of its net asset value, must not exceed 40% of its net asset value. This limit does not apply to deposits or OTC derivative transactions made with financial institutions subject to prudential supervision.

- c) Notwithstanding the individual limits laid down under (a) above, a subfund may not combine in excess of 20% of its net asset value:
- investments in transferable securities or money market instruments issued by a single body;
  - deposits made with a single body; and/or
  - OTC derivatives purchased from such a body
- d) The limit laid down in the first sentence of (a) may be raised to 35% if the securities or money market instruments are issued or guaranteed by an EU member state, by its local authorities, by a third country or by a public international body to which one or more member states belong.
- e) The limit laid down in the first sentence of (a) may be raised to a maximum of 25% in the case of certain bonds when these are issued by a credit institution that has its registered office in an EU member state and is subject by law to special public supervision designed to protect bondholders. In particular, sums deriving from the issue of these bonds must be invested in conformity with the law in assets that, during the whole period of validity of the bonds, are capable of covering the liabilities attached to the bonds and that, in the event of issuer default, would be used on a priority basis for the reimbursement of the principal and payment of the accrued interest.
- If a subfund invests more than 5% of its net asset value in the bonds referred to in the preceding paragraph, issued by one single issuer, the total value of these investments may not exceed 80% of the net asset value of the subfund.
- f) The securities and money market instruments referred to under (d) and (e) above shall not be taken into account for the purpose of applying the limit of 40% referred to under (b) above.
- The limits provided for under (a) to (e) above may not be combined, and thus investments in securities or money market instruments issued by the same body or in deposits or derivative instruments made with this body carried out in accordance with (a) to (e) shall under no circumstances exceed in total 35% of the net asset value of a subfund.
- Companies that are included in the same group for the purposes of consolidated accounts, as defined in accordance with Directive 2013/34/EU or in accordance with recognised international accounting rules, shall be regarded as a single body for the purpose of calculating the above limits.
- Cumulative investment in securities and money market instruments within the same group is permitted up to a limit of 20% of the net asset value of a subfund.
- g) By way of derogation from points (a) to (f) above, in accordance with the principle of risk diversification, up to 100% of the net asset value of a subfund may be invested in securities and money market instruments of different issues that are issued or guaranteed by an EU Member State or its regional authorities, an OECD member state, G20 countries and Singapore or by international public organisations to which one or more EU member states belong, provided that the subfund holds securities and money market instruments from at least six different issues and that securities and money market instruments from one issue do not account for more than 30% of the total net assets of the subfund.
- h) The upper limit under (a) above may be raised to a maximum of 20% for investment in equities and/or debt securities issued by the same body when the aim of a subfund's investment strategy is to replicate the composition of a specific equity or debt securities index that is recognised by the CSSF, provided that:
- the composition of the index is sufficiently diversified;
  - the index represents an adequate benchmark for the market to which it refers;
  - the index is published in an appropriate manner.
- The limit for the preceding paragraph shall be 35% where this is justified by exceptional market conditions, in particular in regulated markets where certain securities or money market instruments are highly dominant. Investment up to this limit is only permitted in a single issuer.
- i) A subfund may acquire shares/units of target funds, provided that its investments in any one target fund do not exceed 20% of its net asset value. Provided the segregation of the liabilities of the assets of a subfund of an umbrella fund

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towards third parties is ensured, this 20% limit shall apply for such subfunds. A subfund may invest up to 30% of its net asset value in other UCIs, subject to a maximum of 20% of the net asset value in one other UCI.

For a period of six (6) months following the official authorisation of a subfund in Luxembourg, the provisions of (a) to (i) need not be adhered to, provided the principle of risk spreading is observed.

### 3. Investment limits

(i)

- A) The subfund assets may not be invested in securities carrying voting rights that would enable the Fund to exercise significant influence over the management of an issuer.
- B) Furthermore, the Fund may acquire no more than:
- 10% of the non-voting shares of any single issuer;
  - 10% of the debt securities of any single issuer;
  - 25% of the shares/units of any single target fund;
  - 10% of the money market instruments of any single issuer.

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

- Application of paragraphs (A) and (B) shall be waived in regard to:
- securities and money market instruments issued or guaranteed by an EU member state or its local authorities;
- securities and money market instruments issued or guaranteed by a country which is not a member of the European Union;
- securities and money market instruments issued or guaranteed by public international bodies of which one or more EU member states are members;
- shares held in the capital of a company incorporated in a third country investing its assets mainly in the securities of issuing bodies having their registered offices in that

country, where under the legislation of that country such a holding represents the only way in which the UCITS can invest in the securities of issuing bodies of that country;

- shares held in the capital of subsidiary companies which in their country of establishment only, and exclusively for those companies, carry out certain management, advisory or marketing activities in relation to the redemption of units at the request of unit-holders.

(ii)

- A) The Management Company may not take out any loans for the subfunds. The Management Company may however acquire foreign currencies for the subfund by means of “back-to-back” loans.
- B) By way of derogation from paragraph (A), the Management Company may borrow for a subfund (i) up to 10% of its net asset value, provided that the borrowing is on a temporary basis; these loans and those referred to in (A) may not in total exceed 15% of the relevant net asset value.
- C) The Management Company or the Depositary may not guarantee any loans on behalf of subfunds or act as guarantor for third parties, without prejudice to the application of 1.1. (a) to (e) and investment in target funds. This shall not prevent the Management Company from acquiring securities, money market instruments, shares/units of target funds or other financial instruments referred to under 1.1. (c) and (e) above that are not fully paid up.
- D) The Management Company or Depositary acting on behalf of the subfunds may not carry out short sales of securities, money market instruments, shares/units of target funds or other financial instruments referred to under 1.1. (c), (d) or (e) above.
- E) Each subfund may hold liquid assets on an accessory basis. Exceptions to this provision, for example in regard to the holding of liquid assets for investment purposes, are given in the annex to the prospectus for each subfund.

- F) The subfunds may not invest in securities that entail unlimited liability.
- G) The subfund's assets may not be invested in real estate, precious metals, precious metals contracts, commodities or commodity contracts. The subfund's assets may be invested in contracts on commodity indices, provided that the indices meet the criteria described in 2.(h) above.
- H) The Management Company may adopt further investment restrictions in order to comply with conditions in any country in which its units are destined for sale.

#### 4. Use of derivatives

The Management Company may use derivative financial instruments (derivatives) for each subfund for the purposes of investment or hedging in accordance with Article 2.1.1. (c). It must at all times observe the investment restrictions laid down in Part I of the 2010 Law and in particular must take into account the securities underlying the derivatives and structured products used by the individual subfunds (the "underlying securities") when calculating the investment limits described in the previous section. The Company shall ensure that its global exposure for each subfund relating to derivative instruments does not exceed the net asset value of the subfund in question. The Management Company shall at all times observe the investment limits laid down in the regulations applicable in Luxembourg and in the circulars of the Luxembourg supervisory authority. When using derivatives and structured products, the Management Company shall also ensure that each subfund maintains sufficient liquidity. There must always be sufficient cash positions to cover all liabilities incurred by the subfund as a result of using derivatives.

These transactions include options on transferable securities and other financial instruments, futures and forwards, as well as swaps.

Over-the-counter (OTC) transactions are only authorised provided that the counterparties in such transactions are first-class financial institutions specialising in such transactions.

The Management Company may at any time, in the interest of unitholders, define further investment limits

in so far as necessary to comply with the laws and regulations of those countries where units of the Fund are offered and sold.

#### **Article 3. – The Management Company**

The Management Company manages the Fund for the account and in the exclusive interest of the unitholders.

The Management Company defines the individual subfunds and different unit classes with specific characteristics within a subfund which constitute the Fund, decides their launch and, if this appears appropriate in the interest of the unitholders, their closure or merger.

The Management Company is vested with the widest powers to perform all administrative and managerial tasks in the name and for the account of the unitholders. In particular, it is entitled to buy, sell, subscribe, swap and receive securities and other assets and exercise all rights directly or indirectly connected with the assets of the Fund.

#### **Article 4. – The Investment Manager and Investment Advisers/Advisory Board**

The Management Company can, under its own responsibility and control, delegate its activities as investment manager to one or more investment managers approved by the supervisory authorities for each subfund, as further described in the prospectus.

#### **Article 5. – The Depositary and Administration**

The Management Company appoints the depositary.

RBC Investor Services Bank S.A. is appointed as depositary.

The depositary and the Management Company may terminate this contractual relationship at any time by giving three months' written notice to the other party.

However, the depositary may only be dismissed by the Management Company if a new depositary takes over the functions and responsibilities of a depositary as described in these Management Regulations and has been approved in this role by the supervisory authority. Furthermore, after dismissal the depositary shall continue to perform its functions for as long as is necessary to transfer the entire fund assets to the new depositary.

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In the event of termination by the depositary, the Management Company shall be obliged to appoint a new depositary to take over the functions and responsibilities of the depositary according to the Management Regulations. In this case the depositary likewise continues to perform its role until the new depositary has been approved in this role by the supervisory authority and the fund assets have been transferred to the new depositary.

The depositary keeps for the unitholders all liquid assets and securities which constitute the fund assets.

The depositary performs all the usual banking duties in relation to the accounts and securities and undertakes all routine administrative tasks for the fund assets.

The depositary shall furthermore:

- a) ensure that the sale, redemption, conversion and cancellation of units carried out for the account of the Fund or the Management Company complies with legal requirements and the Management Regulations;
- b) ensure that the calculation of the value of the units is carried out in compliance with legal requirements and the Management Regulations;
- c) execute all instructions of the Management Company, except where these are contrary to the law or the Management Regulations;
- d) ensure that when transactions are performed in relation to the fund assets, the counter-consideration is furnished in good time;
- e) ensure that the amounts paid into and the income generated by the Fund are used in accordance with the Management Regulations.

The depositary is entitled to remuneration in accordance with the usual banking practices of the Luxembourg financial community. Further information can be found in Article 16 "Expenses of the Fund".

As the central administration body, RBC Investor Services Bank S.A. is also responsible for the general administrative tasks needed for the management of the fund and stipulated by Luxembourg law. These services mainly concern the issue, redemption and conversion of units, calculation of the net asset value of the units and the accounting of the subfunds.

### Article 6. – Net Asset Value

The net asset value per unit of each class of each subfund will be determined in the relevant currency on each day banks are open for business in Luxembourg (hereinafter the "valuation day"), except in the event of a temporary suspension as described in Article 7 "Suspension of Calculation of the Net Asset Value and of the Issue, Redemption and Conversion of Units", by the domiciliary agent entrusted with the central administration in Luxembourg, under the supervision of the Board of Directors of the Management Company or its delegate.

If on any given trading day the total of subscriptions or redemptions of all of a subfund's unit classes leads to a net capital inflow or outflow, the net asset value of the subfund in question on this trading day can be increased or reduced (single swing pricing). The maximum adjustment amounts to a certain percentage of the net asset value that is determined by the Board of Directors in the prospectus. The adjustment leads to an increase in the net asset value if the net movements lead to an increase in the number of units of the subfund in question. This results in a reduction of the net asset value if the net movements lead to a reduction in the number of units. The Board of Directors may determine a threshold for each subfund. This threshold may be derived from the net asset value on a trading day relative to the net assets of the Fund or an absolute amount in the currency of the respective subfund. The net asset value would therefore not be adjusted unless this threshold is breached on any given trading day.

The total net asset value represents the market value of all the assets, less liabilities.

The net asset value per unit of each class of a subfund is calculated on each valuation day in the currency of the relevant class, by dividing the total net asset value of the relevant class by the number of units outstanding in each category. An income equalisation is performed for each subfund.

The assets of each subfund are valued as follows:

- a) The value of all securities that are listed on an official exchange shall be determined on the basis of the closing prices on the valuation day. If the securities are listed on more than one exchange, the value of such securities shall be determined on the basis of the closing prices on the exchange on which the subfund acquired them.

In the case of securities whose trading volume on an exchange is minimal, whose last available closing price is not representative of their value and for which a secondary market among securities brokers exists, on which fair market prices are offered, the Board of Directors may value such securities on the basis of prices so determined.

- b) Securities traded on a regulated market are valued in the same manner as listed securities.
- c) Securities that are not listed on an official stock exchange or traded on a regulated market are valued at the last known market price; if no such price is available, these securities shall be valued in accordance with valuation principles decided by the Board of Directors of the Management Company on the basis of their foreseeable sale prices.
- d) Term deposits shall be valued at their nominal value increased by accrued interest.
- e) Units issued by open-ended investment funds shall be valued at their most recent available net asset value or, in accordance with (a) above, at their price at their place of listing.
- f) The sale price of forward, futures and options contracts that are not traded on an exchange or other organised market (forwards) will be valued according to guidelines laid down by the Board of Directors of the Management Company, with the same method being used for all contracts. The sale value of forward, futures or options contracts that are traded on a stock exchange or other organised market is determined on the basis of the last available settlement price for these contracts on stock exchanges and organised markets on which these types of futures and options contracts are traded; in the case of futures and options contracts that could not be sold on a business day for which the net asset value is determined, the value judged by the Board of Directors of the Management Company to be commensurate and adequate shall serve as the basis for determining the sale value of this contract.
- g) Liquid assets and money market instruments can be valued at their nominal value plus accrued interest or in consideration of scheduled amortisation of historical costs. The latter method can lead to temporary discrepancies between values and the prices that the fund in question would receive on selling the investment. The Management Company shall constantly re-

view this valuation method and recommend any necessary changes to ensure that the valuation of these assets results in an appropriate value that can be determined in good faith according to the procedures laid down by the Board of Directors. If the management Company takes the view that deviation from the scheduled amortisation of historical costs per unit would lead to considerable dilution or other undesired effects for unitholders, it must make any corrections it considers appropriate to avoid or restrict dilution or other undesired effects, where this is possible and reasonable.

- h) Swap transactions shall be regularly valued on the basis of the valuations received from the swap counterparties. These valuations can be bid, ask or mid prices, as determined in good faith according to the procedures laid down by the Board of Directors of the Management Company. If the Board of Directors does not believe that these values represent the real market value of the swap transactions in question, their value shall be determined in good faith by the Board of Directors or according to another method that the Board of Directors deems appropriate.
- i) All other securities and approved assets, and those aforementioned assets for which valuation was not possible or feasible according to the provisions above or where such valuation would not reflect their fair value, shall be valued at their fair market value, determined in good faith according to methods laid down by the Board of Directors of the Management Company.
- j) The valuations arrived at in this way shall be converted into the accounting currency at the appropriate mid price. Forward and futures contracts concluded to hedge against currency risk shall be included in the conversion.

The Management Company may, at its sole discretion, allow other valuation methods if it considers this to be in the interest of a fair valuation of the asset value of the subfund. This applies in particular to bonds acquired by the subfund, whose stock market price is not expected to differ from the actual value.

If the Management Company believes that the calculated net asset value on a particular valuation date does not reflect the actual value of the units of a subfund, or if significant movements have occurred on the exchanges and/or markets concerned since the net asset value was

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calculated, the Management Company may decide to update the net asset value on the same day. In these circumstances, all requests for subscription and redemption received for this valuation date will be fulfilled on the basis of the net asset value that has been updated in good faith.

Where different unit classes have been established for a subfund, the following special points should be noted regarding the net asset calculation:

The net asset value is calculated for each class separately according to the criteria mentioned in this Article.

The inflow of funds resulting from the issue of units increases the proportional contribution of the unit class concerned to the overall value of the Fund's net assets.

The outflow of funds resulting from the redemption of units reduces the proportional contribution of the unit class concerned to the overall value of the Fund's net assets.

When a dividend is paid, the net asset value of the distribution units of the relevant unit class is reduced by the amount of the distribution. Therefore the proportional contribution of the distribution unit class to the overall value of the net assets of the Fund diminishes, while the proportional contribution of one or more non-distributing unit classes to the overall net assets of the Fund increases.

Income equalisation is carried out in relation to the ordinary net income.

### **Article 7. – Suspension of Calculation of the Net Asset Value and of the Issue, Redemption and Conversion Of Units**

The Management Company may temporarily suspend the calculation of the net asset value and the issue, redemption and conversion of units of a subfund:

- a) if a securities market or stock exchange on which a substantial part of a subfund's portfolio is traded is closed (except for ordinary holidays), or securities trading is severely restricted or suspended;
- b) during the existence of any state of affairs which constitutes an emergency as a result of which the sale or valuation of a subfund's assets would, in the opinion of the Board of Directors, be impracticable or unfair towards the remaining unitholders of the subfund in question;
- c) during any breakdown in or restriction of the use of the means of communication normally employed in

determining the price or value of any of the securities attributable to any subfund;

- d) if the transfer of monies for paying the redemption price of units is impossible or, in the opinion of the Board of Directors, the transfer of monies for the purchase or sale of investments of a subfund cannot in the opinion of the Board of Directors, be effected at normal exchange rates;
- e) if a decision of the Management Company to liquidate a subfund or the fund has been published;
- f) in the event that a decision is taken to merge a subfund or the fund, where this is justified in order to protect the interests of the investors;
- g) in the case of a feeder subfund, if the calculation of the net asset value, the issue, redemption or conversion of units of the master are suspended;
- h) in the case of a subfund that invests exclusively in target funds, if the calculation of the net asset value, the issue, redemption or conversion of a substantial portion of the target funds are suspended;
- i) if, due to unforeseen circumstances, a large number of redemption applications have been received and, in the view of the Board of Directors, the interests of the shareholders remaining in the subfund are thereby endangered.

The Management Company shall suspend the issue, redemption and conversion of the units forthwith upon the occurrence of an event causing it to enter into liquidation or upon the order of the Luxembourg supervisory authority.

Unitholders who have submitted units for redemption or conversion will be notified of the suspension in writing within seven days, and informed immediately when the suspension is lifted.

Suspension of calculation of the net asset value, suspension of the issue and redemption of units and suspension of conversion between the individual subfunds shall be notified forthwith to all competent authorities of the countries in which units of the Fund are licensed for public sale and published in a Luxembourg daily newspaper and where applicable the official publications of the individual countries of distribution.

### **Article 8. – Issue and Sale of Units and Subscription Procedure and Registration**

Units are offered for sale on each valuation day after the initial offering date and issued at the issue price applicable on that day, provided that the subscription application and



payment are received by the transfer agent no later than the time specified in the prospectus. Subscription requests received by the transfer agent after the established time shall be executed at the issue price applicable on the next valuation day.

Requests from certain client groups (e.g. banks), which usually pay after the units have been issued, will also be considered when the payment is received within three bank business days of the issue date.

The issue price per unit and unit class, as described in the prospectus, is calculated on the basis of the net asset value per unit and unit class applicable on the issue date, plus any transaction fee in favour of the subfund or any issuing commission. Applications may be sent to one of the distributors, who will forward it to the transfer agent, or directly to the transfer agent in Luxembourg. Details of the subscriber's identity and the name of the selected subfund(s) and unit class(es) must be stated. In addition, the provisions of the prospectus in section 5.10 "Unfair Trading Practices – Prevention of Money Laundering" must be observed.

The Management Company has the right to reject any request without stating reasons.

It reserves the right, in response to the conditions prevailing on the stock exchanges or currency markets or for any other reasons, to suspend the public sale of its units. In both cases, any payments already made and/or positive balances will be returned to the subscribers without interest. A subscription order may only be accepted upon a complete and proper full identification of the subscribing investors as well as the ultimate beneficial owner in accordance with the applicable anti-money laundering laws and regulations.

Pursuant to Article 3 (2) (d) of the law of 12 November 2004 on the fight against money laundering and terrorist financing the Management Company is obliged to conduct an ongoing monitoring of the business relationship with its unitholders. Ongoing monitoring includes, inter alia, the obligation to verify and, where appropriate, to update, within an appropriate timeframe, the documents, data or information gathered while fulfilling the unitholder's due diligence obligations. The Management Company may only be in a position to fulfil its legal obligation to conduct an ongoing monitoring of the business relationship with its unitholders if the unitholders will provide the Management Company with the relevant information and documents in order to verify and, where appropriate update collected data. In case of any lack of cooperation of a unitholder, the Company would

be obliged to block such unitholder's account until the receipt of the information and documents required by the Management Company. Any costs, including in particular account maintenance costs, which are related to non-cooperation of such unitholder will be borne by the respective unitholder.

### **Article 9. – Redemption of Units**

Unitholders' applications for redemption of units must be submitted in writing directly to the transfer agent no later than the time specified in the prospectus on the valuation day on which the units are to be redeemed. Orders received by the transfer agent after the cut-off time shall be executed on the next valuation day.

A redemption request duly made shall be irrevocable, except in case of and during any period of suspension or deferral of redemptions.

The price to be paid in respect of each unit submitted for redemption ("redemption price") will be the net asset value per unit and unit category of the subfund concerned on the respective valuation day, less a fee in favour of the subfund to cover the costs of selling assets to provide liquidity in order to meet redemption requests, redemption requests made on the same valuation day being treated equally, and where applicable a redemption fee as described in the prospectus. In the event of a suspension of the calculation of the net asset value or a deferral of redemptions, units shall be redeemed on the next valuation day following the end of the suspension of the net asset value calculation or the end of the deferral of redemptions, unless the redemption request has been withdrawn in writing prior thereto.

Payments are normally made in the currency of the subfund concerned within the period specified in the prospectus. The Management Company is not bound to redeem more than 10% of the outstanding units of any subfund on any valuation day or during a period of three consecutive valuation days.

The conversion of units of a subfund shall in this respect be considered as a redemption of units. If on any valuation day the Management Company receives redemption or conversion requests for a number of units that is larger than the stated number, the Management Company reserves the right to defer redemptions or conversions until the third subsequent valuation day. A maximum of 10% of the outstanding units may be progressively redeemed on each valuation day up to the third valuation day. On such valuation days, these redemption or conversion requests shall be considered in preference to requests received later.

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The value of units at the time of their redemption may be more or less than their acquisition cost. Any units redeemed will be cancelled.

The last known redemption price may be requested at the registered office of the Management Company or from distributors.

The Management Company is also entitled to proceed to the compulsory redemption of all units held by a unitholder if the declarations and assurances given in connection with the acquisition of units were not correct or are no longer correct or if the unitholder does not fulfil any of the conditions applicable to a unit class.

The units may also be compulsorily redeemed by the Management Company if:

- the investor's participation in the Fund could be significantly detrimental to the financial interests of other investors, especially if his involvement could have adverse tax implications for the Fund in Switzerland or abroad;
- the investors have acquired or hold their units in violation of provisions of a law to which they are subject either in Switzerland or abroad, or of this Prospectus;
- the financial interests of investors are affected, specifically in situations where, by carrying out systematic subscriptions followed immediately by redemptions, certain investors attempt to obtain price advantages by exploiting differences between the times at which the closing price is set and the Fund's net asset value is calculated (market timing practices).

### Article 10. – Conversion of Units

Holders of units of each subfund are entitled to convert some or all of their units into units of another subfund or from one unit class into another unit class of the same subfund on any day which is a valuation day for both of the subfunds concerned, provided they meet the requirements of the unit class to which they wish to change. Requests should be made to one of the distributors or the transfer agent.

Units may be converted on any valuation day at the issue price applicable on such day, provided that the conversion request is received no later than the time specified in the prospectus on the valuation day by the transfer agent. Conversion orders received by the transfer agent after the cut-off time shall be executed on the second following valuation day but one. The basis for conversion is related to the respective net asset value per unit of the subfunds concerned. The conversion formula is described in the prospectus.

Redemption fees and/or fees for reinvestment on a valuation day depend on the liquidity of the corresponding subfund(s). Where applicable, they shall be charged on a valuation day in the same way for all requests processed at that time. The amount of these costs is stated in the prospectus.

### Article 11. – Financial Reports and Publications

The net asset value and the issue and redemption price of the units of each subfund are published on every business day in Luxembourg and as described in the prospectus.

The annual report, which is published within four months of the end of the accounting year, contains the annual financial statements audited by the independent auditors.

The audited annual financial statements are made available to unitholders free of charge at the headquarters of the Management Company within four months of the end of each financial year. Unaudited interim reports are made available in the same way within two months of the end of the accounting period concerned. Other information about the Fund and the issue and redemption prices of the units are available on every banking business day at the registered office of the Management Company.

Any change in the Management Regulations will be published in the RESA, the Recueil électronique des sociétés et associations, of the Grand Duchy of Luxembourg.

Any notices to unitholders, including all information relating to the suspension of determination of the net asset value, will, if necessary, be published in the RESA, the Recueil électronique des sociétés et associations, in the Luxembourgish Wort and in various newspapers in the countries where the Fund is licensed for sale. The Management Company may also place additional notices in other newspapers and periodicals of its choosing. In the case of registered units, communications can also be made by letter.

### Article 12. – Financial Year, Auditing

The financial year of the Fund ends on the last day of February each year. The annual financial statements of the Management Company are audited by one or more independent auditors. The annual financial statements of the Fund are audited by a certified auditor appointed by the Management Company.

**Article 13. – Dividend Policy**

Each unit or fraction of a unit is entitled to a corresponding portion of the profits, income and liquidation proceeds of the subfund. The Board of Directors of the Management Company decides whether and to what extent the subfunds distribute dividends, as described in more detail in the prospectus.

The Board of Directors of the Management Company does not pay out any dividends to unitholders holding units whose income is reinvested. Income from those unit classes is currently reinvested (accumulation).

The Board of Directors of the Management Company may reduce the net asset value per unit by means of a unit split accompanied by an issue of free units.

**Article 14. – Amendments to the Management Regulations**

The Management Regulations may be amended by the Management Company in compliance with legal requirements.

Any amendment must be published in accordance with Article 11 “Financial Reports and Publications” and becomes legally effective as of the date of signing by the Management Company and the Depositary, unless stated otherwise.

**Article 15. – Term, Closure of the Fund and its Subfunds, Merger of Subfunds**

Term

The Fund has been established for an indeterminate period. Subfunds can be established for a defined period. Information on this matter can be found in the prospectus annex relating to the subfund in question.

Closure

Unitholders, heirs or other beneficial owners may not demand the division or dissolution of the Fund or of a subfund or of a unit class.

The dissolution of the Fund, a subfund or a unit class is obligatory in the legally specified cases and at the end of their term in the case of subfunds established for a defined period.

The dissolution of the Fund, a subfund or a unit class can also take place at any time upon the decision of the Management Company. No further units will be issued from the date of the Management Company’s decision onwards. Units may however continue to be redeemed provided it can be guaranteed that all unitholders will be treated

equally. At the same time, all calculable outstanding costs and fees will be set aside.

The unitholders will be informed of the dissolution decision in accordance with Article 11 “Financial Reports and Publications”.

Where the Fund, a subfund or a unit class is dissolved, the unitholders are obliged to redeem all their units.

All units of the subfund or unit class in question will be redeemed on the basis of the applicable net asset value (less liquidation costs and/or the estimated dealing costs as described in the prospectus) on the valuation day or at the valuation time when the corresponding decision will take effect, without charging a redemption fee.

Liquidation proceeds not claimed by unitholders at the close of liquidation of a subfund shall be deposited at the “Caisse de Consignation” in Luxembourg and forfeited after the statutory period.

Merger of subfunds/unit classes

The Board of Directors may furthermore, in compliance with the 2010 Law, merge the assets of a subfund or unit class with another subfund or unit class of another UCITS (which is registered in Luxembourg or another EU member state and has been set up either as a company or as a “fonds commun de placement”), or with the assets of a subfund of another such UCITS. The Management Company will inform the investors in the subfunds in question in compliance with CSSF Regulation 10-5. Each investor in the subfunds concerned will have the opportunity to demand the redemption or conversion, without charge (except with regard disposal-related costs), of his or her units for a period of at least 30 days before the effective date of the merger, with the merger then taking effect five working days after the end of this period. Units that have not been presented for redemption will be converted on the basis of the net asset value of the subfund concerned calculated for the day on which the merger takes effect.

**Article 16. – Expenses of the Fund**

The subfunds bear the following expenses:

- All taxes charged to the subfund on the assets, income and expenses of the subfund.
- all costs in connection with the purchase and sale of assets of the subfunds, the issue and redemption of units and the payment of dividends.
- a monthly management fee for the Management Company, payable quarterly in arrears on the basis of the net asset value of the subfund calculated on each valuation

## Management Regulations

day. The fee in favour of the investment managers/investment advisers/advisory boards is deducted from the fee payable to the Management Company. The management fee for individual subfunds and unit classes within a subfund may be charged at different rates or be waived altogether. Further details of the management fee can be found in the prospectus. The fee actually paid is stated in the annual and semi-annual reports.

- the fee of the Depositary and reimbursement of the fees and expenses of the collective depositaries and foreign correspondent banks used by the depositary.
- the fee of the central administration body (as paying agent, transfer agent, central administrator and registrar).
- expenses incurred in connection with the operation of the Management Company, including (without limit) costs of establishing the Fund, subfunds and unit classes and the initial issue of units of the subfunds or unit classes, expenses for legal and auditing services, printing and distribution costs for annual company reports and prospectuses and costs for the preparation and printing of Key Investor information in all languages, other promotional and marketing expenses, costs of publications addressed to unitholders, any expenses incurred for the issue and redemption of units and payment of dividends, costs of the paying agents, registration fees and other expenses incurred in connection with reporting to supervisory authorities in Luxembourg and the various other countries of distribution, interest, listing and brokerage costs, out-of-pocket disbursements of all other agents of the Management Company

as well as the costs of publishing the net asset value per unit and issue prices.

The fees are payable quarterly in arrears.

All expenses which can be assigned to individual subfunds will be charged to those subfunds.

Expenses which can be attributed to individual unit classes will be charged to those unit classes. If expenses relate to several or all subfunds or unit classes, these expenses shall be charged to the subfunds or unit classes concerned in proportion to their net asset values.

### **Article 17. – Limitation period**

Claims of the unitholders against the Management Company or the Depositary lapse five years after the date of the event giving rise to the claim.

### **Article 18. – Applicable law, jurisdiction and binding language**

These Management Regulations are subject to Luxembourg law. The English version of these Management Regulations is binding; the Management Company and the Depositary may however recognise translations approved by them into languages of the countries in which fund units are offered and sold as binding for themselves and for the Fund in relation to units which are sold to investors in those countries.

The Management Regulations became effective as of 16 August 2017 and supersede those dated 9 January 2017.



