

# **GAM MULTISTOCK**

**A SICAV UNDER LUXEMBOURG LAW**

## **PROSPECTUS**

**1 JANUARY 2023**

Subscriptions are validly made only on the basis of this Prospectus or the Key Investor Information Document in conjunction with the most recent annual report and the most recent semi-annual report where this is published after the annual report.

No information other than that contained in this Prospectus or the Key Investor Information Document may be given.



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## 1. INTRODUCTION

GAM Multistock (the “Company”, “GAM Multistock”) is established as a “société d’investissement à capital variable” (SICAV) in accordance with the current version of the law of the Grand Duchy of Luxembourg dated August 10, 1915 (“the 1915 Law”) and authorised as an undertaking for collective investments in transferable securities (UCITS) under Part I of the law dated December 17, 2010 (“the 2010 Law”).

The Company has an “umbrella structure”, which allows subfunds (“Subfunds”) to be established which correspond to different investment portfolios and which can be issued in different categories of shares.

The Board of Directors of the Company is authorised to issue shares (“Shares”) without par value in various investment portfolios (“Subfunds”) relating to the Subfunds described in the section “Investment objectives and policy”, and, as noted in the section “Description of Shares”, share categories (“Share Category”) with different characteristics may be issued for each Subfund.

The price of the Shares is denominated in the same accounting currency of the Subfund or, as applicable, the currency of the Share Category in question. As described in the section “Issue of Shares / Application procedure”, a selling fee of up to 5% may be charged in addition to the Issue Price.

### Overview of Subfunds: Denomination / Accounting Currency / Initial Subscription Period

DENOMINATION OF SUBFUND: GAM MULTISTOCK -	ACCOUNTING CURRENCY	INITIAL SUBSCRIPTION PERIOD
<b>ASIA FOCUS EQUITY</b> (until 29.11.2013: CHINDONESIA FUND)	USD	23 – 30 September 2010
<b>CHINA EVOLUTION EQUITY</b>	USD	29 November 2013 – 02 December 2013
<b>EMERGING MARKETS EQUITY</b> (until 29.06.2017: EMERGING EQUITY FUND)	USD	25 February 2015
<b>JAPAN EQUITY</b>	JPY	17 – 25 May 1993
<b>LUXURY BRANDS EQUITY</b>	EUR	21 – 31 January 2008
<b>SWISS SMALL &amp; MID CAP EQUITY</b> (until 30.01.2006: SPECIAL SWISS STOCK FUND)	CHF	6 – 15 April 1992
<b>SWISS EQUITY</b>	CHF	2 – 31 May 1990
<b>MERGER ARBITRAGE</b>	EUR	2023

The Company may issue Shares in new, additional Subfunds at any time. In this case, this Prospectus will be supplemented accordingly.

The Company currently issues Share Categories with different fee structures (see sections “Issue and sale of Shares / Application procedure” and “Fees and costs”).

Investors may purchase shares either directly from the Company or via an intermediary, acting in its own name but for the investor’s account. In the latter case an investor may not necessarily assert all his/her investor’s rights directly against the Company. For details reference is made to the chapter “Issue of Shares / Application procedure”, under “Nominee Service”.

Shares may be redeemed at a price described in the section “Redemption of Shares”.

Shares may be switched using the formula described in the section “Switching of Shares”.

The individual Share Categories of the Company may be quoted on the Luxembourg Stock Exchange.

In addition to the Prospectus, a key investor information document is produced for each Share Category and is handed to each purchaser before he/she subscribes to Shares (“Key Investor Information Document”). By

subscribing to the Shares, each purchaser declares that he/she has received the Key Investor Information Document prior to effecting the subscription.

**Subscriptions are only accepted on the basis of the valid Prospectus or the valid Key Investor Information Document in conjunction with (i) the most recent annual report of the Company or (ii) the most recent semi-annual report where this is published after the annual report.**

Under the 2010 Law, the Company is authorised to produce one or more special prospectuses for the distribution of Shares in one or more Subfunds or for one specific distribution country.

This Prospectus, the Key Investor Information Document and any special prospectuses do not constitute an offer or advertisement in those jurisdictions where such an offer or advertisement is prohibited, or in which persons making such offer or advertisement are not authorised to do so, or in which the law is infringed if persons receive such offer or advertisement.

The information in this Prospectus is in accordance with the current law and rules and regulations of the Grand Duchy of Luxembourg and is thus subject to alterations.

In this Prospectus, figures in "AUD" refer to the currency of Australia; "Swiss Francs" or "CHF" to the currency of Switzerland; "DKK" to the currency of Denmark; "US Dollars", "Dollars" or "USD" to the currency of the United States of America; "Euro" or "EUR" to the currency of the European Economic and Monetary Union; "£ Sterling" or "GBP" to the currency of Great Britain; "Japanese Yen" or "JPY" to the currency of Japan; "NOK" to the currency of Norway; "SEK" to the currency of Sweden, "SGD" or "Singapore Dollar" to the currency of Singapore and "ZAR" or "South African Rand" to the currency of South Africa.

**Potential purchasers of Shares are responsible for informing themselves on the relevant foreign exchange regulations and on the legal and tax regulations applicable to them.**

Because Shares in the Company are not registered in the USA in accordance with the United States Securities Act of 1933, they may be neither offered nor sold in the USA including the dependent territories, unless such offer or such sale is permitted by way of an exemption from registration in accordance with United States Securities Act of 1933.

In general, the shares in the Company may neither be offered nor sold nor transferred to any US American defined benefit pension plan. Exceptions hereto are possible, provided the Board of Directors of the Company has issued a corresponding special authorization for it. In this sense, a "defined benefit pension plan" means any (i) "defined benefit pension plan for employees", within the meaning of Section 3(3) of the US Employee Retirement Income Security Act of 1974, as amended ("ERISA") that is subject to the provisions of Part 4 of Title I of ERISA, (ii) individual retirement account, Keogh Plan or other plan described in Section 4975(e)(1) of the US Internal Revenue Code of 1986, as amended, (iii) entity whose underlying assets include "plan assets" by reason of 25% or more of any class of equity interest in the entity being held by plans described in (i) and (ii) above, or (iv) other entity (such as segregated or common accounts of an insurance company, a corporate group or a common trust) whose underlying assets include "plan assets" by reason of an investment in the entity by plans described in (i) and (ii) above. Should investors participating in a defined benefit pension plan hold more than 25% of a share category, the company's assets shall be considered, in accordance with ERISA, "plan assets", which could have an adverse effect on the Company and its shareholders. In this case, the Company may, if appropriate, require the compulsory redemption of the shares affected.

The Shares of the Subfund ASIA FOCUS EQUITY may not be offered, sold or delivered, directly or indirectly, either in India, or to or for the account of "Indian Residents" or to non-resident Indians (NRIs).

"Indian Residents" within the meaning of this provision refers to persons domiciled in India; partnerships or corporations under Indian law; trusts in which a trustee is domiciled in India; India-domiciled agencies or branches of foreign entities; non-discretionary or similar accounts held in favour of or for the account of a person domiciled in India, and discretionary or similar accounts held by a broker under Indian law or who is domiciled in India.

NRI within the meaning of this provision refers to Indian nationals who do not live on Indian Territory.

Further information can be obtained at [www.funds.gam.com](http://www.funds.gam.com).

## 2. ORGANISATION AND MANAGEMENT

The Company's registered office is at 25, Grand-Rue, L-1661 Luxembourg.

### BOARD OF DIRECTORS OF THE COMPANY

#### CHAIRMAN

Martin Jufer                      Global Head of Wealth Management,  
GAM Investment Management (Switzerland) Ltd., Zurich

#### MEMBERS

Me Freddy Brausch              Independent Director, Luxembourg  
Jean-Michel Loehr                Independent Director, Luxembourg  
Florian Heeren                    General Counsel Continental Europe,  
GAM Investment Management (Switzerland) Ltd., Zürich

### MANAGEMENT COMPANY

GAM (Luxembourg) S.A., 25, Grand-Rue, L-1661 Luxembourg

### BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

#### CHAIRMAN

Martin Jufer                      Global Head of Wealth Management,  
GAM Investment Management (Switzerland) Ltd., Zurich

#### MEMBERS

Elmar Zumbühl                    Member of the Group Management Board, GAM Group  
Yvon Lauret                        Independent Director, Luxembourg  
Samantha Keogh                  Independent Director, Delgany, Co Wicklow, Ireland

### MANAGING DIRECTORS OF THE MANAGEMENT COMPANY

Stefano Canossa                  Managing Director, GAM (Luxembourg) S.A., Luxembourg  
Steve Kieffer                        Managing Director, GAM (Luxembourg) S.A., Luxembourg  
Sean O'Driscoll                    Managing Director, GAM (Luxembourg) S.A., Luxembourg  
Susanne d'Anterroches          Managing Director, GAM (Luxembourg) S.A., Luxembourg  
Marie-Christine Piasta          Managing Director, GAM (Luxembourg) S.A., Luxembourg  
Ludmila Careri                     Managing Director, GAM (Luxembourg) S.A., Luxembourg

### INVESTMENT MANAGERS AND INVESTMENT ADVISERS

The Company and the Management Company have appointed various investment managers or investment advisers and may make further appointments.

**CUSTODIAN,  
CENTRAL ADMINISTRATION AND PRINCIPAL PAYING AGENT  
REGISTRAR AND TRANSFER AGENT**

State Street Bank International GmbH, Luxembourg Branch, 49, Avenue J.F. Kennedy, L-1855 Luxembourg

**DISTRIBUTORS**

The Company, respectively the Management Company, has appointed Distributors and may appoint additional Distributors to sell Shares in various legal jurisdictions.

**AUDITOR OF ANNUAL REPORT**

PricewaterhouseCoopers Société coopérative, 2 rue Gerhard Mercator, L-2182 Luxembourg has been appointed auditor of the Company.

**LEGAL ADVISER**

Linklaters LLP, 35, Avenue John F. Kennedy, L-1855 Luxembourg has been appointed legal adviser of the Company in Luxembourg.

**SUPERVISORY AUTHORITY IN LUXEMBOURG**

Commission de Surveillance du Secteur Financier ("CSSF"), 283, route d'Arlon, L-1150 Luxembourg.

Further information and documents on the Company and the individual Subfunds may also be consulted on the website [www.funds.gam.com](http://www.funds.gam.com), on which investors can also find a form for submitting complaints.



### 3. INVESTMENT OBJECTIVES AND POLICY

The investment objective of the Company is to achieve an appropriate return applying the principle of risk diversification, guaranteed through the active management, aimed at long term increases in value, of fund assets predominantly composed of equities (in accordance with the investment policy and investment restrictions). The securities selected are those which are traded on an official securities exchange in recognised countries or on other regulated markets in recognised countries. In this context, a “recognised country” is a member state of the Organisation for Economic Cooperation and Development (“OECD”), and all other countries in Europe, North and South America, Africa, Asia and the Pacific Rim (hereafter “**recognised country**”). A regulated market is a market which is recognised and open to the public, and whose operation is properly regulated (hereafter “**regulated market**”).

In addition to securities and the other assets permitted as described in the section “Investment limits”, it is also possible to hold liquid assets, these being in principle of an ancillary nature.

In order to pursue the investment objectives, the Subfunds may, in the context of the guidelines and limits established on the basis of Luxembourg law, use the investment techniques and financial instruments described below in the section “**Special investment techniques and financial instruments**”.

**Although the Company makes every effort to achieve the investment objectives of the individual Subfunds, no guarantee can be given of the extent to which the investment objectives will be achieved. As a result, the net asset values of the Shares may become greater or smaller, and different levels of positive as well as negative income may be earned. Consequently, a Shareholder runs the risk that he/she may not recover the amount originally invested. Depending on the orientation of the individual Subfunds this risk may differ from Subfund to Subfund. It is also noted that there are increased risks in relation to the settlement of the Company’s securities transactions, in particular with regard to securities that are kept in regions or countries that do not yet have an established securities market, and above all the risk that the securities may be delivered late or not at all. Currency risks may also arise for shareholders, whose reference currency differs from the investment currency of a Subfund. The following description of the Subfunds shall not be construed as a recommendation to acquire Shares in a particular Subfund. Rather, each shareholder should consult his/her financial adviser regarding the acquisition of Shares in the Company and the selection among the Subfunds and their Share Categories.**

**The performance of the individual Subfunds is set out in the Key Investor Information Document.**

The Board of Directors of the Company (“Board of Directors”) has determined the following investment objectives and investment policy for the individual Subfunds:

#### **GAM Multistock –ASIA FOCUS EQUITY**

The Company’s investment objective for the GAM Multistock –ASIA FOCUS EQUITY (“ASIA FOCUS EQUITY”) is to achieve long-term capital growth by investing at least two thirds of the assets in a portfolio of carefully selected stocks, other equities and equity rights of companies having their domicile or the predominant part of their economic activity in the recognised countries of Asia (excluding Japan).

The ASIA FOCUS EQUITY promotes environmental or social characteristics but does not target sustainable investments. ASIA FOCUS EQUITY excludes those issuers whose business activities have a negative impact on the environment and society. In addition, the Subfund conducts active engagement with the invested companies and integrates ESG research into the investment process as described in Appendix I Environmental and/or Social Characteristics.

Moreover, the Company may invest up to a maximum of one third of the assets of ASIA FOCUS EQUITY in other assets such as carefully selected stocks, other equities and equity rights of companies having their domicile or the predominant part of their economic activity in recognised countries, or in fixed- or floating-rate securities as well as in convertible and warrant bonds (up to a maximum of 25% of the assets) of issuers from recognised countries. Up to a maximum of 15% of the assets of the ASIA FOCUS EQUITY may be invested

in warrants on shares or other equities and equity rights. Purchases of warrants involve increased risks due to the higher volatility of such investments.

Additional liquid assets may amount to up to 20% of the total assets of ASIA FOCUS EQUITY. These additional liquid assets are limited to demand deposits, such as cash, held in the Sub-Fund's current bank accounts and available at all times. The 20% limit may only be exceeded temporarily for a strictly necessary period if circumstances so require due to exceptionally adverse market conditions (e.g. wars, terrorist attacks, health crises or other similar events) and if such excess is justified having regard to the best interests of the investors.

The ASIA EQUITY FOCUS may invest in liquid assets for liquidity purposes, i.e. money market instruments as defined in Section 5 as well as money market funds and overnight deposits. Direct investments in China are made in what are referred to as "China-A", "China-B", "China H" shares or shares of Chinese companies that are quoted on another foreign exchange outside the People's Republic of China (PRC).

"China A" and "China B" shares are securities quoted on the stock exchanges of Shanghai and/or Shenzhen. "China A" shares are denominated in Renminbi and can be bought through the Shanghai Hong Kong Stock Connect Programme or the Shenzhen Hong Kong Stock Connect Programme. Investments in "China A" shares comply with the conditions imposed by article 41 paragraph 1 of the 2010 Law. "China B" shares are quoted on the stock exchanges of Shanghai or Shenzhen and represent equity of companies traded in foreign currency. The face value of "China B" shares is determined in Renminbi. In Shanghai, "China B" shares are traded in US dollars and in Shenzhen, in Hong Kong dollars. "China H" shares are shares of companies which have their registered office in the PRC, are listed on the Hong Kong Stock Exchange and are denominated in Hong Kong dollars.

Investments in China may also be made indirectly by purchasing share-based products, in particular ADRs (American depositary receipts) and GDRs (global depositary receipts), which comply with the provisions of article 41 of the 2010 Law and which do not invest in derivatives, or Exchange Traded Funds (ETFs) and other investment funds.

Indirect investments in India may also be made through purchases of so-called share-based products, in particular ADRs (American depositary receipts) and GDRs (global depositary receipts), Participatory Notes (P-Notes), Exchange Traded Funds (ETF) and other investment funds and derivatives on equities or equity indices, which qualify as eligible assets in accordance with Article 44 of the Law of 2010. P-Notes are instruments issued by financial institutions that provide exposure to the underlying securities. These are eligible for investment by the Subfund, provided that they meet all legal and contractual criteria. Depending on the type of investment, the P-Notes are classified as a certificate or warrant / options.

The ASIA FOCUS EQUITY is denominated in US dollars. The investments of the ASIA FOCUS EQUITY may be denominated in US dollars or other currencies. Currency risks may be entirely or partially hedged. Losses due to currency variations cannot be ruled out.

**Potential investors are advised that investments in the ASIA FOCUS EQUITY are associated with increased risk. Stock markets and economies of Asian countries that are in the process of developing into modern industrialised countries (such as China, India, Indonesia, Taiwan, Malaysia, Thailand, or Korea) are generally volatile and entail a greater degree of risk. In particular, the investments are subject to the following risks:**

- a) trading volumes in relation to the securities may be low or non-existent on the securities market involved, which can lead to liquidity problems and considerable price fluctuations;
- b) uncertainties surrounding political, economic and social circumstances, with the associated dangers of expropriation or seizure, of unusually high inflation rates, prohibitive tax measures and other negative developments;
- c) potentially considerable fluctuations in the foreign exchange rate, different legal frameworks, existing or potential foreign exchange export restrictions, customs or other restrictions, and any laws and other restrictions applicable to investments;

- d) **political or other circumstances which restrict the investment opportunities of the Subfund, for example restrictions with regard to issuers or industries deemed sensitive to relevant national interests;**
- e) **the absence of sufficiently developed legal structures governing private or foreign investments and potentially inadequate safeguards with respect to private ownership, and**
- f) **the purchase and the sale of equity interests in certain investments can be subject to considerable delays, and in certain circumstances the transactions may be performed at unfavourable prices because the clearing, settlement and government systems are not as well developed as in more developed markets.**
- g) **under exceptional circumstances, because of limited investment opportunities, the Subfund may suffer losses or may not be in a position to fully achieve its investment objectives or follow its investment strategy, due to investment restrictions in China, illiquidity of the Chinese market for A-shares or due to a delay or interruption in the execution or settlement of transactions.**

**Foreign exchange export restrictions and other related regulations in these countries may also lead to the delayed repatriation of all or some of the investments or may prevent them being repatriated in full or in part, with the result that there may be a delay in the payment of the redemption price.**

**Furthermore, investors should be aware of the increased risk associated with investments in "China A" shares, which is described in the section 6.13, "Risks associated with investments in the People's Republic of China".**

#### **SUSTAINABILITY RISKS**

The investments of this Sub-Fund are subject to sustainability risk as described and defined in the Sustainability Risk Statement applicable to the companies of the GAM Group including the Company and summarised in the section "Sustainability" of the Prospectus. The value of equity securities is linked to the business environment and performance of the relevant issuer, which may be affected by changes in the types of sustainability-related conditions and events. Changing sustainability conditions or events may contribute to increased volatility in the Sub-Fund to the extent that they are material to the performance of the issuer.

#### **INTEGRATION OF SUSTAINABILITY RISKS**

Sustainability risk will be integrated into the Sub-Fund's investment process in the manner further described in the "Sustainability" section of the Prospectus and in the Sustainability Risk Statement.

Sustainability risks are taken into account in the respective investment process of the Sub-fund alongside other relevant risk factors. The assessment of sustainability risks and the way in which these are incorporated into investment decisions is either quantitative or essentially qualitative and varies depending on the investment strategy.

#### **ENVIRONMENTAL AND SOCIAL CHARACTERISTICS**

The Sub-Fund promotes environmental or social features within the meaning of Article 8 of the SFDR and as further described in the Appendix to this Prospectus.

The Sub-Fund excludes issuers that are involved in certain activities that are considered negative for the environment and society and also actively engages with invested companies as part of the integration of ESG research into the investment process.

Although the Sub-Fund promotes environmental characteristics in the manner described in the Appendix to this Prospectus, it does not currently undertake to invest in "sustainable investments" within the meaning of the SFDR. Accordingly, it should be noted that the investments underlying this Sub-Fund do not take into account the EU criteria for environmentally sustainable economic activities.

Investors with specific sustainability preferences or sustainability-related objectives should review in detail the relevant disclosures in the Appendix to ensure that the Sub-Fund's sustainability profile reflects those preferences or objectives in addition to their financial objectives and risk tolerance. Any decision to invest in the Sub-Fund should take into account both the financial and non-financial characteristics of the Sub-Fund. There can be no guarantee that sustainability-related characteristics will be met.

#### MAIN ADVERSE IMPACTS ON SUSTAINABILITY FACTORS

The Sub-Fund considers the main adverse impacts of its investment decisions on sustainability factors in accordance with Article 7 of the SFDR as part of the investment process in a qualitative and/or quantitative manner, depending on the relevance of the specific indicator and the quality and availability of the data. For further information on how the Sub-Fund considers PAIs, please refer to the Annex to this Prospectus and to GAM's Key Negative Sustainability Impact Statement.

#### RISK OF THE ESG INVESTMENT STRATEGY

The Sub-Fund is subject to the risk that its investment strategy may select, prevent or require the sale of securities of particular issuers for reasons other than investment performance or other financial considerations. As a result, the Sub-Fund may underperform other funds with a similar financial objective that do not incorporate non-financial considerations into their investment strategy and may suffer investment losses to the extent it is required to dispose of a security due to such non-financial considerations.

#### **GAM Multistock – CHINA EVOLUTION EQUITY**

The Company's investment objective in relation to GAM Multistock – CHINA EVOLUTION EQUITY ("CHINA EVOLUTION EQUITY") is to achieve long-term capital growth by investing at least two thirds of the fund's assets in a portfolio of carefully selected shares of companies with their registered office or the major part of their business activities in China.

The CHINA EVOLUTION EQUITY promotes environmental or social characteristics but does not target sustainable investments. CHINA EVOLUTION EQUITY excludes those issuers whose business activities have a negative impact on the environment and society. In addition, the Subfund conducts active engagement with the invested companies and integrates ESG research into the investment process as described in Appendix I Environmental and/or Social Characteristics.

Moreover, the Company may invest up to a maximum of one third of the assets of CHINA EVOLUTION EQUITY in other assets such as carefully selected stocks, other equities and equity rights of companies having their domicile or the predominant part of their economic activity in recognised countries, or in fixed- or floating-rate securities as well as in convertible and warrant bonds (up to a maximum of 25% of the assets) of issuers from recognised countries. Up to a maximum of 15% of the assets of the CHINA EVOLUTION EQUITY may be invested in warrants on shares or other equities and equity rights. Purchases of warrants involve increased risks due to the higher volatility of such investments.

Additional liquid assets may amount to up to 20% of the total assets of CHINA EVOLUTION EQUITY. These additional liquid assets are limited to demand deposits, such as cash, held in the Sub-Fund's current bank accounts and available at all times. The 20% limit may only be exceeded temporarily for a strictly necessary period if circumstances so require due to exceptionally adverse market conditions (e.g. wars, terrorist attacks, health crises or other similar events) and if such excess is justified having regard to the best interests of the investors.

CHINA EVOLUTION EQUITY may invest for liquidity purposes in liquid assets, i.e. money market instruments as defined in Section 5 as well as money market funds and overnight deposits. Direct investments in China are made in what are referred to as "China-A", "China-B", "China H" shares or shares of Chinese companies that are quoted on another foreign exchange outside the People's Republic of China (PRC). "China A" and "China B" shares are securities quoted on the stock exchanges of Shanghai and/or Shenzhen. "China A" shares are denominated in Renminbi and can be bought through the Shanghai Hong Kong Stock Connect Programme or the Shenzhen Hong Kong Stock Connect Programme. Investments in "China A" shares comply with the conditions imposed by article 41 paragraph 1 of the 2010 Law. "China B" shares are quoted on the stock exchanges of Shanghai or Shenzhen and represent equity of companies traded in foreign currency. The face value of "China B" shares is determined in Renminbi. In Shanghai, "China B" shares are traded in US dollars and in Shenzhen, in Hong Kong dollars. "China H" shares are shares of companies which have their registered office in the PRC, are listed on the Hong Kong Stock Exchange and are denominated in Hong Kong dollars.

Investments in China may also be made indirectly by purchasing share-based products, in particular ADRs (American depositary receipts), GDRs (global depositary receipts), which comply with the provisions of article

41 of the 2010 Law and which do not invest in derivatives, or Exchange Traded Funds (ETFs) and other investment funds.

CHINA EVOLUTION EQUITY is denominated in US dollars. The investments of the CHINA EVOLUTION EQUITY may be denominated in US Dollars or other currencies. Foreign currency risks may be fully or partially hedged. A depreciation caused by exchange-rate fluctuations cannot be ruled out.

**The attention of potential investors is drawn to the fact that investments in the CHINA EVOLUTION EQUITY are associated with increased risk. Stock markets and economies in so-called emerging market countries or frontier market countries are generally volatile and may bear a higher risk. In particular, the investments are subject to the following risks:**

- a) **the volumes of the securities traded may be low or non-existent on the securities market concerned, which may lead to liquidity shortages and relatively large price fluctuations;**
- b) **uncertainties surrounding political, economic and social conditions and the associated dangers of expropriation or seizure, the risk of unusually high inflation rates, prohibitive fiscal measures and other negative developments;**
- c) **potentially considerable fluctuations in the foreign-exchange rate, different legal frameworks, existing or potential foreign-exchange transfer restrictions, customs or other restrictions and any laws or other restrictions applicable to investments;**
- d) **political or other circumstances which restrict the investment opportunities of the Subfund, such as for example restrictions with regard to issuers or industries deemed sensitive to relevant national interests, and**
- e) **the absence of sufficiently developed legal structures governing private or foreign investments and potentially inadequate safeguards with respect to private ownership.**
- f) **the purchase and the sale of equity interests in certain investments can be subject to considerable delays, and in certain circumstances the transactions may be performed at unfavourable prices because the clearing, settlement and government systems are not as well developed as in more developed markets.**
- g) **under exceptional circumstances, because of limited investment opportunities, the Subfund may suffer losses or may not be in a position to fully achieve its investment objectives or follow its investment strategy, due to investment restrictions in China, illiquidity of the Chinese market for A-shares or due to a delay or interruption in the execution or settlement of transactions.**

**Foreign exchange export restrictions and other related regulations in these countries may also lead to the delayed repatriation of all or some of the investments or may prevent them being repatriated in full or in part, with the result that there may be a delay in the payment of the redemption price.**

**Furthermore, investors should be aware of the increased risk associated with investments in "China A" shares, which is described in the section 6.13, "Risks associated with investments in the People's Republic of China".**

**SUSTAINABILITY RISKS**The investments of this Sub-Fund are subject to sustainability risk as described and defined in the Sustainability Risk Statement applicable to the companies of the GAM Group including the Company and summarised in the section "Sustainability" of the Prospectus. The value of equity securities is linked to the business environment and performance of the relevant issuer, which may be affected by changes in the types of sustainability-related conditions and events. Changing sustainability conditions or events may contribute to increased volatility in the Sub-Fund to the extent that they are material to the performance of the issuer.

#### **INTEGRATION OF SUSTAINABILITY RISKS**

Sustainability risk will be integrated into the Sub-Fund's investment process in the manner further described in the "Sustainability" section of the Prospectus and in the Sustainability Risk Statement.

Sustainability risks are taken into account in the respective investment process of the Sub-fund alongside other relevant risk factors. The assessment of sustainability risks and the way in which these are incorporated

into investment decisions is either quantitative or essentially qualitative and varies depending on the investment strategy.

#### MAIN ADVERSE IMPACTS ON SUSTAINABILITY FACTORS

The Sub-Fund considers the main adverse impacts of its investment decisions on sustainability factors in accordance with Article 7 of the SFDR as part of the investment process in a qualitative and/or quantitative manner, depending on the relevance of the specific indicator and the quality and availability of the data. For further information on how the Sub-Fund considers PAIs, please refer to the Annex to this Prospectus and to GAM's Key Negative Sustainability Impact Statement.

#### ENVIRONMENTAL AND SOCIAL CHARACTERISTICS

The Sub-Fund promotes environmental or social features within the meaning of Article 8 of the SFDR and as further described in the Appendix to this Prospectus.

The Sub-Fund excludes issuers that are involved in certain activities that are considered negative for the environment and society and also actively engages with invested companies as part of the integration of ESG research into the investment process.

Although the Sub-Fund promotes environmental characteristics in the manner described in the Appendix to this Prospectus, it does not currently undertake to invest in "sustainable investments" within the meaning of the SFDR. Accordingly, it should be noted that the investments underlying this Sub-Fund do not take into account the EU criteria for environmentally sustainable economic activities.

Investors with specific sustainability preferences or sustainability-related objectives should review in detail the relevant disclosures in the Appendix to ensure that the Sub-Fund's sustainability profile reflects those preferences or objectives in addition to their financial objectives and risk tolerance. Any decision to invest in the Sub-Fund should take into account both the financial and non-financial characteristics of the Sub-Fund. There can be no guarantee that sustainability-related characteristics will be met.

#### RISK OF THE ESG INVESTMENT STRATEGY

The Sub-Fund is subject to the risk that its investment strategy may select, prevent or require the sale of securities of particular issuers for reasons other than investment performance or other financial considerations. As a result, the Sub-Fund may underperform other funds with a similar financial objective that do not incorporate non-financial considerations into their investment strategy and may suffer investment losses to the extent it is required to dispose of a security due to such non-financial considerations.

#### **GAM Multistock – EMERGING MARKETS EQUITY**

The investment objective of the Company in relation to GAM Multistock – EMERGING MARKETS EQUITY ("EMERGING MARKETS EQUITY") is to achieve long-term capital growth by investing at least 70% of the assets in a portfolio of carefully selected shares and other equity securities of companies with their registered office or the major part of their business activities in emerging market countries.

The EMERGING MARKETS EQUITY promotes environmental or social characteristics but does not target sustainable investments. EMERGING MARKETS EQUITY excludes those issuers whose business activities have a negative impact on the environment and society. In addition, the Subfund conducts active engagement with the invested companies and integrates ESG research into the investment process as described in Appendix I Environmental and/or Social Characteristics.

The term "emerging markets" is generally understood to refer to the markets of countries that are in the process of developing into modern industrialised states and thus display a high degree of potential but also entail a greater degree of risk. In particular, it applies to those countries included in the *S&P Emerging Broad Market Index* or in the *MSCI Emerging Markets Index*.

In addition, the Company may invest up to a maximum of 30% of the assets of EMERGING MARKETS EQUITY in a portfolio of carefully selected shares and other equity securities of companies with their registered office or the major part of their business activities in other recognised countries, or in fixed-interest or floating-rate securities as well as in convertible and warrant bonds (up to a maximum of 25% of the assets) from issuers from recognised countries. Up to a maximum of 20% of the assets of EMERGING MARKETS

EQUITY may be invested in warrants on shares or other equity securities. Purchases of warrants involve increased risks due to the higher volatility of such investments.

Additional liquid assets may amount to up to 20% of the total assets of EMERGING MARKETS EQUITY. These additional liquid assets are limited to demand deposits, such as cash, held in the Sub-Fund's current bank accounts and available at all times. The 20% limit may only be exceeded temporarily for a strictly necessary period if circumstances so require due to exceptionally adverse market conditions (e.g. wars, terrorist attacks, health crises or other similar events) and if such excess is justified having regard to the best interests of the investors.

EMERGING MARKETS EQUITY may invest for liquidity purposes in liquid assets, i.e. money market instruments as defined in Section 5 as well as money market funds and overnight deposits.

Direct investments in China are made in what are referred to as "China A" shares, "China B" shares, "China H" shares or shares of Chinese companies that are quoted on another foreign exchange outside the People's Republic of China (PRC). "China A" shares and "China B" shares are securities that are quoted on the Shanghai and/or Shenzhen Stock Exchanges. "China A" shares are denominated in Renminbi and may be purchased via the Shanghai - Hong Kong Stock Connect Programme or the Shenzhen Hong Kong Stock Connect Programme. Furthermore, the Subfund may use the Renminbi Qualified Foreign Institutional Investor ("RQFII") quota of the Investment Manager to invest directly in "China A" shares, which are traded in Renminbi on the Shanghai and Shenzhen Stock Exchanges by companies established in Chinese mainland. Investments in "China A" shares (up to a maximum of 20% of the assets) comply with the conditions imposed by article 41 paragraph 1 of the 2010 Law. "China B" shares are quoted on the stock exchanges of Shanghai or Shenzhen and represent equity of companies traded in foreign currency. The face value of "China B" shares is determined in Renminbi. In Shanghai, "China B" shares are traded in US dollars and in Shenzhen, in Hong Kong dollars. "China H" shares are shares of companies which have their registered office in the People's Republic of China, are listed on the Hong Kong Stock Exchange and are denominated in Hong Kong dollars.

Investments in China may also be made indirectly by purchasing share-based products, in particular ADRs (American depositary receipts), GDRs (global depositary receipts), which comply with the provisions of article 41 of the 2010 Law and which do not invest in derivatives, or so-called open or closed Exchange Traded Funds (ETFs) and other investment funds.

The EMERGING MARKETS EQUITY may also invest in Total Return Swaps (including Equity Swaps and Contracts for difference (CFD)), as well as in participatory notes ("P-Notes") issued by a Qualified Foreign Institutional Investor ("QFIIs") or a Renminbi Qualified Foreign Institutional Investor ("RQFII's"). P-Notes are instruments issued by financial institutions that provide exposure to the underlying securities. These are eligible for investment by the Subfund, provided that they meet all legal and contractual criteria. Depending on the type of investment, the P-Notes are classified as a certificate or warrant / options.

EMERGING MARKETS EQUITY is denominated in US dollars. The investments of the EMERGING MARKETS EQUITY may be denominated in US Dollars or other currencies. Foreign currency risks may be fully or partially hedged. A depreciation caused by exchange-rate fluctuations cannot be ruled out.

**Investments in emerging market countries are associated with increased risk. Stock markets and economies are generally volatile. In particular, the investments are subject to the following risks:**

- a) trading volumes in relation to the securities may be low or absent on the securities market involved, which can lead to liquidity problems and serious price fluctuations;
- b) uncertainties surrounding political, economic and social circumstances, with the associated dangers of expropriation or seizure, of unusually high inflation rates, prohibitive tax measures and other negative developments;
- c) potentially serious fluctuations in the foreign exchange rate, different legal frameworks, existing or potential foreign exchange export restrictions, customs or other restrictions, and any laws and other restrictions applicable to investments;

- d) **political or other circumstances which restrict the investment opportunities of the Subfund, for example restrictions with regard to issuers or industries deemed sensitive to relevant national interests, and**
- e) **the absence of sufficiently developed legal structures governing private or foreign investments and potentially inadequate safeguards with respect to private ownership.**
- f) **the purchase and the sale of equity interests in certain investments can be subject to considerable delays, and in certain circumstances the transactions may be performed at unfavourable prices because the clearing, settlement and government systems are not as well developed as in more developed markets.**
- g) **under exceptional circumstances, because of limited investment opportunities, the Subfund may suffer losses or may not be in a position to fully achieve its investment objectives or follow its investment strategy, due to investment restrictions in China, illiquidity of the Chinese market for A-shares or due to a delay or interruption in the execution or settlement of transactions.**

Foreign exchange export restrictions and other related regulations in these countries may also lead to the delayed repatriation of all or some of the investments or may prevent them being repatriated in full or in part, with the result that there may be a delay in the payment of the Redemption Price.

Furthermore, investors should be aware of the increased risk associated with investments in "China A" shares, which is described in the section 6.13, "Risks associated with investments in the People's Republic of China".

**Derivative and other special investment techniques and financial instruments may be used in the Subfund in order to achieve the investment objective.** Generally, such investments often involve higher risks than direct investments in securities and currencies. Potential risks may for example result from complexity, non-linearity, leverage effect, high volatility, low liquidity, restricted possibility to value, risk of a loss of earnings or even a total loss of the invested capital, or counterparty risk.

Furthermore, investments of the Subfund may in certain countries be impaired by political developments and/or changes in the legislation, fiscal arrangements and currency controls of the countries concerned. There are further risks in relation to the settlement of securities transactions, namely the risk that the corresponding securities may be delivered late or not at all in spite of payment having been made by the EMERGING MARKETS EQUITY. In addition, it is not possible to exclude the risk of securities being forged or stolen.

With regard to investments in Russia, your attention is drawn to certain risks relating to the ownership and safe custody of securities:

In Russia, evidence of ownership of securities consists of entries in the registers of the company issuing the securities or of its Registrar (which is neither an agent of the custodian bank nor accountable to the latter). In this respect the custodian's duty of supervision is restricted to supervision according to its best efforts within the scope of what is reasonably possible.

Share certificates representing shareholdings in companies in Russia are not held in safe custody by the custodian or sub-custodian or an effective central safe custody system. As a consequence of this system and owing to the absence of effective government regulation and enforcement, the Company might lose its registration and ownership of Russian securities as a result of fraud, negligence or simply due to oversight. It is also noted that such share certificates are generally available only in the form of photocopies, and as a result their legal value is open to challenge.

#### **SUSTAINABILITY RISKS**

The investments of this Sub-Fund are subject to sustainability risk as described and defined in the Sustainability Risk Statement applicable to the companies of the GAM Group including the Company and summarised in the section "Sustainability" of the Prospectus. The value of equity securities is linked to the business environment and performance of the relevant issuer, which may be affected by changes in the types of sustainability-related conditions and events. Changing sustainability conditions or events may contribute to increased volatility in the Sub-Fund to the extent that they are material to the performance of the issuer.



#### INTEGRATION OF SUSTAINABILITY RISKS

Sustainability risk will be integrated into the Sub-Fund's investment process in the manner further described in the "Sustainability" section of the Prospectus and in the Sustainability Risk Statement.

Sustainability risks are taken into account in the respective investment process of the Sub-fund alongside other relevant risk factors. The assessment of sustainability risks and the way in which these are incorporated into investment decisions is either quantitative or essentially qualitative and varies depending on the investment strategy.

#### MAIN ADVERSE IMPACTS ON SUSTAINABILITY FACTORS

The Sub-Fund considers the main adverse impacts of its investment decisions on sustainability factors in accordance with Article 7 of the SFDR as part of the investment process in a qualitative and/or quantitative manner, depending on the relevance of the specific indicator and the quality and availability of the data. For further information on how the Sub-Fund considers PAIs, please refer to the Annex to this Prospectus and to GAM's Key Negative Sustainability Impact Statement.

#### ENVIRONMENTAL AND SOCIAL CHARACTERISTICS

The Sub-Fund promotes environmental or social features within the meaning of Article 8 of the SFDR and as further described in the Appendix to this Prospectus.

The Sub-Fund excludes issuers that are involved in certain activities that are considered negative for the environment and society and also actively engages with invested companies as part of the integration of ESG research into the investment process.

Although the Sub-Fund promotes environmental characteristics in the manner described in the Appendix to this Prospectus, it does not currently undertake to invest in "sustainable investments" within the meaning of the SFDR. Accordingly, it should be noted that the investments underlying this Sub-Fund do not take into account the EU criteria for environmentally sustainable economic activities.

Investors with specific sustainability preferences or sustainability-related objectives should review in detail the relevant disclosures in the Appendix to ensure that the Sub-Fund's sustainability profile reflects those preferences or objectives in addition to their financial objectives and risk tolerance. Any decision to invest in the Sub-Fund should take into account both the financial and non-financial characteristics of the Sub-Fund. There can be no guarantee that sustainability-related characteristics will be met.

#### RISK OF THE ESG INVESTMENT STRATEGY

The Sub-Fund is subject to the risk that its investment strategy may select, prevent or require the sale of securities of particular issuers for reasons other than investment performance or other financial considerations. As a result, the Sub-Fund may underperform other funds with a similar financial objective that do not incorporate non-financial considerations into their investment strategy and may suffer investment losses to the extent it is required to dispose of a security due to such non-financial considerations.

#### **GAM Multistock – JAPAN EQUITY**

The investment objective of the Company in relation to GAM Multistock – JAPAN EQUITY ("JAPAN EQUITY") is to achieve long-term capital growth by investing at least two thirds of the assets in a portfolio of carefully selected shares and other equity securities of companies with their registered office or the major part of their business activities in Japan. In addition, the Company may invest up to a maximum of one third of the assets of JAPAN EQUITY in a portfolio of carefully selected shares and other equity securities of companies with their registered office or the major part of their business activities in other recognised countries, or in fixed-interest or floating-rate securities as well as convertible or warrant bonds (up to a maximum of 25% of the assets), from issuers from recognised countries. Up to a maximum of 15% of the assets of JAPAN EQUITY may be invested in warrants on shares or other equity securities. Purchases of warrants involve increased risks due to the higher volatility of such investments. JAPAN EQUITY is denominated in Japanese Yen.

Additional liquid assets may amount to up to 20% of the total assets of JAPAN EQUITY. These additional liquid assets are limited to demand deposits, such as cash, held in the Sub-Fund's current bank accounts and

available at all times. The 20% limit may only be exceeded temporarily for a strictly necessary period if circumstances so require due to exceptionally adverse market conditions (e.g. wars, terrorist attacks, health crises or other similar events) and if such excess is justified having regard to the best interests of the investors.

JAPAN EQUITY may invest for liquidity purposes in liquid assets, i.e. money market instruments as defined in Section 5 as well as money market funds and overnight deposits.

The Subfund is linked to the reference index MSCI Japan which represents the market for Japanese equities. The Subfund JAPAN EQUITY is actively managed and aims to outperform the reference index over the long term. The majority of the Subfund's securities will normally be included in the reference index. The Investment Manager may, at its discretion and in accordance with the Prospectus, also invest in securities not included in the reference index in order to take advantage of specific investment opportunities. The deviation of the Fund's portfolio from the reference index may be significant in terms of both the selection and weighting of the Fund's investments. At times, the Subfund may also move very close to the reference index, which may limit the Subfund's ability to outperform the reference index.

#### **SUSTAINABILITY RISKS**

The investments of this Sub-Fund are subject to sustainability risk as described and defined in the Sustainability Risk Statement applicable to the companies of the GAM Group including the Company and summarised in the section "Sustainability" of the Prospectus. The value of equity securities is linked to the business environment and performance of the relevant issuer, which may be affected by changes in the types of sustainability-related conditions and events. Changing sustainability conditions or events may contribute to increased volatility in the Sub-Fund to the extent that they are material to the performance of the issuer.

#### **INTEGRATION OF SUSTAINABILITY RISKS**

Sustainability risk will be integrated into the Sub-Fund's investment process in the manner further described in the "Sustainability" section of the Prospectus and in the Sustainability Risk Statement.

Sustainability risks are taken into account in the respective investment process of the Sub-fund alongside other relevant risk factors. The assessment of sustainability risks and the way in which these are incorporated into investment decisions is either quantitative or essentially qualitative and varies depending on the investment strategy.

#### **MAIN ADVERSE IMPACTS ON SUSTAINABILITY FACTORS**

Material adverse impacts on sustainability factors are not considered in accordance with Article 7 of the SFDR. For further information, please refer to GAM's Material Adverse Impacts on Sustainability Statement.

#### **GAM Multistock – LUXURY BRANDS EQUITY**

The investment objective of the Company in relation to GAM Multistock – LUXURY BRANDS EQUITY ("LUXURY BRANDS EQUITY") is to achieve long-term capital growth by investing at least 70% of the assets of LUXURY BRANDS EQUITY in a portfolio of carefully-selected shares and other equity securities of companies which own established brands and offer products and services in the luxury goods sector, or whose main activity is to own equity interests in such companies or to finance such companies, and which have their registered office or the major part of their business activities in recognised countries.

The LUXURY BRANDS EQUITY promotes environmental or social characteristics but does not target sustainable investments. LUXURY BRANDS EQUITY excludes those issuers whose business activities have a negative impact on the environment and society. In addition, the Subfund conducts active engagement with the invested companies and integrates ESG research into the investment process as described in Appendix I Environmental and/or Social Characteristics.

Owing to their quality and/or price, products and services of the luxury goods industry generally differ from other comparable products and services available and offered for sale on the market and can thus be sustainably differentiated from such products from the perspective of relevant target groups. Brands are defined as marks which are suitable for differentiating the goods and services of one company from those of

another company and which enjoy a high degree of brand awareness and recognition effect among the public at large.

In addition, the Company may invest up to a maximum of 30% of the assets of LUXURY BRANDS EQUITY in a portfolio of carefully selected shares and other equity securities of companies with their registered office or the major part of their business activities in recognised countries, or in fixed-interest or floating-rate securities as well as in convertible and warrant bonds (up to a maximum of 25% of the assets of LUXURY BRANDS EQUITY) from issuers from recognised countries. Up to a maximum of 15% of the assets of LUXURY BRANDS EQUITY may be invested in warrants on shares or other equity securities. Purchases of warrants involve increased risks due to the higher volatility of such investments.

Additional liquid assets may amount to up to 20% of the total assets of LUXURY BRANDS EQUITY. These additional liquid assets are limited to demand deposits, such as cash, held in the Sub-Fund's current bank accounts and available at all times. The 20% limit may only be exceeded temporarily for a strictly necessary period if circumstances so require due to exceptionally adverse market conditions (e.g. wars, terrorist attacks, health crises or other similar events) and if such excess is justified having regard to the best interests of the investors.

LUXURY BRANDS EQUITY may invest for liquidity purposes in liquid assets, i.e. money market instruments as defined in Section 5 as well as money market funds and overnight deposits.

Direct investments in China are made through so-called "China-A", "China-B", "China-H" shares or shares of Chinese companies listed on another foreign stock exchange outside the People's Republic of China. "China-A" and "China-B" shares are securities listed on the Shanghai and/or Shenzhen stock exchanges. "China A" shares are denominated in Renminbi and may be purchased under the Shanghai Hong Kong Stock Connect Programme and Shenzhen Hong Kong Stock Connect Programme, respectively. The investments in "China A" shares (max. 10% of assets) meet the requirements of Article 41 paragraph 1 of the 2010 Law. "China B" shares are traded on the Shanghai or Shenzhen stock exchanges and refer to shares of a company traded in foreign currency. The par value of "China B Shares" is fixed in Renminbi. In Shanghai, "China B Shares" are traded in US dollars and in Shenzhen in Hong Kong dollars. "China H" shares are shares of companies domiciled in the People's Republic of China, listed on the Hong Kong Stock Exchange and denominated in Hong Kong dollars.

LUXURY BRANDS EQUITY is denominated in Euro.

On behalf of LUXURY BRANDS EQUITY equities which are either issued by issuers from so-called emerging market countries and/or which are denominated in, or economically linked to, currencies of emerging market countries may be acquired. The term "emerging markets" is generally taken to mean the markets of countries that are in the process of developing into modern industrialised countries and thus display a high degree of potential but also involve a greater degree of risk. In particular, these include the countries included in the *S&P Emerging Broad Market Index* or the *MSCI Emerging Markets Index*.

**Potential investors are advised that investments in emerging market countries are associated with increased risk. In particular, the investments are subject to the following risks:**

- a) trading volumes in relation to the securities may be low or absent on the securities market involved, which can lead to liquidity problems and serious price fluctuations;
- b) uncertainties surrounding political, economic and social circumstances, with the associated dangers of expropriation or seizure, of unusually high inflation rates, prohibitive tax measures and other negative developments;
- c) potentially serious fluctuations in the foreign exchange rate, different legal frameworks, existing or potential foreign exchange export restrictions, customs or other restrictions, and any laws and other restrictions applicable to investments;
- d) political or other circumstances which restrict the investment opportunities of the Subfund, for example restrictions with regard to issuers or industries deemed sensitive to relevant national interests;

- e) the absence of sufficiently developed legal structures governing private or foreign investments and potentially inadequate safeguards with respect to private ownership;
- f) the purchase and the sale of equity interests in certain investments can be subject to considerable delays, and in certain circumstances the transactions may be performed at unfavourable prices because the clearing, settlement and government systems are not as well developed as in more developed markets; and
- g) under exceptional circumstances, because of limited investment opportunities, the Subfund may suffer losses or may not be in a position to fully achieve its investment objectives or follow its investment strategy, due to investment restrictions in China, illiquidity of the Chinese market for A-shares or due to a delay or interruption in the execution or settlement of transactions.

Foreign exchange export restrictions and other related regulations in these countries may also lead to the delayed repatriation of all or some of the investments or may prevent them being repatriated in full or in part, with the result that there may be a delay in the payment of the Redemption Price.

Furthermore, investors should be aware of the increased risk associated with investments in "China A" shares, which is described in the section 6.13, "Risks associated with investments in the People's Republic of China".

#### SUSTAINABILITY RISKS

The investments of this Sub-Fund are subject to sustainability risk as described and defined in the Sustainability Risk Statement applicable to the companies of the GAM Group including the Company and summarised in the section "Sustainability" of the Prospectus. The value of equity securities is linked to the business environment and performance of the relevant issuer, which may be affected by changes in the types of sustainability-related conditions and events. Changing sustainability conditions or events may contribute to increased volatility in the Sub-Fund to the extent that they are material to the performance of the issuer.

#### INTEGRATION OF SUSTAINABILITY RISKS

Sustainability risk will be integrated into the Sub-Fund's investment process in the manner further described in the "Sustainability" section of the Prospectus and in the Sustainability Risk Statement.

Sustainability risks are taken into account in the respective investment process of the Sub-fund alongside other relevant risk factors. The assessment of sustainability risks and the way in which these are incorporated into investment decisions is either quantitative or essentially qualitative and varies depending on the investment strategy.

#### MAIN ADVERSE IMPACTS ON SUSTAINABILITY FACTORS

The Sub-Fund considers the main adverse impacts of its investment decisions on sustainability factors in accordance with Article 7 of the SFDR as part of the investment process in a qualitative and/or quantitative manner, depending on the relevance of the specific indicator and the quality and availability of the data. For further information on how the Sub-Fund considers PAIs, please refer to the Annex to this Prospectus and to GAM's Key Negative Sustainability Impact Statement.

#### ENVIRONMENTAL AND SOCIAL CHARACTERISTICS

The Sub-Fund promotes environmental or social features within the meaning of Article 8 of the SFDR and as further described in the Appendix to this Prospectus.

The Sub-Fund excludes issuers that are involved in certain activities that are considered negative for the environment and society and also actively engages with invested companies as part of the integration of ESG research into the investment process.

Although the Sub-Fund promotes environmental characteristics in the manner described in the Appendix to this Prospectus, it does not currently undertake to invest in "sustainable investments" within the meaning of the SFDR. Accordingly, it should be noted that the investments underlying this Sub-Fund do not take into account the EU criteria for environmentally sustainable economic activities.

Investors with specific sustainability preferences or sustainability-related objectives should review in detail the relevant disclosures in the Appendix to ensure that the Sub-Fund's sustainability profile reflects those preferences or objectives in addition to their financial objectives and risk tolerance. Any decision to invest in the Sub-Fund should take into account both the financial and non-financial characteristics of the Sub-Fund. There can be no guarantee that sustainability-related characteristics will be met.

#### RISK OF THE ESG INVESTMENT STRATEGY

The Sub-Fund is subject to the risk that its investment strategy may select, prevent or require the sale of securities of particular issuers for reasons other than investment performance or other financial considerations. As a result, the Sub-Fund may underperform other funds with a similar financial objective that do not incorporate non-financial considerations into their investment strategy and may suffer investment losses to the extent it is required to dispose of a security due to such non-financial considerations.

#### **GAM Multistock - MERGER ARBITRAGE**

The Company's investment objective in relation to GAM Multistock - MERGER ARBITRAGE ("MERGER ARBITRAGE") is to outperform the return of the relevant risk-free interest rate<sup>1</sup> with low correlation to equity market fluctuations by investing in equities of companies involved in mergers, takeovers, tender offers, spin-offs, squeeze-outs, purchases of majority or minority stakes and asset sales. To a lesser extent, the Subfund may also invest in shares of companies whose prices may be affected by inclusion in or exclusion from stock indices.

The Subfund's principal investment strategy is low-risk merger arbitrage, which seeks to take advantage of a spread between the price at which a company (the target company) trades following the announcement of a transaction and the price at which an acquiring company (the acquirer) has announced it will pay for that target company. The spread between these two prices is due to the uncertainty of whether the transaction can be completed on the announced economic terms. The size of the spread itself depends on the perceived risk of closing the deal as well as the expected time to close the deal. The spread is higher when there is a lower probability that the proposed transaction will occur.

The Investment Manager utilises the strategy by investing either through direct investments or through derivatives long positions in equities and/or through derivatives long or short positions in companies that are the subject of mergers, acquisitions, tender offers, spin-offs or other corporate activities.

The Subfund is not subject to any geographical or market capitalisation restrictions. However, in structuring the portfolio, the Investment Manager will primarily seek opportunities in developed markets and will focus on non-hostile transactions where the company being acquired agrees to the buyout. The percentage of the Subfund's net assets allocated to different countries and economic sectors is determined by the emergence of new corporate transactions. In addition, for investment liquidity reasons, a particular focus will be placed on companies with a market capitalisation of over USD 200 million.

In implementing the investment policy, the Company will only invest in assets permitted under Article 41(1) of the 2010 Law and in compliance with all regulations and regulatory circulars issued thereunder.

The main types of transactions that the Subfund will engage in are:

- (i) **Cash Offerings:** The Investment Manager will seek to benefit from the price differential that normally exists between the market price of the security following the announcement of a cash offer and the expected value at the conclusion of a transaction. The Investment Manager may do this by purchasing the shares of the target company and then tendering them to the acquirer for cash, thereby securing the difference between the purchase price and the transaction price. The Investment Manager may purchase put options on the shares of the target company to hedge against a loss in value if the transaction does not occur. Put options allow the Investment Manager to sell the shares of the target company at a predetermined price within a specified time frame, which should reduce the likelihood of having to sell the shares of the target company at a loss.

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<sup>1</sup> A risk-free interest rate means an interbank interest rate that varies by currency. The relevant risk-free interest rates are set out in Appendix II to this Prospectus.

- (ii) **Share Offerings:** In transactions involving a share offer, the acquirer proposes to acquire the target company by exchanging its own shares for the target company's shares at a predetermined ratio. The Investment Manager may purchase the target's shares and establish a short position in the acquirer's shares through the use of contracts for difference ("CFD"), single stock futures, put options or total return swaps, taking into account the specified exchange ratio. The short position in the acquirer's shares aims to hedge the portfolio against price fluctuations in the acquirer's shares by selling the target's shares at a predetermined price, thereby reducing the likelihood of having to sell the target's shares at a loss.
- (iii) **Cash and share Offerings:** In a cash and share offer, the acquirer proposes to acquire the target company by exchanging its own shares and a specified amount of cash for the target company's shares at a predetermined ratio. The Investment Manager may, through the use of CFDs, single stock futures, put options or total return swaps, establish a short position in the acquiring company's shares and purchase the target company's shares, taking into account (i) the specified exchange ratio and (ii) the cash and share split. The short position in the acquirer's shares aims to hedge the portfolio against price fluctuations of the acquirer's shares by selling the target company's shares at a pre-determined price, thereby reducing the likelihood of having to sell the target company's shares at a loss.

In order to pursue the investment strategy, the Subfund will take long positions in the target company and hold synthetic short positions in the acquiring company.

Consequently, the Subfund may invest directly in equities and equity related securities such as American Depositary Receipts, Global Depositary Receipts and International Depositary Receipts listed or traded on a Regulated Market worldwide. These are usually issued by a bank or trust company and evidence ownership of the underlying securities issued by a foreign company.

The Subfund may also take long exposure to equities and equity related securities by using the following derivative instruments: (i) options (ii) single stock futures (iii) CFDs and (iv) total return swaps. Such derivative instruments will be entered into when the Investment Manager believes that such instruments are more appropriate or cost effective for accessing the relevant underlying equities or for limiting downside risk. For the same reason, the Subfund may also take long exposure to equities through the use of convertible bonds.

The Subfund may take short positions in the acquiring company if the transaction involves the transfer of securities of the relevant company. Short positions will be realised through the use of the following derivative instruments: (i) options, (ii) single stock futures, (iii) CFDs and (iv) total return swaps.

The Investment Manager may also sell options if it believes that speculation has led to an overvaluation of an option that makes its sale attractive from a risk-reward perspective.

The Subfund may additionally invest up to 10% of its net assets in Special Purposes Acquisition Companies (SPACs). Investors are referred to the risk disclosures under section 6.13 "Risks Associated with Special Purpose Acquisition Companies ("SPACs)".

In order to increase the diversification of the portfolio, the Investment Manager may also consider other arbitrage opportunities including those arising from the review of stock indices resulting in the inclusion or deletion of companies, which in turn affects the price of their shares.

The Subfund may take long positions in the shares of companies that are included in equity indices and short positions in the shares of companies that are removed from equity indices while hedging against equity market movements by holding offsetting positions in equity market indices through the derivatives listed above.

The Subfund may engage in secondary placements of shares at a discount to the market price or seek arbitrage opportunities across different share classes of the same company, dual listings of the same company or the holding structure of a company.

The total net long position in the above instruments is not expected to exceed 250% of the Subfund's Net Asset Value and the total net short position in these instruments is not expected to exceed 100% of the Subfund's Net Asset Value when calculated using the commitment approach. This method differs from the

"sum of notionals" method used to calculate the Subfund's level of leverage as described below in section "6.14 Leverage".

The market risk of MERGER ARBITRAGE incurred through the use of financial derivative instruments is monitored and limited in accordance with CSSF Circular 11/512 using the **absolute Value-at-Risk (VaR) method**. VaR is a risk measure defined as the maximum expected loss over a given period of time and under normal market conditions at a given confidence interval.

As part of the risk management process, a maximum monthly (20-day) VaR limit of 20% is set for MERGER ARBITRAGE, with a confidence interval of 99%.

Any leverage arising from synthetic short selling will be measured and added to any leverage arising from the use of long derivative instruments. Synthetic short derivative exposure carries the risk of a theoretically unlimited increase in the market price of the underlying positions and therefore the risk of an unlimited loss.

In addition, the Subfund may, in certain circumstances, hold or redeploy up to 49% of its net assets in (i) deposits (max. 20%), government debt securities and money market instruments, (ii) investment grade corporate debt securities and/or (iii) securities issued or guaranteed by a Member State, its local authorities, a third country or a public international body belonging to one or more Member States.

Such circumstances include market conditions which may necessitate a defensive investment strategy, holding cash pending reinvestment, holding cash to cover redemptions and payments of expenses or to support derivative exposures or other exceptional market circumstances such as a market crash or major crisis which in the reasonable opinion of the Investment Manager would be likely to have a material adverse effect on the performance of the Subfund.

Additional liquid assets may amount to up to 20% of the total assets of MERGER ARBITRAGE. These additional liquid assets are limited to demand deposits, such as cash, which are held in the Sub-fund's current bank accounts and are available at all times. The 20% limit may only be exceeded temporarily for a strictly necessary period if circumstances so require due to exceptionally adverse market conditions (e.g. wars, terrorist attacks, health crises or other similar events) and if such an excess is justified having regard to the best interests of the investors.

The MERGER ARBITRAGE may invest in liquid assets for liquidity purposes, i.e. money market instruments as defined in Section 5 as well as money market funds and overnight deposits.

Currency risks arising from investments in assets denominated in currencies other than the base currency are generally hedged through the use of forward currency contracts and currency swaps.

Interest bearing securities which are not rated may be purchased if the Investment Manager considers them to be of comparable quality.

In addition, the Subfund is not permitted to invest in asset-backed securities (ABS), mortgage-backed securities (MBS), asset-backed commercial paper, collateralised debt obligations, collateralised mortgage obligations, collateralised bond obligations and collateralised loan obligations.

#### **INFORMATION RELATED TO DERIVATIVES**

In order to achieve its investment objective, the Subfund may also use financial derivative instruments or special investment techniques and financial instruments. The Subfund may use the derivatives listed below for investment purposes and/or for efficient portfolio management purposes (i.e. (i) to reduce risk, (ii) to reduce costs or (iii) to generate additional capital or income for the Subfund in an amount consistent with its risk profile):

- Forward foreign exchange contracts and currency swaps (see Section 6.7);
- Forward contracts and options on forward contracts (see Section 6.2);
- Options (see Section 6.1);
- Contracts for Difference (see Section 6.11);
- Total Return Swaps (see Section 6.9).

The derivative instruments that may be held by the Subfund thus include currency forwards, currency swaps, futures, call and put options (including equity options and index options), contracts for difference and total return swaps. The derivatives are used to gain long or short exposure to the underlying assets listed above in order to achieve the Subfund's investment objective.

The Subfund enters into certain currency related transactions to hedge the currency exposure of the Classes denominated in a currency other than the Base Currency as described in section 6.7 "Currency Hedging Techniques and Instruments".

The derivatives may be traded over-the-counter or on a regulated market.

For further details on the above derivatives and the risks to which the Subfund may be exposed through the use of derivative instruments for the above purposes, please refer to section 6 "Special investment techniques and financial instruments".

#### **INFORMATION RELATED TO SUSTAINABILITY RISKS**

The Subfund's investments are subject to sustainability risk as set out and defined in the section "Sustainability Disclosures in the Financial Services Sector" (Chapter 7) of the Prospectus. The value of equity securities depends on the economic framework and the performance of the respective issuer, which may be affected by changes in ESG conditions. The Subfund's sustainability risk is rated as high.

The assessment of sustainability risk is an integral part of the Subfund's investment process and is carried out at regular intervals on an individual basis for all investments held in the portfolio.

For the purposes of assessing sustainability risk, the Investment Manager may use any public sustainability information it considers relevant, such as publicly available reports of invested companies or data produced and published by external data providers and credit ratings (where appropriate).

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

#### **GAM Multistock – SWISS SMALL & MID CAP EQUITY**

The investment objective of the Company in relation to GAM Multistock – SWISS SMALL & MID CAP EQUITY ("SWISS SMALL & MID CAP EQUITY") is to achieve long-term capital growth by investing at least two thirds of the fund's assets in a portfolio of carefully selected shares, other equity securities and warrants on shares and equity securities (up to a maximum of 15% of the assets of the Subfund), of companies with their registered office or the major part of their business activities in Switzerland, whose capitalisation at the time of investment represents less than 1% of the total capitalisation of the Swiss equity market. It is also possible to purchase securities from issuers not having good credit standing according to market assessments. Compared with securities from issuers with higher capitalisation, these securities must be expected to show higher-than-average volatility, and even the complete loss of some investments cannot be ruled out.

The SWISS SMALL & MID CAP EQUITY promotes environmental or social characteristics but does not aim at sustainable investments. SWISS SMALL & MID CAP EQUITY excludes those issuers whose business activities have a negative impact on the environment and society. In addition, the Subfund conducts active engagement with the invested companies and integrates sustainability research into the investment process as described in Appendix I Environmental and/or Social Characteristics.

Furthermore the Company may invest up to a maximum of one third of the assets of SWISS SMALL & MID CAP EQUITY in other assets such as carefully selected shares or other equity securities and equity rights of companies with their registered office or the major part of their business activities in recognised countries, or in fixed-interest or floating-rate securities, convertible and warrant bonds, in warrants on shares or other equities and equity rights of issuers from recognised countries. Purchases of warrants involve increased risks due to the higher volatility of such investments.

Additional liquid assets may amount to up to 20% of the total assets of SWISS SMALL & MID CAP EQUITY. These additional liquid assets are limited to demand deposits, such as cash, which are held in the sub-fund's current bank accounts and are available at all times. The 20% limit may only be exceeded temporarily for an



absolutely necessary period if circumstances so require due to exceptionally unfavourable market conditions (e.g. wars, terrorist attacks, health crises or other similar events) and if such an excess is justified taking into account the best interests of the investors.

The SWISS SMALL & MID CAP EQUITY may invest in liquid assets for liquidity purposes, i.e. money market instruments as defined in section 5 as well as money market funds and overnight deposits.

SWISS SMALL & MID CAP EQUITY is denominated in Swiss Francs. The investments of SWISS SMALL & MID CAP EQUITY may be denominated in Swiss francs or other currencies. Foreign currency risks may be fully or partially hedged. A depreciation caused by exchange-rate fluctuations cannot be ruled out.

#### **SUSTAINABILITY RISKS**

The investments of this Sub-Fund are subject to sustainability risk as described and defined in the Sustainability Risk Statement applicable to the companies of the GAM Group including the Company and summarised in the section "Sustainability" of the Prospectus. The value of equity securities is linked to the business environment and performance of the relevant issuer, which may be affected by changes in the types of sustainability-related conditions and events. Changing sustainability conditions or events may contribute to increased volatility in the Sub-Fund to the extent that they are material to the performance of the issuer.

#### **INTEGRATION OF SUSTAINABILITY RISKS**

Sustainability risk will be integrated into the Sub-Fund's investment process in the manner further described in the "Sustainability" section of the Prospectus and in the Sustainability Risk Statement.

Sustainability risks are taken into account in the respective investment process of the Sub-fund alongside other relevant risk factors. The assessment of sustainability risks and the way in which these are incorporated into investment decisions is either quantitative or essentially qualitative and varies depending on the investment strategy.

#### **MAIN ADVERSE IMPACTS ON SUSTAINABILITY FACTORS**

The Sub-Fund considers the main adverse impacts of its investment decisions on sustainability factors in accordance with Article 7 of the SFDR as part of the investment process in a qualitative and/or quantitative manner, depending on the relevance of the specific indicator and the quality and availability of the data. For further information on how the Sub-Fund considers PAIs, please refer to the Annex to this Prospectus and to GAM's Key Negative Sustainability Impact Statement.

#### **ENVIRONMENTAL AND SOCIAL CHARACTERISTICS**

The Sub-Fund promotes environmental or social features within the meaning of Article 8 of the SFDR and as further described in the Appendix to this Prospectus.

The Sub-Fund excludes issuers that are involved in certain activities that are considered negative for the environment and society and also actively engages with invested companies as part of the integration of ESG research into the investment process.

Although the Sub-Fund promotes environmental characteristics in the manner described in the Appendix to this Prospectus, it does not currently undertake to invest in "sustainable investments" within the meaning of the SFDR. Accordingly, it should be noted that the investments underlying this Sub-Fund do not take into account the EU criteria for environmentally sustainable economic activities.

Investors with specific sustainability preferences or sustainability-related objectives should review in detail the relevant disclosures in the Appendix to ensure that the Sub-Fund's sustainability profile reflects those preferences or objectives in addition to their financial objectives and risk tolerance. Any decision to invest in the Sub-Fund should take into account both the financial and non-financial characteristics of the Sub-Fund. There can be no guarantee that sustainability-related characteristics will be met.

#### **RISK OF THE ESG INVESTMENT STRATEGY**

The Sub-Fund is subject to the risk that its investment strategy may select, prevent or require the sale of securities of particular issuers for reasons other than investment performance or other financial considerations. As a result, the Sub-Fund may underperform other funds with a similar financial objective that

do not incorporate non-financial considerations into their investment strategy and may suffer investment losses to the extent it is required to dispose of a security due to such non-financial considerations.

#### **GAM Multistock – SWISS EQUITY**

The investment objective of the Company in relation to GAM Multistock – SWISS EQUITY (“SWISS EQUITY”) is to achieve long-term capital growth by investing at least two thirds of the fund’s assets in a portfolio of carefully selected shares, other equity securities and warrants on shares and equity securities (up to a maximum of 15% of the assets of the Subfund) of companies with their registered office or major part of their business activities in Switzerland.

The SWISS EQUITY promotes environmental or social characteristics but does not aim at sustainable investments. SWISS EQUITY excludes those issuers whose business activities have a negative impact on the environment and society. In addition, the Subfund conducts active engagement with the invested companies and integrates sustainability research into the investment process as described in Appendix I Environmental and/or Social Characteristics.

Furthermore the Company may invest up to a maximum of one third of the assets of SWISS EQUITY in other assets such as carefully selected shares or other equity securities and equity rights of companies with their registered office or the major part of their business activities in recognised countries, or in fixed-interest or floating-rate securities, convertible and warrant bonds, in warrants on shares or other equities and equity rights of issuers from recognised countries. Purchases of warrants involve increased risks due to the higher volatility of such investments. Within the framework of the permitted use of derivatives, warrants attached to securities and similar financial instruments may also be held.

Additional liquid assets may amount to up to 20% of the total assets of SWISS EQUITY. These additional liquid assets are limited to demand deposits, such as cash, which are held in the sub-fund’s current bank accounts and are available at all times. The 20% limit may only be exceeded temporarily for an absolutely necessary period if circumstances so require due to exceptionally unfavourable market conditions (e.g. wars, terrorist attacks, health crises or other similar events) and if such an excess is justified taking into account the best interests of the investors.

SWISS EQUITY may invest in liquid assets for liquidity purposes, i.e. money market instruments as defined in section 5 as well as money market funds and deposits repayable on demand.

SWISS EQUITY is denominated in Swiss Francs. The investments of SWISS EQUITY may be denominated in Swiss francs or other currencies. Foreign currency risks may be fully or partially hedged. A depreciation caused by exchange-rate fluctuations cannot be ruled out.

#### **SUSTAINABILITY RISKS**

The investments of this Sub-Fund are subject to sustainability risk as described and defined in the Sustainability Risk Statement applicable to the companies of the GAM Group including the Company and summarised in the section "Sustainability" of the Prospectus. The value of equity securities is linked to the business environment and performance of the relevant issuer, which may be affected by changes in the types of sustainability-related conditions and events. Changing sustainability conditions or events may contribute to increased volatility in the Sub-Fund to the extent that they are material to the performance of the issuer.

#### **INTEGRATION OF SUSTAINABILITY RISKS**

Sustainability risk will be integrated into the Sub-Fund’s investment process in the manner further described in the "Sustainability" section of the Prospectus and in the Sustainability Risk Statement.

Sustainability risks are taken into account in the respective investment process of the Sub-fund alongside other relevant risk factors. The assessment of sustainability risks and the way in which these are incorporated into investment decisions is either quantitative or essentially qualitative and varies depending on the investment strategy.

#### **MAIN ADVERSE IMPACTS ON SUSTAINABILITY FACTORS**

The Sub-Fund considers the main adverse impacts of its investment decisions on sustainability factors in accordance with Article 7 of the SFDR as part of the investment process in a qualitative and/or quantitative

manner, depending on the relevance of the specific indicator and the quality and availability of the data. For further information on how the Sub-Fund considers PAIs, please refer to the Annex to this Prospectus and to GAM's Key Negative Sustainability Impact Statement.

#### ENVIRONMENTAL AND SOCIAL CHARACTERISTICS

The Sub-Fund promotes environmental or social features within the meaning of Article 8 of the SFDR and as further described in the Appendix to this Prospectus.

The Sub-Fund excludes issuers that are involved in certain activities that are considered negative for the environment and society and also actively engages with invested companies as part of the integration of ESG research into the investment process.

Although the Sub-Fund promotes environmental characteristics in the manner described in the Appendix to this Prospectus, it does not currently undertake to invest in "sustainable investments" within the meaning of the SFDR. Accordingly, it should be noted that the investments underlying this Sub-Fund do not take into account the EU criteria for environmentally sustainable economic activities.

Investors with specific sustainability preferences or sustainability-related objectives should review in detail the relevant disclosures in the Appendix to ensure that the Sub-Fund's sustainability profile reflects those preferences or objectives in addition to their financial objectives and risk tolerance. Any decision to invest in the Sub-Fund should take into account both the financial and non-financial characteristics of the Sub-Fund. There can be no guarantee that sustainability-related characteristics will be met.

#### RISK OF THE ESG INVESTMENT STRATEGY

The Sub-Fund is subject to the risk that its investment strategy may select, prevent or require the sale of securities of particular issuers for reasons other than investment performance or other financial considerations. As a result, the Sub-Fund may underperform other funds with a similar financial objective that do not incorporate non-financial considerations into their investment strategy and may suffer investment losses to the extent it is required to dispose of a security due to such non-financial considerations.

## 4. INVESTOR PROFILE

### JAPAN EQUITY and SWISS EQUITY

Each of these Subfunds is suitable for investors who have experience with volatile investments, have sound knowledge of the capital markets and wish to participate in the performance of the capital markets so as to pursue their specific investment objectives. Investors must expect fluctuations in the value of the investments, which may temporarily even lead to substantial loss of value. Each of these Subfunds may be used as a basic investment within the portfolio.

### MERGER ARBITRAGE

This Subfund is suitable only for experienced investors who have experience with volatile investments, have in-depth knowledge of the capital markets and wish to profit specifically from market developments in specialized markets and are familiar with the specific opportunities and risks of these market segments. Investors have to expect fluctuations in value, which can temporarily also lead to losses in value. In a broadly diversified overall portfolio, this subfund can be used as a supplementary investment.

### LUXURY BRANDS EQUITY

This Subfund is suitable for investors who have experience with volatile investments, have sound knowledge of the capital markets and wish to participate in the performance of the capital markets so as to pursue their specific investment objectives. Investors must expect fluctuations in the value of the investments, which may temporarily even lead to substantial loss of value. This Subfund may be used as a supplementary investment within a portfolio.

**ASIA FOCUS EQUITY, CHINA EVOLUTION EQUITY, EMERGING MARKETS EQUITY and SWISS SMALL & MID CAP EQUITY**

Each of these Subfunds is suitable only for experienced investors who have experience with volatile investments, have in-depth knowledge of the capital markets and wish to target their investments so as to benefit from developments in specialised markets and are familiar with the opportunities and risks specific to these market segments. Investors must expect fluctuations in the value of the investments, which may temporarily even lead to very substantial loss of value. Each of these Subfunds may be used as a supplementary investment within a widely diversified portfolio.

**5. INVESTMENT LIMITS**

**1. INVESTMENTS IN SECURITIES, MONEY MARKET INSTRUMENTS, DEPOSITS AND DERIVATIVES**

These investments comprise:

- (a) Transferable securities and money market instruments:
  - which are admitted to or dealt in on a regulated market within the meaning of Directive 2004/39/EC;
  - which are dealt in on another regulated market in a member state of the European Union ("EU") which is recognised, open to the public and operates regularly;
  - which are admitted to official listing on a stock exchange in a non-EU state<sup>2</sup> or are traded on another regulated market of a non-EU state which is recognised, open to the public and operates regularly;
  - resulting from new issues, provided the terms of issue contain an undertaking to apply for official listing on a stock exchange or another regulated market which is recognised, open to the public and operates regularly, and that the admission will be obtained within one year of the issue.
- (b) Sight deposits or deposits repayable on demand maturing in no more than twelve (12) months with qualified credit institutions whose registered office is located in a member state of the EU or in a member state of the OECD or in a country that has ratified the resolutions of the Financial Action Task Force ("FATF" or Groupe d'Action Financière Internationale "GAFI") ("qualified credit institutions").
- (c) Derivatives, including equivalent cash-settled instruments, which are dealt in on a regulated market as specified in (a), first, second or third indent, and/or OTC (over the counter) derivatives provided that:
  - the underlying securities are instruments as defined by Article 41 paragraph 1 of the 2010 Law or are financial indices, interest rates, foreign exchange rates or currencies in which the Subfund may invest according to its investment objectives;
  - the counterparties in transactions with OTC derivatives are institutions subject to supervision belonging to the categories approved by the 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 offsetting transaction at any time at the initiative of the Company at their fair value.
- (d) Shares in UCITS authorised in accordance with Directive 2009/65/EC and/or other UCIs within the meaning of Article 1 (2), first and second indent of Directive 2009/65/EC having their registered office in a member state of the EU or a non-EU state, provided that:

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<sup>2</sup> As used in the Directive 2009/65/EC, a non-EU state is a country which is not a member of the EU.

- such other UCIs are authorised in accordance with legal requirements which subject them to prudential supervision considered by the CSSF to be equivalent to that under the EU Community law and that there is sufficient guarantee of cooperation between the authorities;
- the level of protection for unitholders of such other UCIs is equivalent to the level of protection for the unitholders of a UCITS and in particular that the requirements for segregation of the fund's assets, borrowing, lending and uncovered sales of transferable securities and money market instruments are equivalent to the requirements of Directive 2009/65/EC;
- the business activities of the other UCIs are subject to semi-annual and annual reports which enable an assessment of the assets and liabilities, income and transactions over the reporting period;
- the UCITS or this other UCI, whose units are to be acquired may, according to its constitutional documents, invest in total no more than 10% of its net asset value in units of other UCITS or other UCIs.

If the Company purchases units in other UCITS and/or other UCIs which are managed directly or indirectly by the same Management Company or by another company to which the Management Company is linked by common administration or control or by a significant direct or indirect shareholding, the Management Company or the other company may not charge the Company any fees for subscription or redemption of shares in other UCITS and/or UCI.

A Subfund may invest in other Subfunds of the Company, subject to the prerequisites laid down in Article 181 paragraph 8 of the 2010 Law.

- (e) Money market instruments which are not traded on a regulated market and fall under the definition of Article 1 of the 2010 Law, provided the issue or issuer of these instruments is itself subject to regulations concerning the protection of savings and investors, and provided:
- they are issued or guaranteed by a central governmental, regional or local authority or the central bank of an EU member state, the European Central Bank, the EU or the European Investment Bank, a non-EU state or, in the case of a federal state, one of the members making up the federation, or by a public international institution to which at least one EU member state belongs; or
  - they are issued by an undertaking whose securities are traded on the regulated markets designated in 1. (a); or
  - they are issued or guaranteed by an establishment subject to supervision in accordance with the criteria defined by EU Community law, or by an institution which is subject to and complies with prudential rules which in the opinion of the CSSF are at least as stringent as those under EU Community law; or
  - they are issued by other issuers belonging to a category approved by the CSSF provided such instruments are subject to investor protection regulations which are equivalent to those of the first, second or third indent and provided the issuer is either a company with own funds of at least ten (10) million Euro which presents and publishes its annual accounts in accordance with the provisions of the 4th Directive 78/660/EEC, or an entity within a group comprising one or more companies listed on an official stock exchange which is dedicated to the financing of that group, or is an entity which is dedicated to the financing of the securitisation vehicles which benefit from a banking liquidity line.
- (f) However:
- the Company may invest no more than 10% of the net asset value per Subfund in transferable securities and money market instruments other than those referred to in (a) to (e);
  - the Company may not acquire precious metals or certificates representing them.
- (g) The Company may hold ancillary liquid assets.

**2. INVESTMENT RESTRICTIONS**

- (a) The Company may invest no more than 10% of the net asset value per Subfund in transferable securities or money market instruments of one and the same issuer. The Company may invest no more than 20% of the net asset value per Subfund in deposits made with one and the same institution.

The risk exposure to counterparty in OTC-derivatives transactions by the Company must not exceed the following percentages:

- 10% of the net asset value of each Subfund when the counterparty is a qualified credit institution;
- and otherwise 5% of the net asset value of each Subfund.

In the case of UCITS, the aggregate risk exposure is determined either by using the Commitment Approach or by means of a model approach (Value-at-risk model), which takes into account all general and specific market risks that may lead to a significant change in the value of the portfolio. If the Commitment Approach is used, the aggregate risk associated with derivatives (market risk) of each Subfund must not exceed the net asset value of the Subfund concerned. If a Subfund uses a value-at-risk (VaR) method to calculate its aggregate risk, the calculation of the VaR is based on a 99% confidence interval. The holding period corresponds to one month (20 days) for the purpose of calculating the aggregate risk.

The calculation of the aggregate risk is done for the respective Subfund, either using the Commitment Approach or according to the VaR model (absolute or relative VaR with the corresponding benchmark) as listed in the table below.

SUBFUNDS	RELATIVE VAR / ABSOLUTE VAR/ COMMITMENT APPROACH	BENCHMARK USED TO CALCULATE THE RISK EXPOSURE (ONLY IN THE CASE OF RELATIVE VAR)
ASIA FOCUS EQUITY	Commitment Approach	/
CHINA EVOLUTION EQUITY	Commitment Approach	/
EMERGING MARKETS EQUITY	Commitment Approach	/
JAPAN EQUITY	Commitment Approach	/
LUXURY BRANDS EQUITY	Commitment Approach	/
MERGER ARBITRAGE	Absolute VaR	/
SWISS SMALL & MID CAP EQUITY	Commitment Approach	/
SWISS EQUITY	Commitment Approach	/

The aggregate risk of the underlying instruments must not exceed the investment limits set out in (a) to (f). The underlying instruments of index-based derivatives do not have to observe these investment limits. However, if a derivative is embedded in a transferable security or money market instrument, it must be taken into account for the purpose of the provisions of this section.

- (b) The total value of the issuers' securities and money market instruments in which a Subfund invests more than 5% of its net asset value must not exceed 40% of its net asset value. This limitation does not apply to deposits or OTC derivative transactions made with financial institutions subject to prudential supervision.
- (c) Irrespective of the individual maximum limits under (a), a Subfund may invest not more than 20% of its net asset value with a single institution in a combination of:
- transferable securities or money market instruments issued by this institution and/or
  - deposits made with this institution and/or
  - OTC derivatives transactions undertaken with this institution.

- (d) The limit stated in (a), first sentence, is raised to 35% if the transferable securities or money market instruments are issued or guaranteed by an EU member state or by its public local authorities, by a non-EU state or by public international institutions of which at least one EU member state is a member.
- (e) The limit stated in (a), first sentence, is raised to 25% for certain debt securities when they are issued by a credit institution with its registered office in an EU member state which is subject, by law, to special prudential supervision designed to protect investors in debt securities. In particular sums deriving from the issue of these debt securities must be invested in conformity with the law in assets which, during the whole period of validity of the debt securities, are capable of covering claims attaching to the debt securities and which, in case of failure of the issuer, would be used on a priority basis for the repayment of principal and of the accrued interest.
- If a Subfund invests more than 5% of its net asset value in the debt securities referred to in the above paragraph and which are issued by a single issuer, the total value of such investments may not exceed 80% of the net asset value of the Subfund concerned.
- (f) The transferable securities and money market instruments mentioned in (d) and (e) are not taken into account in the calculation of the limit of 40% referred to in (b).
- The limits stated in (a) to (e) may not be combined, and thus investments in accordance with (a) to (e) in transferable securities or money market instruments of one and the same issuer or in deposits with the said issuer or in derivatives made with that issuer may not exceed a total of 35% of the net asset value of a Subfund.
- Companies which are included in the same group for the purpose of consolidated accounts as defined in the Directive 83/349/EEC or in accordance with recognised international accounting rules are regarded as a single issuer for the purpose of calculating the aforementioned limits.
- The investments by a Subfund in transferable securities and money market instruments within the same group may cumulatively not exceed 20% of its net asset value, without prejudice to paragraph (e) above.
- (g) **Notwithstanding points (a) to (f), the Company is authorised in accordance with the principle of risk diversification to invest up to 100% of the net asset value of a Subfund in securities and money market instruments from different issues, which are issued or guaranteed by an EU member state or by its local authorities, by a member state of the OECD or by public international organisations of which at least one EU member state is a member, provided, however, that the Subfund must hold securities and money market instruments of at least six different issues, whereby the securities and money market instruments of each single issue may not account for more than 30% of the net asset value of the Subfund concerned.**
- (h) Without prejudice to the limits laid down in (j), the limits laid down in (a) for investments in shares and/or debt securities issued by the same issuer may be raised to a maximum of 20% if the investment strategy of the Subfund is to replicate the composition of a certain stock or debt securities index recognised by CSSF. This depends on the following conditions:
- that the composition of the index is sufficiently diversified;
  - that the index represents an adequate benchmark for the market to which it refers;
  - that the index is published in an appropriate manner.
- The limit laid down in the previous paragraph is raised to 35% where that proves to be justified by exceptional market conditions, in particular in regulated markets where certain transferable securities or money market instruments are highly dominant. The investment up to this limit is only permitted for a single issuer.
- (i) A Subfund may acquire units of target funds as defined in 5.1. (d) above, for a maximum of 10% of its net asset value if no investments in target funds beyond this limit are permitted in the section "Investment objectives and policy". However, if the section "Investment objectives and policy" permits

investments in target funds in an amount greater than 10 % of the net asset value of a Subfund, the Subfund may not

- invest more than 20% of its net asset value in one and the same target fund; and
- invest more than 30% of its net asset value in units of target funds that are not UCITS.

When applying these investment limits, each Subfund of a target fund is to be regarded as an independent issuer.

(j)

(A) The Company or the Management Company acting in connection with all of the investment funds which it manages and which qualify as a UCITS, may not acquire any shares carrying voting rights which would enable it to exercise significant influence over the management of an issuer.

(B) Moreover, for the respective Subfund the Company may acquire no more than:

- 10% of the non-voting shares from the same issuer;
- 10% of debt securities from the same issuer;
- 25% of the units of the same 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 at the time of acquisition if at that time the gross amount of debt securities or money market instruments or the net amount of the shares in issue cannot be calculated.

Paragraphs (A) and (B) shall not apply:

- to transferable securities and money market instruments issued or guaranteed by a EU member state or its local authorities;
- to transferable securities and money market instruments issued or guaranteed by a non-EU state;
- to transferable securities and money market instruments issued by public international institutions of which one or more EU member states are members;
- to shares held by the Company in the capital of a company incorporated in a non-EU state which invests its assets mainly in the securities of issuers having their registered office in that state, where under the legislation of that state, such a holding represents the only way in which the Company can invest in the securities of issuers of that state. This derogation, however, shall only apply if in its investment policy the company from the non-EU state complies with the limits laid down in (a) to (f) and (i) and (j) (A) and (B). Where the limits set in (a) to (f) and (i) are exceeded, (k) shall mutatis mutandis apply;
- to shares held by the Company alone or together with other UCIs in the capital of subsidiary companies which, exclusively on its own or their behalf carry on only the business of management, advice or marketing in the country where the subsidiary is located, in regard to the redemption of shares at the request of shareholders.

(k)

(A) The Company need not comply with the limits laid down herein when exercising subscription rights attaching to transferable securities and money market instruments which form part of its assets. While ensuring observance of the principle of risk diversification, each Subfund may derogate from the rules set out in (a) to (h) for a period of six months following the date of its launch.

(B) If the Company exceeds the limits referred to in (A) for reasons beyond its control or as a result of the exercise of subscription rights, it must adopt as a priority objective for its sales



transactions the remedying of that situation, taking due account of the interests of its shareholders.

- (l)
    - (A) The Company may not borrow. However, the Company may acquire foreign currencies by means of a "back-to-back" loan.
    - (B) By way of derogation from paragraph (A), the Company may (i) borrow up to 10% of its net asset value per Subfund provided that the borrowing is on a temporary basis, and (ii) borrow up to 10% of its net asset value provided that the borrowing is to make possible the acquisition of immovable property essential for the direct pursuit of its business; in no case may such borrowings and those referred to in (i) together exceed 15% of the net asset value concerned.
  - (m) The Company or the custodian bank may not grant loans or act as guarantor for third parties for the account of the Subfund, without prejudice to points (a) to (e) under point 1. This shall not prevent the Company from acquiring transferable securities or money market instruments or shares in target funds or financial instruments referred to in (c) and (e) under point 1 which are not fully paid.
  - (n) The Company or the custodian bank may not carry out uncovered sales of transferable securities, money market instruments, shares in target funds or financial instruments referred to in (c) and (e) under point 1.
  - (o) Additional liquid assets may amount to up to 20% of the total assets of the Company. These additional liquid assets are limited to demand deposits, such as cash, held in the Sub-Fund's current bank accounts and available at all times. The 20% limit may only be exceeded temporarily for an absolutely necessary period if circumstances so require due to exceptionally adverse market conditions (e.g. wars, terrorist attacks, health crises or other similar events) and if such excess is justified taking into account the best interests of the investors.
3. The Company may invest for liquidity purposes in liquid assets, i.e. money market instruments as defined in Section 5 as well as money market funds and overnight deposits. **FURTHER INVESTMENT GUIDELINES / INVESTMENT CONDITIONS**
- (a) The Company will not acquire securities which entail unlimited liability.
  - (b) The fund's assets must not be invested in real estate, precious metals, precious metal contracts, commodities or commodity contracts.
  - (c) The Company can implement further investment restrictions in order to comply with the requirements in countries in which Shares shall be offered for sale.
  - (d) As a consequence of the registration of the Subfunds GAM Multistock – LUXURY BRANDS EQUITY and the prospective registration of the Subfund GAM Multistock – EMERGING MARKETS EQUITY for public distribution in Taiwan, the use of derivatives for hedging purposes is only allowed up to a maximum of 100% of the value of the investment subject to hedging and the use of derivatives for efficient management is only allowed up to a maximum 40% of the assets of the Subfunds. Furthermore, at least 70% of the assets of the Subfund must be invested in shares
  - (e) Notwithstanding contrary provisions in the Prospectus and the respective Subfund's investment policy described above, the Subfunds JAPAN EQUITY, LUXURY BRANDS EQUITY, MERGER ARBITRAGE, SWISS SMALL & MID CAP EQUITY as well as SWISS EQUITY invest continually, in agreement with its investment policy, for as long as required, at least 51% of its net assets, and respectively, the Subfunds CHINA EVOLUTION EQUITY, ASIA FOCUS EQUITY and EMERGING MARKETS EQUITY at least 25% invest continually, in agreement with its investment policy, for as long as required, of its net assets in qualifying shares, so as to qualify as equity funds or mixed funds within the meaning of the German Investment Tax Act 2018 ("GITA", as amended). In doing so, the actual capital participation rates (within the meaning of the GITA) of target investment funds can be taken into account.

## **6. SPECIAL INVESTMENT TECHNIQUES AND FINANCIAL INSTRUMENTS**

In the interests of efficient management or for hedging purposes, the Company may make use of the following investment techniques and financial instruments for each Subfund. It may also use derivative financial instruments for investment purposes if appropriate provision is made for this in the investment policy. It must at all times comply with the investment restrictions stated in Part I of the 2010 Law and in the section "Investment limits" in this Prospectus and must in particular be aware of the fact that the underlying of derivative financial instruments and structured products used by each Subfunds have to be taken into account in the calculation of the investment limits stated in the previous section. The Company will at all times observe the requirements of CSSF Order 10-04 and of the Luxembourg and European regulations issued periodically when using special investment techniques and financial instruments.

In respect of each Subfund, the Company will also take into account the requirement to maintain an appropriate level of liquidity when employing special investment techniques and financial instruments (particularly in the case of derivatives and structured products).

### **6.1. OPTIONS ON SECURITIES**

The Company may, for each Subfund and regarding the permitted investments, buy and sell call or put options as long as they are traded on a regulated market or freely traded options (OTC options), provided the counterparties of such transactions are first class financial institutions specialising in transactions of this kind.

### **6.2. FINANCIAL FUTURES, SWAPS AND OPTIONS ON FINANCIAL INSTRUMENTS**

Subject to the exceptions listed below, futures and options on financial instruments are, as a matter of principle, limited to contracts traded on regulated markets. OTC derivatives may only be concluded if the counterparties are first class financial institutions which specialise in transactions of this kind.

#### **a) HEDGES AGAINST MARKET RISKS AND RISKS ASSOCIATED WITH STOCK MARKET PERFORMANCE**

For the purpose of hedging against poor market performance, the Company may, for each Subfund sell forward transactions and call options on share price indexes, bond market indexes or other indexes or financial instruments or buy put options on share price indexes, bond market indexes or other indexes or buy financial instruments or enter into swaps in which the payments between the Company and the counterparty depend on the development of certain share price indexes, bond market indexes or other indexes or financial instruments.

As these call and put transactions are for hedging purposes, there must be a sufficient correlation between the structure of the securities portfolio to be hedged and the composition of the stock index employed.

#### **b) HEDGES AGAINST INTEREST RATE RISKS**

For the purpose of hedging against the risks associated with changes in interest rates the Company may sell interest rate futures and call options on interest rates, buy put options on interest rates and enter into interest rate swaps, forward rate agreements and options on interest rate swaps (swaptions) with first class financial institutions specialising in transactions of this kind as part of OTC transactions for each Subfund.

#### **c) HEDGES AGAINST INFLATION RISKS**

For the purpose of hedging against risks resulting from an unexpected acceleration of inflation, the Company may conclude so-called inflation swaps with first class financial institutions specialising in this type of transaction as part of OTC transactions or make use of other instruments to hedge against inflation for each Subfund.

#### **d) HEDGES AGAINST CREDIT DEFAULT RISK AND THE RISK OF A DETERIORATION IN A BORROWER'S CREDIT STANDING**

For the purpose of hedging against credit default risk and the risk of losses owing to a deterioration in the borrower's credit standing, the Company may engage in credit options, credit spread swaps ("CSS"), credit default swaps ("CDS"), CDS (index) baskets, credit-linked total return swaps and similar credit derivatives with first class financial institutions specialising in transactions of this kind as part of OTC transactions for each Subfund.

**e) NON-HEDGING TRANSACTIONS ("ACTIVE MANAGEMENT")**

The Company may use financial derivatives for the purposes of efficient portfolio management for each Subfund. For instance, the Company may buy and sell forward contracts and options on all types of financial instruments and use derivatives with a view to managing currency fluctuations.

The Company can also enter into interest and credit swaps (interest rate swaps, credit spread swaps ("CSS"), credit default swaps ("CDS"), CDS (index) baskets, etc.), inflation swaps, options on interest rate and credit swaps (swaptions), but also swaps, options or other transactions in financial derivatives in which the Company and the counterparty agree to swap performance and/or income (total return swaps, etc.) for each Subfund. This also comprises Contracts for difference – ("CFD"). A contract for difference is a contract between two parties - the buyer and the seller - which stipulates that the seller will pay the buyer the difference between the current value of an asset (a security, instrument, basket of securities or index) and its value at the time the contract is concluded. If the difference is negative, the buyer owes the seller the (corresponding) payment. Contracts for difference allow Subfunds to take synthetic long or short positions with a variable collateral provision, where - unlike with futures contracts - the maturity date and the size of the contract are not fixed. The counterparties must be first-class financial institutions which specialise in such transactions.

**f) SECURITIES FORWARD SETTLEMENT TRANSACTIONS**

In the interests of efficient management or for hedging purposes, the Company may conclude forward transactions with broker/dealers acting as market makers in such transactions, provided they are first class financial institutions specialising in this type of transaction and participate in the OTC markets. The transactions in question include the purchase or sale of securities at their current price; delivery and settlement then take place on a later date that is fixed in advance.

Within an appropriate period in advance of the transaction settlement date, the Company can arrange with the broker/dealer either for it to sell or buy back the securities or for it to extend the time limit, all realised profits or losses from the transaction being paid to the broker/dealer or paid by it to the Company. However, the Company concludes purchase transactions with the intention of acquiring the securities in question.

The Company can pay the normal charges contained in the price of the securities to the broker/dealer in order to finance the costs incurred by the broker/dealer because of the later settlement.

**6.3. EFFICIENT PORTFOLIO MANAGEMENT – OTHER INVESTMENT TECHNIQUES AND INSTRUMENTS**

In addition to investments in derivative financial instruments, the Company may also make use of other investment techniques and instruments based on securities and money market instruments such as repurchase agreements (repurchase or reverse repurchase transactions) and securities lending transactions pursuant to the terms of the CSSF Circular 08/356 (as last amended and any replacement circular) and the Guidelines of the European Securities and Markets Authority ESMA/2012/832 (as implemented in Luxembourg by the CSSF Circular 13/559 (as last amended by the CSSF Circular 14/592), as well as any other guidelines introduced in this regard. Investment techniques and instruments based on securities and money market instruments that are used for the purposes of efficient portfolio management, including financial derivatives that are not used for direct investment purposes, shall fulfil the following criteria:

- (a) they are economically appropriate in that they are used cost-effectively;
- (b) they are used with one or more of the following specific aims:
  - i. To reduce risk;

- ii. To cut costs;
  - iii. Generation of additional capital or revenue for the Company, associated with a risk that is compatible with the risk profile of the Company and the relevant Subfunds of the Company and with the applicable rules on risk diversification;
- (c) their risks are appropriately captured by the Company's risk management process; and
- (d) they may not result in any change to the Subfund's declared investment objective or be associated with any substantial supplementary risks compared with the general risk strategy as described in the Prospectus or the key investor information.

Potential techniques and instruments for efficient portfolio management are detailed below and are subject to the conditions described below.

Moreover, such transactions may be entered into for 100% of the assets held by the Subfund concerned provided that (i) their scope remains appropriate or the Company is entitled to recall the securities that have been lent so that it is always in a position to meet its redemption obligations and (ii) such transactions do not jeopardise the management of the Company's assets in line with the investment policy of the Subfund concerned. Risk monitoring must be carried out in line with the Company's risk management process.

Efficient portfolio management may possibly have a negative impact on the return for shareholders.

Efficient portfolio management may lead to direct and indirect operational costs that are deducted from the revenue. These costs shall not include hidden charges.

Care shall also be taken to ensure that no conflicts of interest are created to the detriment of investors as a result of efficient portfolio management techniques being applied.

#### **6.4. SECURITIES LENDING**

##### **GENERAL INFORMATION**

For the purposes of generating additional capital or income or reducing costs and risks in the context of a standardised system and pursuant to the provisions of the CSSF Circular 08/356, (as last amended and any replacement circular) and the Guidelines of the European Securities and Markets Authority ESMA/2012/832 and other guidelines introduced in this regard, the Company is permitted to lend securities of a Subfund to third parties (up to a maximum of 100% of the estimated total value of the instruments of the Subfund, provided the Company has the right to terminate the contract at any time and recover the lent securities), although such transactions may only be carried out by recognised clearing houses such as Euroclear or Clearstream SA or other recognised national clearing houses or using highly rated financial institutions specialised in this type of transaction, and according to their terms of business. The counterparty to the securities lending agreement must be subject to prudential supervision rules considered by the CSSF to be equivalent to those prescribed by EU Community law. The rights to refund must in principle be protected by collateral security at a value which at the time the contract is entered into and throughout the lending term at least corresponds to the estimated total value of the relevant lent securities; this can be done through the provision of collateral security in the form of fixed-term deposits or securities which are issued or guaranteed by OECD member states, their local authorities or institutions of a supranational or regional character, or by other highly rated issuers, or else through the provision of collateral security in the form of shares in highly rated companies (on condition that hedging is provided against any fall in price between the time the collateral security is created and the time the lent security in question is returned), with such collateral security remaining blocked, on behalf of the Company, until expiry of the applicable securities lending transaction. The collateral received is not re-invested.

The Company must have the right to terminate at any time any securities lending agreement into which it has entered or to recall any security that has been lent.

All revenues arising from efficient portfolio management techniques, net of direct and indirect operational costs/fees, shall be returned to the respective Subfund.

From the gross revenues from securities lending, the services connected to it will be paid, such as particularly the depositary, lending agent, indemnification, consisting of a minimum amount and a pro-rate participation,

as well as a remuneration for risk and collateral management, legal and IT support to the Management Company. The Management Company will ensure that only market-compliant costs will be applied. The remaining revenues will be fully credited to the respective Subfund.

The Company shall further ensure that the volume of securities lending is maintained at an appropriate level or that the Company is entitled to have the lent securities returned in a manner that ensures that it is always in a position to meet its redemption obligations and that such transactions do not jeopardise the management of the assets of the Subfunds in accordance with its investment policy.

The risk exposures to a counterparty resulting from securities lending and OTC financial derivatives should be combined in order to calculate the counterparty risk pursuant to the Section "Risks in conjunction with the use of derivatives and other special investment techniques and financial instruments".

Non-cash collateral received may not be sold, re-invested or pledged during the term of the transaction. Cash collateral received should only be:

- placed on deposit with credit institutions described in Article 50(f) of the UCITS Directive;
- invested in high-quality government bonds;
- used for the purpose of reverse repurchase transactions provided that the transactions are with credit institutions subject to supervision and the Company is able to recall at any time the full amount of cash on accrued basis;
- invested in short-term money market funds, as defined in the Regulation (EU) 2017/1131 of the European Parliament and of the Council of 14 June 2017 on Money Market Funds ("Money Market Fund Regulation").

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

The Section "Risks in conjunction with the use of derivatives and other special investment techniques and financial instruments" contains further risk information in this regard.

**REGULATION (EU) 2015 / 2365 ON TRANSPARENCY OF SECURITIES FINANCING TRANSACTIONS AND REUSE AND AMENDING REGULATION (EU) No 648 / 2012**

Unless otherwise stated, the maximum proportion of a Subfund's assets that can be subject to Securities Lending is maximum 60% of that Subfund's Net Asset Value. However, the Investment Manager does anticipate that between 0 % and a maximum of 60% of the Net Asset Value of a Subfund will be subject to Securities Lending.

The types of assets that can be subject to Securities Lending transactions are those where such use is consistent with the investment policy of the relevant Subfund.

The revenue received by the respective Subfund arising from Securities Lending transactions is specified in the company's semi-annual and annual reports.

**INFORMATION ON EFFICIENT PORTFOLIO MANAGEMENT TECHNIQUES SPECIFIC TO THE SUBFUNDS**

The table below explains the basic features of the efficient portfolio management techniques used by the Subfunds, excluding the use of financial derivatives, which are described in the relevant Subfund's investment strategy description.

**EFFICIENT PORTFOLIO MANAGEMENT TECHNIQUE:** securities lending, repo or reverse repo. If more than one technique is used by a Subfund, each of these techniques will be listed in a separate line.

**CONDITIONS OF USE:** Explains how and under which conditions the described efficient portfolio management technique will be applied. The application may be either continuous or temporary or have other parameters. "Continuous" does not mean that the Investment Manager is obliged to apply such efficient portfolio management technique on a permanent basis.

**MAXIMUM AMOUNT:** The maximum ratio of the Net Asset Value of the Subfund to which the relevant efficient portfolio management technique may be applied at any one time.

**EXPECTED AMOUNT:** The expected ratio of the Subfund's Net Asset Value which may be simultaneously subjected to the relevant efficient portfolio management technique. This amount is not binding on the Investment Manager and is based on previous financial years.

**EXPECTED GROSS INCOME:** The ratio of the gross income from the efficient portfolio management technique that will be paid to the Subfund. The allocation of gross income is disclosed in the Company's annual reports. The Company, together with the Investment Manager(s), has appointed State Street Bank as Lending Agent for the Subfunds undertaking securities lending transactions. It is anticipated that 20% of gross income will be paid to the Lending Agent, 5% will be used to cover the Custodian's costs and fees and 4% will be used to cover the Management Company's costs. All operation costs / fees of the procedure will be paid from the Lending Agent's, Custodian's and Management Company's share of the gross proceeds (29%). This includes all direct and indirect costs/fees incurred by the securities lending transactions.

The Lending Agent is a related party to the Custodian.

Name of the Subfunds	Technique	Application conditions	Objective	Maximum amount	Expected amount	Expected gross income
Japan Equity	Securities Lending	Continued	Performance optimization	35 %	2-10 %	71 %
Asia Focus Equity	Securities Lending	Continued	Performance optimization	35 %	2-10 %	71 %
China Evolution Equity	Securities Lending	Continued	Performance optimization	35 %	2-10 %	71 %
Luxury Brands Equity	Securities Lending	Continued	Performance optimization	35 %	2-10 %	71 %
Swiss Equity	Securities Lending	Continued	Performance optimization	35 %	2-10 %	71 %
Swiss Small & Mid Cap Equity	Securities Lending	Continued	Performance optimization	35 %	2-10 %	71 %
Emerging Markets Equity	Securities Lending	Continued	Performance optimization	35 %	2-10 %	71 %

#### 6.5. SECURITIES REPURCHASE AGREEMENTS

In accordance with the provisions of the CSSF Circular 08/356 and the investment policy of the relevant Subfund the Company may engage in repurchase agreements ("Repurchase Agreements") and reverse repurchase agreements ("Reverse Repurchase Agreements") involving the purchase and sale of securities where the seller has the right or obligation to repurchase the securities sold from the buyer at a fixed price and within a certain period stipulated by both parties upon conclusion of the agreement.

The Company may effect repurchase transactions either as a buyer or a seller. However, any transactions of this kind are subject to the following guidelines:

- Securities may only be purchased or sold under a repurchase agreement if the counterparty is a first class financial institution specialising in this kind of transaction and which is subject to prudential supervision rules considered by the CSSF to be equivalent to those prescribed by EU Community law.
- As long as the repurchase agreement is valid, the securities bought cannot be sold before the right to repurchase the securities has been exercised or the repurchase period has expired.
- In addition, it must be ensured that the volume of repurchase agreements of each Subfund is structured in such a way that the Subfund can meet its redemption obligations towards its shareholders at any time.

If the Company agrees repurchase transactions for a Subfund, it must be able to either recall the underlying securities or terminate the transaction at any time. Repurchase Agreements that do not exceed seven days should be considered as transactions that allow the assets to be recalled at any time by the Company.

If the Company enters into a Reverse Repurchase Agreement, it should ensure that it is able at any time to recall the full amount of cash or to terminate the Reverse Repurchase Agreement on either an accrued basis

or a mark-to-market basis. When the cash is recallable at any time on a mark-to-market basis, the mark-to-market value of the reverse repurchase agreement should be used for the calculation of the net asset value. Reverse repurchase agreements that do not exceed seven days should be considered as arrangements on terms that allow the assets to be recalled at any time by the Company. The Company must publish the total amount of outstanding repurchase transactions as at the reference date in its yearly and half-yearly reports.

At the time of preparation of this Prospectus, none of the Company's Subfunds were invested in repurchase agreements, in accordance with Regulation (EU) 2015/2365 on the transparency of securities financing transactions and with Regulation (EU) No 648/2012 in its original and subsequent amended versions. Should this change in future, the Prospectus will be amended accordingly at the time of the next submission.

#### **6.6. MANAGEMENT OF COLLATERAL FOR OTC DERIVATIVES AND EFFICIENT PORTFOLIO MANAGEMENT TECHNIQUES**

The following provisions are in line with the requirements of the Guidelines of the European Securities and Markets Authority ESMA/2012/832, which may be amended in future.

1. Collateral received ("collateral") in connection with OTC derivative transactions and efficient portfolio management techniques, such as e.g. in the context of repurchase transactions or securities lending, must at all times fulfil all of the following criteria:
  - (a) **LIQUIDITY:** Any collateral received other than cash should be highly liquid and traded on a regulated market or multilateral trading facility with transparent pricing in order that it can be sold quickly at a price that is close to pre-sale valuation. Collateral received should also comply with the provisions of Article 48 of the 2010 Law.
  - (b) **VALUATION:** Collateral received should be able to be valued on a daily basis, and assets that exhibit high price volatility should not be accepted as collateral unless suitably conservative haircuts are in place.
  - (c) **ISSUER CREDIT QUALITY:** Collateral received should have a high credit rating.
  - (d) **CORRELATION:** The collateral must be issued by an entity that is independent from the counterparty and is expected not to display a high correlation with the performance of the counterparty.
  - (e) **DIVERSIFICATION:** Collateral should be sufficiently diversified in terms of countries, markets and issuers. The criteria of sufficient diversification in terms of the concentration of the issuers is deemed to be fulfilled when a Subfund receives from the counterparty a collateral basket, in which the maximum exposure towards a particular issuer does not exceed 20%. When a Subfund is exposed to different counterparties, the different baskets of collateral should be aggregated to calculate the 20% limit of exposure to a single issuer.
 

By way of derogation from this sub-paragraph, a Subfund may be fully collateralised in different transferable securities and money market instruments issued or guaranteed by a Member State, one or more of its local authorities, a third country, or a public international body to which one or more Member States belong. Such a Subfund should receive securities from at least six different issues, but securities from any single issue should not account for more than 30% of the Subfund's net asset value. Subfunds that intend to be fully collateralised in securities issued or guaranteed by a Member State should disclose this fact in the Special Part of the Prospectus. Subfunds should also identify the Member States, local authorities, or public international bodies issuing or guaranteeing securities which they are able to accept as collateral for more than 20% of their net asset value.
  - (f) **IMMEDIATE AVAILABILITY:** The Company must be able to realise the collateral at any time without reference to the counterparty or requiring the counterparty's approval.
2. Subject to the above criteria, collateral admissible for any Subfund must meet the following requirements:

- (a) Liquid assets such as cash or short-term bank deposits, money market instruments as defined in Directive 2007/16/EC of 19 March 2007, letters of credit or "pay upon first request" suretyships issued by a first-class credit institution that is not linked to the counterparty;
  - (b) Bonds issued or guaranteed by a member state of the OECD.
- 3. Where there is a title transfer, the collateral received should be held by the depositary or its representative. For other types of collateral arrangement, the collateral can be held by a third party custodian that is subject to prudential supervision and unrelated to the provider of the collateral.
- 4. The Company has introduced a haircut strategy for each class of assets received as collateral. A haircut is a deduction from the value of collateral to take account of a deterioration in the valuation or in the liquidity profile of the collateral over time. The haircut strategy takes into account the characteristics of the respective assets, including the credit standing of the issuer, price volatility and the outcome of stress tests performed as part of collateral management. Subject to existing transactions with the counterparty concerned, which may include minimum amounts for the transfer of collateral, the Company intends applying a haircut of 2% to collateral received (as defined in No. 2b), at least corresponding to the counterparty risk.
- 5. Risks and potential conflicts of interest in conjunction with OTC derivatives and efficient portfolio management
  - (a) Specific risks are associated with OTC derivative transactions, efficient portfolio management and the management of collateral. Further information in this regard is provided in this Prospectus in the Section "Risks in conjunction with the use of derivatives and other special investment techniques and financial instruments" and also in the comments on the risks associated with derivatives, counterparty risk and depositary counterparty risk. These risks may expose shareholders to an elevated risk of loss.
  - (b) The combined counterparty risk arising from a transaction with OTC derivatives or techniques for efficient portfolio management may not exceed 10% of the assets of a Subfund if the counterparty is a credit institution based in the EU or in a country in which, according to the Luxembourg supervisory authority, the supervisory system is equivalent to that applicable in the EU. In all other cases this limit is 5%.

#### **6.7. TECHNIQUES AND INSTRUMENTS FOR HEDGING CURRENCY RISKS**

For the purpose of hedging against currency risks the Company may at a stock exchange or on another regulated market, or in the context of OTC transactions, conclude currency futures contracts, sell currency call options or buy currency put options in order to reduce *exposure* to the currency that is deemed to present a risk or to completely eliminate such risk and to shift into the reference currency or into another of the permissible currencies that is deemed to present less risk for each Subfund.

Currency futures and swaps may be executed by the Company in the open market with first class financial institutions specialising in this kind of transaction.

#### **6.8. STRUCTURED PRODUCTS**

The Company may use structured products in the interests of efficient management or for hedging purposes for any Subfund. The range of structured products includes in particular credit-linked notes, equity-linked notes, performance-linked notes, index-linked notes and other notes whose performance is linked to basic instruments which are permitted in accordance with Part I of the 2010 Law and the associated implementing regulations. For this, the counterparty must be a first class financial institution specialising in this type of transaction. Structured products are combinations of other products. Derivatives and/or other investment techniques and instruments may be embedded in structured products. In addition to the risk features of securities, those of derivatives and other investment techniques and instruments therefore also have to be noted. In general, they are exposed to the risks of the markets or basic instruments underlying them. Depending on the structure, they may be more volatile and thus entail greater risks than direct investments,



and there may be a risk of a loss of earnings or even the total loss of the invested capital as a result of price movements on the underlying market or in the basic instrument.

**6.9. SWAPS AND OTHER FINANCIAL DERIVATIVES WITH COMPARABLE PROPERTIES**

**GENERAL INFORMATION**

The Subfunds may invest in total return swaps or other derivatives with comparable properties, which can be defined as follows:

- The underlyings of the total return swaps or other derivatives with comparable properties include in particular individual equities or bonds, baskets of equities or bonds, or financial indices that are permitted in accordance with paragraphs 48-61 of ESMA Guidelines 2012/832. The components of the financial indices include, among others, equities, bonds, derivatives on commodities. The investment policy of the various Subfunds includes further details on the deployment of total return swaps or other derivatives with comparable properties, which may have different underlyings and strategies compared with those described above.
- The counterparties of such transactions are regulated financial institutions with a good credit rating and that specialise in such transactions.
- The failure of counterparty may have a negative impact on the return for shareholders. The asset manager intends to minimise counterparty performance risk by only selecting counterparties with a good credit rating and by monitoring any changes in those counterparties' ratings. Additionally, these transactions are only concluded on the basis of standardised framework agreements (ISDA with Credit Support Annex; Deutscher Rahmenvertrag with Besicherungsanhang, or similar). The Credit Support Annex or Besicherungsanhang defines the conditions under which collateral is transferred to or received from the counterparty in order to reduce the default risk associated with derivative positions and thus the negative impact on the return for shareholders should a counterparty fail.
- The counterparties in the case of total return swaps or other derivatives with comparable properties have no discretionary power with regard to how the portfolio of a Subfund is composed or managed or with regard to the underlyings of these financial derivatives. Similarly, the counterparty's consent is not required for the execution of such transaction. Any deviation from this principle is detailed further in the Subfund's investment policy.
- Total return swaps or derivatives with comparable properties will be included in the calculation of the investment restrictions.

**REGULATION (EU) 2015 / 2365 ON TRANSPARENCY OF SECURITIES FINANCING TRANSACTIONS AND REUSE AND AMENDING REGULATION (EU) No 648 / 2012**

At the time of the preparation of this Prospectus the following Subfunds employed total return swaps (included equity swaps and contracts for difference). The following table sets out the maximum and the expected proportion of the Subfunds' assets under management that could be subject to these instruments. Should this change in future, the Prospectus will be amended accordingly at the time of the next submission.

SUBFUNDS	TOTAL RETURN SWAPS(INCLUDING EQUITY SWAPS AND CFD)	
	MAXIMUM VALUE	EXPECTED VALUE
ASIA FOCUS EQUITY	10%	0%
CHINA EVOLUTION EQUITY	10%	0%
EMERGING MARKETS EQUITY	100%	20%
MERGER ARBITRAGE	200%	100%

The types of assets that can be subject to total return swaps are those where such use is consistent with the investment policy of the relevant Subfund.

All revenues from total return swaps entered into by a Subfund, net of direct and indirect operational costs, will be returned to the relevant Subfund. The identities of the entities to which any direct and indirect costs and fees are paid shall be disclosed in the annual financial statements of the Company and such entities may include the Management Company, the Depositary or entities related to the Depositary. In selecting counterparties to these arrangements, the Investment Manager may take into account whether such costs and fees will be at normal commercial rates. Further information regarding transactions with related parties are available in Chapter 27 "General conflicts associated with the Company".

**6.10. INVESTMENTS IN FINANCIAL INDICES PURSUANT TO ARTICLE 9 OF THE GRAND DUCAL ORDINANCE OF 8 FEBRUARY 2008**

The Company may invest in Derivatives with indices as their underlying and may increase the diversification limits for an index component pursuant to Article 44 of the 2010 Law.

Diversification limits may be increased in exceptional market circumstances if one or more components of an index occupy a dominant position within a given market, sector or segment. A domination position may be created as a result of special economic or market developments or as a result of market, sector or segment-specific restrictions. Further details in this regard are provided where applicable in the relevant Subfund's investment policy.

The Company shall invest in derivative financial instruments with indices as their underlying that generally include a half-yearly or yearly adjustment of the index composition ("rebalancing frequency"). A distinction should be made between the following cases:

- In the case of derivatives that are traded on a stock market, the rebalancing merely changes the calculation but has no direct or indirect impact on the costs of the corresponding Subfund.
- In the case of OTC derivatives, the counterparty will generally not physically hold the index components but will secure its position primarily using derivative instruments. If transactions take place as a consequence of rebalancing, these should be carried out on very liquid derivative markets so that the impact on the costs of the relevant Subfund is kept low.

In the case of investments in commodity indices, the following rules also apply:

Commodity indices contain a representative balance of commodities taken from the entire commodities universe and represented by futures. This representative and balanced selection of commodities reflects the existence of several commodities. The Company should not invest in commodity indices that do not consist of different commodities. Commodity indices are assessed on the basis of the correlation of various different index components.

**6.11. RISKS ASSOCIATED WITH THE USE OF DERIVATIVES AND OTHER SPECIAL INVESTMENT TECHNIQUES AND FINANCIAL INSTRUMENTS**

Prudent use of these derivative and other special investment techniques and financial instruments may bring advantages but does also entail risks which differ from those of the more conventional forms of investment and in some cases may be even greater. The following general outline covers important risk factors and other aspects relating to the use of derivative and other special investment techniques and financial instruments and on which the shareholders should be informed before investing in a Subfund.

- **MARKET RISKS:** These risks are of general nature and are present in all types of investments; the value of a particular financial instrument may change in a way that can be detrimental to the interests of a Subfund.
- **MONITORING AND CONTROL:** Derivatives and other special investment techniques and financial instruments are specialised products which require different investment techniques and risk analyses than equities or bonds. The use of derivatives requires not just knowledge of the underlying instrument, but also of the derivative itself, although the performance of the derivative cannot be monitored under all the possible market conditions. The complexity of such products and their use in particular require suitable control mechanisms to be set up for monitoring the transactions and the ability to assess the risks of such products for a Subfund and estimate the developments of prices, interest rates and exchange rates.

- LIQUIDITY RISKS: Liquidity risks arise when a certain stock is difficult to acquire or dispose of. In large-scale transactions or when markets are partially illiquid (e.g. where there are numerous individually agreed instruments) it may not be possible to execute a transaction or close out a position at an advantageous price.
- COUNTERPARTY RISKS: There is a risk that a counterparty will not be able to fulfil its obligations (performance risk) and/or that a contract will be cancelled, e.g. due to bankruptcy, subsequent illegality or a change in the tax or accounting regulations since the conclusion of the OTC derivative contract and/or that the counterparty will fail to meet one of its financial obligations or liabilities towards the Subfund (credit risk). This relates to all counterparties with which derivative, repurchase, reverse repurchase or securities lending transactions are entered into. A direct counterparty risk is associated with trading in non-collateralised derivatives. The respective Subfund can reduce a large proportion of the counterparty risk arising from derivative transactions by demanding that collateral at least in the amount of the commitment be provided by the respective counterparty. If, however, derivatives are not fully collateralised, the failure of the counterparty may cause the Subfund's value to fall. New counterparties are subject to a formal review and all of the approved counterparties are subsequently monitored and reviewed on an ongoing basis. The Company ensures that its counterparty risk and collateral management are actively managed.
- COUNTERPARTY RISK IN RELATION TO DEPOSITARY: The Company's assets are entrusted to the depositary for safekeeping. A note should be entered in the depositary's books highlighting that the assets belong to the Company. The securities held by the depositary should be kept separately from other securities/assets of the depositary, thereby reducing although not completely excluding the risk of non-return in the event of the depositary becoming bankrupt. The shareholders are therefore exposed to the risk of the depositary, should it become bankrupt, being unable to meet its obligation to return all of the Company's assets in full. Additionally, a Subfund's cash stocks held with the depositary may possibly not be kept separately from the depositary's own cash or that of other customers, with the result that the Subfund may not be classed as a privileged creditor in the event of the depositary becoming bankrupt. The depositary may not hold all of the Company's assets itself but may make use of a network of sub-depositaries, which may not belong to the same corporate group as the depositary. In cases in which the depositary is not liable, shareholders may possibly be exposed to the risk of a sub-depositary becoming bankrupt.

A Subfund may invest in markets in which the deposit and/or settlement systems are not yet fully developed. The assets of the Subfunds traded on these markets and entrusted to these sub-depositaries may possibly be exposed to risk in cases in which the depositary is not liable.

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

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

Aside from the general counterparty risk (see "Counterparty risks", above), upon the conclusion of credit default swap transactions there is also in particular a risk of the counterparty being unable to establish one of the payment obligations which it must fulfil. The different Subfunds which use credit default swaps

will ensure that the counterparties involved in these transactions are selected carefully and that the risk associated with the counterparty is limited and closely monitored.

- RISKS ASSOCIATED WITH CREDIT SPREAD SWAP ("CSS") TRANSACTIONS: Concluding a CSS allows the Company, on payment of a premium, to share the risk of default by an issuer with the counterparty of the transaction concerned. A CSS is based on two different securities with differently rated default risks and normally a different interest rate structure. At maturity, the payment obligations of one or another party to the transaction depend on the differing interest rate structures of the underlying securities.

Aside from the general counterparty risk (see "Counterparty risks", above), upon the conclusion of CSS transactions there is also in particular a risk of the counterparty being unable to establish one of the payment obligations which it must fulfil.

- RISKS ASSOCIATED WITH INFLATION SWAP TRANSACTIONS: The purchase of inflation swap protection helps the Company to hedge a portfolio either entirely or partially from an unexpectedly sharp rise in inflation or to draw a relative performance advantage therefrom. For this purpose, a nominal, non-inflation-indexed debt is exchanged for a real claim that is linked to an inflation index. When the transaction is arranged, the inflation expected at this point is accounted for in the price of the contract. If actual inflation is higher than that expected at the time the transaction was entered into and accounted for in the price of the contract, the purchase of the inflation swap protection results in higher performance; in the opposite instance it results in lower performance than if the protection had not been purchased. The functioning of the inflation swap protection thus corresponds to that of inflation-indexed bonds in relation to normal nominal bonds. It follows that by combining a normal nominal bond with inflation swap protection it is possible to synthetically construct an inflation-indexed bond.

On the sale of an inflation swap protection the Subfund enters into an inflation risk which is comparable to the purchase of a normal nominal bond in relation to an inflation-indexed bond: If actual inflation is lower than that expected at the time the transaction was entered into and accounted for in the price of the contract, the sale of the inflation swap protection results in higher performance; in the opposite instance it results in lower performance than if the protection had not been sold.

Aside from the general counterparty risk (see "Counterparty risks", above), upon the conclusion of inflation swap transactions there is also in particular a risk of the counterparty being unable to establish one of the payment obligations which it must fulfil.

- RISKS INVOLVED IN CONTRACTS FOR DIFFERENCE ("CFD"): Unlike with direct investments, in the case of CFDs the buyer may be liable for a considerably higher amount than the amount paid as collateral. The Company will therefore use risk management techniques to ensure that the respective Subfund can sell the necessary assets at any time, so that the resulting payments in connection with redemption applications can be made from redemption proceeds and the Subfund can meet its obligations arising from contracts for difference and other techniques and instruments.
- MERGER ARBITRAGE RISKS: If the Investment Manager seeks to identify publicly announced merger and acquisition transactions and other events with a high probability of completion or occurrence, there can be no assurance that they will actually be completed or occur. In the event that a transaction selected by the Investment Manager is not realised, the Fund may incur losses.
- OTHER RISKS/DERIVATIVES: The use of derivative and other special investment techniques and financial instruments also entails the risk that the valuations of financial products will differ as a result of different approved valuation methods (model risks) and the fact that there is no absolute correlation between derivative products and the underlying securities, interest rates, exchange rates and indexes. Numerous derivatives, particularly the OTC derivatives, are complex and are frequently open to subjective valuation. Inaccurate valuations can result in higher cash payment obligations to the counterparty or a loss in value for a Subfund. Derivatives do not always fully reproduce the performance of the securities, interest rates, exchange rates or indexes which they are designed to reflect. The use of derivative and other special investment techniques and financial instruments by a Subfund may therefore in certain circumstances not always be an effective means of achieving the Subfund's investment objective and may even prove counterproductive. Under certain circumstances, the use of derivatives exposes the Subfunds to higher risks. These risks may take the form of credit risk in relation to counterparties with

which a Subfund enters into transactions, performance risk, the risk that the derivatives will not be sufficiently liquid, the risk of a mismatch between the change in value of the derivative and that of the underlying that the corresponding Subfund is looking to replicate, or the risk of higher transaction costs than would have been incurred from a direct investment in the underlying.

#### **6.12. RISKS ASSOCIATED WITH INVESTMENTS IN THE PEOPLE'S REPUBLIC OF CHINA (PRC)**

Where indicated in the relevant investment policy, the respective Subfund may invest directly in so-called "China-A" shares. "China-A" shares are quoted in Renminbi on the stock exchanges of Shanghai and Shenzhen, of companies founded on mainland China and can be purchased within the possibilities described below:

##### **RENMINBI QUALIFIED FOREIGN INSTITUTIONAL INVESTOR ("RQFII")**

In the PRC's markets for domestic securities, foreign investors may invest via an approved foreign institutional investor or an investment manager which has been granted the status of qualified foreign institutional investor ("QFII") or Renminbi qualified foreign institutional investor ("RQFII") by the China Securities Regulatory Commission (CSRC) and which has been allocated a quota or quota's by the State Administration of Foreign Exchange ("SAFE") of the PRC.

Subject to the requirement that GAM International Management Limited (the "Investment Manager") obtains the necessary RQFII license, it is intended that the Subfunds, where indicated in the relevant investment policy, may invest in securities issued in the PRC as part of the RQFII quotas of the investment manager. According to the guidelines of the RQFII quota management of SAFE, the Investment Manager may allocate its RQFII quotas flexibly to various open-ended fund products or, subject to the approval of SAFE, to products and/or accounts that are not open-ended Subfunds. The Investment Manager may therefore allocate additional RQFII quotas to each relevant Subfund or allocate RQFII quotas which would otherwise have been accorded to the Subfund to other products and/or accounts. The Investment Manager may also request additional RQFII quotas from SAFE, which it can use for the relevant Subfund, other clients or other products it manages. However, no assurance can be given that the Investment Manager will provide RQFII quotas to the relevant fund at all times that are sufficient for its investments.

The current RQFII regulations impose strict restrictions on investments (including rules on investment restrictions, the minimum holding period for assets and for the repatriation of capital and profits). These apply to the Investment Manager and not only to the investments made by the Subfund. Investors should thus be aware that violations of the RQFII regulations for investments that result from actions of the Investment Manager could lead to the withdrawal of the quota or other supervisory measures in relation to the quota, including of another portion that is used by the Subfund for investments in RQFII-eligible securities.

##### **SPECIAL RISKS**

- Investments in the PRC are subject to the risks of investments in emerging markets (please see the comments in the respective investment policy of the relevant Subfund) and, in addition, to risks specific to the market in the PRC. The economy in the PRC is in transition from a planned economy to a more market-oriented economy. Investments could react sensitively to changes in laws and regulations, as well as in political, social or economic conditions, including possible government intervention. In exceptional circumstances, due to limited investment opportunities a Subfund may suffer losses or not be able to fully implement or pursue its investment objectives or strategy due to local investment restrictions, the illiquidity of the Chinese market for domestic securities and/or delays or interruptions in the execution and settlement of transactions.
- The yuan renminbi ("CNY") is currently not a freely convertible currency, as it is subject to exchange control regulations and repatriation restrictions imposed by the PRC. Future changes to these regulations could have a negative impact on the situation of the Subfund. There is no guarantee that there will not be a devaluation of the CNY, which may negatively impact the value of investments.
- Although the onshore and offshore Renminbi (CNY and CNH) are the same currency, they are traded on several separate markets. CNY and CNH are traded at different prices and sometimes

move in different directions. Although more and more Renminbi are held abroad (i.e. outside of China), the CNH cannot be used freely in the local market and is subject to certain restrictions (the same applies conversely). Investors should note that subscriptions and redemptions of the Subfund are made in EUR and/or the alternative unit class currency and are converted into CNH for investment in local securities. Investors shall bear for the resulting conversion charges and the risk of potential differences in the exchange rate between the CNY and the CNH. The price and liquidity of and the trading in shares of the relevant Subfund may also be influenced by the exchange rate and the liquidity of the Renminbi in the global market.

- Investors should note that the RQFII status could be suspended, reduced or withdrawn, which may adversely affect the performance of the Subfund, as debt instruments denominated in CNY would have to be liquidated in this case.

#### **SHANGHAI OR SHENZHEN HONG KONG STOCK CONNECT PROGRAMME**

The respective Subfund may invest directly in certain permissible China A shares through the Shanghai or Shenzhen Hong Kong Stock Connect Programme (the “**Stock Connect Programme**”). The Stock Connect Programme is a securities trading and clearing programme developed by Hong Kong Exchanges and Clearing Limited (“HKEx”), the Shanghai Stock Exchange (“SSE”) or the Shenzhen Stock Exchange (“SZSE”) and China Securities Depository and Clearing Corporation Limited (“ChinaClear”), whose objective is to provide mutual access to the stock markets of Hong Kong and the PRC.

Under the Stock Connect Programme, foreign investors (including the Subfunds) can trade certain China A shares listed on the SSE and SZSE (the “SSE securities” or “SZSE securities”, collectively the “SSE/SZSE securities”) (known as Northbound Trading), subject to the currently applicable regulations governing the Northbound Trading Link. Conversely, investors in Mainland China have an opportunity to participate through the SSE or SZSE and clearing houses in Shanghai or Shenzhen (Southbound Trading) in trading in selected securities listed on the HKEx.

The SSE securities comprise the scope of all shares contained at the relevant time in the SSE 180 Index and in the SSE 380 Index, as well as all China A shares listed on the SSE. The SZSE securities contain all shares included in the SZSE Component index and the SZSE Small/Mid Cap Innovation Index at the respective time, which show a market capitalization of at least RMB 6 billion and all A shares traded on the SZSE that have a respective H-Share, and are listed on the Stock Exchange of Hong Kong Limited (“SEHK”) except for (i) SZSE shares that are not traded in RMB and (ii) SZSE shares that are under risk monitoring.

Furthermore, shareholders’ attention is drawn to the fact that under the applicable ordinances, a security may be removed from the scope of the Stock Connect Programme. This may impair the ability of the Subfund concerned to achieve its investment objective, for example, if the investment manager would like to buy a security that has been removed from the scope of the Stock Connect Programme.

Further information as well as the types of shares traded on the Stock Connect Programme can be obtained and reviewed on the HKEx website.

Apart from risks connected with investments in international markets and emerging countries, and other general investment risks, which are described above and also apply to investments in China, investors should also consider the additional specific risks related to Shanghai-Hong-Kong Stock Connect, which are set out below:

#### **QUOTA RISK**

Trading is also subject to a cross-border maximum quota (“Aggregate Quota”) and to a daily quota (“Daily Quota”). The Aggregate Quota relates to the restriction on the absolute funds flows to Mainland China through the Northbound trading link. The Daily Quota restricts the maximum net buying trades that may be conducted in cross-border trading on a daily basis under the Stock Connect Programme. As soon as the remaining balance of the Northbound Daily Quota reaches zero or is exceeded at the beginning of a session, new buying orders may be rejected.

In addition, there are restrictions on the aggregate holdings of foreign investments that apply to all investors from Hong Kong and abroad, as well as restrictions on the holdings of individual investors from abroad. On account of this quota restriction, impairments may occur if a pending investment in China A shares is not possible through the Stock Connect Programme and, as a result, the investment strategy cannot be efficiently implemented.

#### RESTRICTION OF FOREIGN SHARE OWNERSHIP

The PRC requires that the existing buying restrictions for foreign investors also be applied in conjunction with the Stock Connect Programme. Hong Kong and foreign investors come within the scope of this restrictions on share ownership. The limits may be altered at any time and are currently as follows:

- Shareholdings of foreign individual investors (including the Subfund), of each Hong Kong or foreign investor in China A shares, may not exceed 10% of the shares issued.
- Shareholdings of all foreign investors, of all Hong Kong and foreign investors in China A shares may not exceed 30% of the shares issued.

#### SSE PRICE LIMIT

SSE securities are subject to a general price limit, which is calculated on the basis of the closing price of the previous day. The price limit for shares and investment funds is currently between +/-10% and for shares under special treatment +/-5%. All orders must be within this price limit, which may change from time to time.

#### EXPOSURE RISK

Both the SEHK and the SSE or SZSE reserve the right to suspend trading if it is necessary to ensure an orderly and fair market, and to control the risks prudentially. This may have a negative influence on the ability of the Subfund concerned to gain access to the market of the PRC.

#### DIFFERENT TRADING DAYS

The Stock Connect Programme is only available when both the markets in the PRC and those in Hong Kong are open for trading, and when the banks in both markets are also open on the settlement days concerned.

It may therefore happen that it is a usual trading day for the market in the PRC, whereas the market in Hong Kong is closed and investors from Hong Kong (such as, for example, the Subfunds) cannot trade China A shares. During this period, the Subfund concerned may be exposed to the risk of price fluctuations on China A shares owing to the fact that the Stock Connect Programme is not available for trading.

#### SHORT SELLING

The legal regulations of the PRC provide that sufficient shares must be available on the account before an investor may sell shares. If this is not the case, the SSE or SZSE rejects the sales orders concerned. Before trading, the SEHK checks the sales orders of its exchange participants (i.e. share brokers) in relation to China A shares in order to make sure that no short selling is taking place.

#### PROCESSING MODELS

Various Stock Connect Models have been developed for order processing. One of these is the "integrated model" in which the Subfund's local sub-custodian bank and broker belong to the same group. This allows the broker to confirm the availability, without transfer, of the securities, and the local sub-custodian bank to settle the account with a guarantee that the securities will not be transferred until the payment of the trade has been carried out (hence the name "synthetic DvP"). In another model, however, the respective shares are transferred to a broker one day before the planned purchase.

Another model is the "multi-broker model" or "SPSA model", in which up to 20 brokers can be appointed in addition to a local sub-custodian bank. This model only became possible in March 2015, when the authorities introduced the Special Segregated Accounts (SPSA) which enables local sub-custodian banks to open a SPSA directly with Hong Kong Securities Clearing Company Limited ("HKSCC"). Each investor is identified by a specific ID number. Thereby, the availability of securities can be confirmed, without them having to be transferred to a particular broker in advance. Thus, the SPSA model also takes into account all concerns regarding the beneficial ownership of shares. Once a separate account is opened, the Investment Manager and the name of the Subfund in question will appear on the account belonging to the beneficial owner of the

respective shares held in the account, according to the Hong Kong Stock Exchange ("HKEx"). However, under the classic SPSA "multi-broker model", the settlement process can give rise to the risk that the cash settlement of securities sold by a broker for one of his customers takes place only a few hours after the securities are transferred and credited to the customer.

#### CLEARING AND SETTLEMENT RISKS

The Hong Kong Securities Clearing Company Limited ("HKSCC") and ChinaClear provide the clearing connection by entering into mutual shareholdings in order to facilitate the clearing and settlement of cross-border transactions. As the national central counterparty for the PRC's securities market, ChinaClear operates a comprehensive network with clearing, settlement and share depository infrastructure. ChinaClear has established a risk management concept and measures that are approved and monitored by the China Securities Regulatory Commission ("CSRC").

In the unlikely event of a payment default by ChinaClear and the latter being unable to meet its payment obligations, HKSCC shall only be liable in its clearing contracts with the market participants of the Northbound trading link to the extent that these market participants will receive support in enforcing their claims against ChinaClear. The HKSCC will attempt in good faith to settle and obtain the outstanding securities and funds through the available legal channels or apply for liquidation of ChinaClear. In this case, the Subfunds may only be able to call in their losses resulting from transactions with ChinaClear late or not in their entirety. On the other hand, an omission or a delay on the part of HKSCC in fulfilling its obligations may lead to a settlement failure or the loss of Stock Connect securities or related funds, which may subsequently cause losses to the Subfunds and their shareholders.

#### NOMINEE ARRANGEMENTS FOR THE HOLDING OF CHINA A SHARES

If the Subfund concerned acquires SSE/SZSE securities through the Stock Connect programme, HKSCC is the "nominee holder". HKSCC for its part holds the Stock Connect shares of all participants as a single nominee through a collective securities account (single nominee omnibus Securities account), which is held in its name with ChinaClear. HKSCC acts only as the nominee holder, whereas the Subfunds remain the beneficial owners of the Stock Connect shares.

The Stock Connect rules laid down by the CSRC expressly provide that investors who acquire SSE / SZSE securities through the Stock Connect Programme can enforce their rights, which are in accordance with currently applicable Chinese law. However, it is uncertain whether the Chinese courts would recognize the ownership rights of Stock Connect investors and would give them the opportunity to take legal action against Chinese companies, if this were necessary.

Therefore, the Subfund concerned, and the Custodian Bank cannot ensure that the ownership of these securities by the Subfund concerned is guaranteed under all circumstances.

Furthermore, according to the HKSCC Clearing rules for securities listed or traded on the SEHK, HKSCC as the nominee holder is not under any obligation to take legal action or to conduct judicial proceedings to enforce rights for investors in relation to SSE / SZSE securities in the PRC or elsewhere. Therefore, problems or delays may occur for the Subfund concerned in enforcing its rights in relation to China A shares, even if the ownership of the corresponding Subfund is ultimately recognized.

If it is assumed that HKSCC performs custodial functions in relation to assets held through it, it should be noted that the Custodian Bank and the Subfunds concerned have no legal relationship with HKSCC and have no direct recourse against HKSCC if the Subfund concerned should sustain losses due to the performance or insolvency of HKSCC.

#### TRADING COSTS

In connection with Northbound trades of China A shares through the Stock Connect Programme, in addition to payment of trading taxes and stamp duty, further costs are also incurred such as new portfolio fees, dividend taxes and income taxes from share transfers, which taxes are determined by the competent authorities.

#### REGULATORY RISK

The Stock Connect Programme is a new programme that is subject to the various regulations of the PRC and Hong Kong. Furthermore, the implementing directives of the securities exchanges participating in the Stock



Connect Programme are applicable. Since this programme is new, the regulations have not yet been tried and tested, so that there is not yet any certainty about the way in which they will be applied. The current regulations may be altered at any time. Moreover, there are no commitments with regard to the continued existence of the Stock Connect Programme in the future.

The attention of the shareholders of the Subfund concerned who may invest in the markets of Mainland China through the Stock Connect Programme is therefore drawn to the fact that they have to expect change, which may have a detrimental effect.

#### **TAXATION OF INVESTMENTS IN THE PRC**

The tax regulations in the PRC are subject to change, possibly with retroactive effect. Changes in tax regulations may reduce the relevant Subfund's after-tax profits and/or the capital invested in the PRC.

The Subfunds investing in securities and deposits in the PRC may be subject to a withholding tax and other taxes levied in the PRC, including the following:

- Dividends and interest paid by companies in the PRC are subject to a withholding tax. The company in the PRC paying these dividends and this interest is currently responsible for withholding the tax when the payment is made.
- Gains from the trading of securities in the PRC may be subject to a tax, although there are currently no clear guidelines for the way in which it will be imposed. Gains from the sale of China A shares via the Stock Connect Programme by foreign investors on or after 17 November 2014 are provisionally exempt from taxation, although no termination date for this exemption is currently known. There is no guarantee that this provisional exemption will remain in place in future or that it will not be cancelled, possibly with retroactive effect.

The Management Company and/or the Company reserve(s) the right at any time to make provisions for taxes or gains of the relevant Subfund which invests in assets in the PRC; this may affect the valuation of the relevant Subfund.

Given the uncertainty as to whether and how certain income from investments will be taxed in the PRC, and the possibility that the laws and practices in the PRC will change and that taxes may possibly also be levied retroactively, the tax provisions formed for the relevant Subfund may turn out to be excessive or insufficient to settle the final tax liabilities in the PRC. Consequently, this may work to the advantage or disadvantage of investors, depending on the final taxation of this income, the actual amount of the provision and the time of the purchase and/or sale of their units in the relevant Subfund. In particular, if the actual provisions are less than the final tax liabilities, and this gap has to be covered by the assets of the relevant Subfund, this would have a negative impact on the value of the assets of the relevant Subfund and, consequently, on the current investors; in any case, the net asset value of the Subfund concerned is not recalculated during the period of the missing, insufficient or excessive provisions.

#### **6.13. RISKS ASSOCIATED WITH SPECIAL PURPOSE ACQUISITION COMPANIES ("SPACS").**

SPACs are shell companies that are admitted to trading on a trading venue with the intention of acquiring a business and are often referred to as blank cheque companies. The persons responsible for setting up SPACs are the sponsors, who usually have considerable expertise in one or more sectors of the economy and use the SPAC to acquire companies in those sectors.

The structure of SPAC transactions is complex and can vary from transaction to transaction.

Typically, the securities offering will be structured to offer investors either ordinary shares or shares. Units typically consist of one ordinary share and a fractional warrant; a whole warrant entitles the holder to receive ordinary shares at a specified price.

The life cycle of a SPAC is usually divided into three phases:

1. the first phase is the initial public offering (IPO) (funding phase), in which the SPAC's shares or shares and warrants are admitted to trading on a trading venue;

2. in the second phase, SPAC searches for a target company to acquire (usually within 12-24 months); and
3. the third and final phase consists of the business combination (de-SPAC transaction) with the target company, usually through a merger.

After the third phase, the SPAC is a normal listed company.

The following are specific risks associated with SPACs that investors should be aware of before investing in a Subfund:

**DILUTION RISK**

Due to the structure of a SPAC, there is an inherent risk that the shareholding of the relevant Fund may decrease significantly due to a number of factors:

- The payment of the sponsors' fees in shares
- The exercise of warrants issued in connection with the initial public offering
- The issue of shares in connection with the financing of the acquisition.

**LACK OF TRANSPARENCY**

Transparency of disclosures to SPAC investors is limited as SPAC is not operational or historical, so historical financial information is not available, and risk factors are generally limited and general in nature, particularly where the acquisition strategy is more broadly defined. The disclosures consist primarily of a summary of SPAC's acquisition strategy and criteria, its capital structure, the CVs of directors and officers and the terms of the acquisition agreements.

As for the third stage (i.e. the acquisition of the target company), it is possible that no approved Prospectus will be published in relation to the business combination unless required by local law. In such a case, there is limited insight into the actual underlying investments after the acquisition, unlike traditional listed companies whose Prospectus is reviewed by national regulators before being admitted to trading on a regulated market.

**INCENTIVES FOR SPONSORS**

Due to the lack of transparency in the SPAC Prospectus, it may be unclear whether sponsors are being disproportionately or unfairly compensated from the funds raised from investors in SPACs.

**ISSUANCE FEES**

Due to the lack of transparency of the SPAC Prospectus, it may be difficult to assess whether the cost of issuance fees will be borne equitably by investors redeeming their SPAC Units and the remaining investors.

**VALUATION RISK**

Once the SPAC Shares are acquired, the SPAC may be in a funding phase (Phase 1) without any tangible investment underlying it (other than easily valued cash). As the objective of the SPAC is to invest in a company that was not previously listed, it may be difficult to estimate the actual value and potential performance of the target company.

**LIQUIDITY RISK**

In the absence of tangible underlying assets and/or underlying assets with no proven track record on the stock exchange, it may be difficult to sell the shares in SPAC at a desired time without incurring price losses.

It may also be the case that a SPAC imposes a redemption restriction.

**ESCROW ACCOUNT RISK**

In the IPO phase, SPACs raise funds from investors without underlying specific investments until a certain point in time when the right target investment is found. Therefore, there may be a risk related to the creditworthiness of the institution where the funds are deposited and the possible reinvestment of the proceeds of the issue until the target company is acquired.

**CONFLICT OF INTEREST RISKS**

Due to the limited transparency surrounding SPACs and the role of sponsors in finding the target company, conflicts of interest may arise in the following situations:

- SPAC sponsors may acquire shares in the SPAC on more favourable terms than the investors in the IPO or subsequent investors in the open market, and the sponsors may benefit more from the completion of the SPAC transaction than the investors and may have an incentive to complete the transaction on terms that are less favourable to the investors;
- If the acquisition is not completed within a certain period of time, the sponsors may lose their initial investment, leading them to find any target company, regardless of the financial prospects of the deal;
- The sponsors may enter into agreements that restrict their disposal of the issuer's securities, thereby limiting the liquidity of the SPAC;
- There is a possibility that SPAC may invest in companies affiliated with the sponsors;
- The Sponsors and their affiliates may already have invested in the same sector as SPAC; and
- The Sponsors and their affiliates are not required to share potential targets they identify with SPAC and may acquire such targets themselves.

**6.14. LEVERAGE**

For the Subfunds listed below, the market risk incurred through the use of financial derivative instruments is monitored and limited in accordance with CSSF Circular 11/512 by means of the absolute Value at Risk method ("VaR method") (see Section 5 "Investment Limits", paragraph 2. (a)).

VaR is a measure of risk defined as the maximum expected loss over a given period of time under normal market conditions with a given confidence interval.

Based on the CSSF circular 11/512, the leverage effect of the derivative bet must also be stated in the calculation using the VaR method.

This can be calculated based on the sum of the nominal values of derivative financial instruments or the market value of equivalent positions in the underlyings. Alternatively, the commitment approach may be used (cf. Section 5 "Investment limits", item 2. (a)).

Under normal market conditions, the leverage of the respective Subfund calculated using the sum of notional approach is expected to have the following range, whereby these values are indicative and in particular the upper values are not to be understood as maximum limits:

<b>GAM Multistock</b>	<b>Expected leverage</b>
MERGER ARBITRAGE	0% - 500%

Leverage is the ratio of (i) the sum of the notional amounts of the financial derivative instruments and (ii) the assets of the relevant Subfund. Leverage may change over time and actual values may be significantly higher or lower than the expected values shown below. The actual value of leverage in the previous reporting period will be disclosed in the annual report of the relevant Subfund. The expected values of leverage are indicators and not regulatory limits.

**7. SUSTAINABILITY**

**7.1. GENERAL INFORMATION**

In accordance with the regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector ("Sustainable Finance Disclosure Regulation" or "SFDR"), the Company implements sustainability risks into their investment processes as outlined in the GAM's Sustainability Risk Statement, which is applicable to GAM group companies including the Company. For the purposes of this Prospectus, a

sustainability risk means an environmental, social or governance event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of an investment consequently the Net Asset Value of a Subfund.

Investors should note that if a Subfund (a) promotes environmental or social characteristics or a combination thereof, and invests in companies that follow good governance practices; or (b) if a Subfund has sustainable investment as its objective, such promotion or objective shall be further detailed in an Appendix I to this Prospectus.

Investors with specific sustainability preferences or sustainability-related objectives should consider the relevant disclosures in the Subfund's investment policy section in detail to ensure that the sustainability profile of the Subfund reflects such preferences or objectives, in addition to their financial objectives and risk tolerance.

## **7.2. SUSTAINABILITY RISK**

A Subfund could experience a potential material negative impact on the value of the investment hence the Net Asset Value of a Subfund as a result of environmental, social or governance events or conditions. Sustainability risks associated with climate change, environmental factors, social factors or governance will be dependent on multiple variables including the sector, geography, asset class of the security and the nature and time horizon of the investment strategy. It is expected that sustainability risks, and how these are integrated, to continue to evolve.

## **7.3. ESG INVESTMENT STRATEGY RISK**

Where disclosed in the relevant Subfund's investment policy section, a fund may be subject to the risk that its investment strategy may select, prevent the acquisition of or require the disposal of securities of certain issuers for reasons other than investment performance or other financial considerations. as a result, the Subfund may underperform other funds with a similar financial objective or policy that do not include non-financial considerations in their investment strategy and may suffer investment losses if it is required to dispose of a security as a result of such non-financial considerations.

## **7.4. SUSTAINABILITY RISK INTEGRATION**

Sustainability risk shall be assessed and integrated into the respective investment process of each Subfund in a manner similar to all other examined risk factors. Investors shall note that the assessment of sustainability risk does not constitute investment into assets considered more sustainable than their respective peers, or denote the avoidance of investment into assets considered less sustainable. Such integrated assessment shall consider all other parameters used by the Company; to highlight an example, fluctuations in market value of assets under sustainability risk may be considered as overreactions, as judged according to the discretion of the Company. Similarly, a holding in an asset subject to negative material impact does not necessitate the liquidation of the asset.

The following approaches support the integration of sustainability risks into investment decisions, but will vary between investment strategies and may or may not be applied depending on the Subfund characteristics:

- **Sustainability data and analysis:** the Company has access to sustainability data and analysis from various sources on a daily basis, and an assessment of sustainability data is incorporated into quarterly risk reviews.
- **Engagement and voting:** Engagement, voting and policy advocacy all form part of the engagement process to promote sustainable value creation and to address sustainability risks. The approach to engagement varies across asset classes and Investment Managers. Further details are available in GAM's Engagement Policy [<https://www.gam.com/en/corporate-responsibility/responsible-investing>] and Corporate Governance and Voting Principles [<https://www.gam.com/en/corporate-responsibility/responsible-investing>] both of which are applicable to GAM group companies including the Company.
- **Net zero commitment:** GAM supports the goal of net zero greenhouse gas emissions by 2050. This commitment informs engagement objectives for target companies. Further details of GAM's net zero commitment are outlined in [<https://www.gam.com/en/corporate-responsibility/responsible-investing>], which is applicable to GAM group companies including the Company.

- **Sustainability Exclusions:** certain strategies may exclude or avoid investments in certain activities considered to cause negative environmental and social impact. Further details are in the Subfund investment policy and in GAM's Sustainability Exclusion Policy [<https://www.gam.com/en/corporate-responsibility/responsible-investing>], which is applicable to GAM group companies including the Company.
- **Asset-specific considerations:** the impact of sustainability risk on an investment differs between asset classes. Consequently, the approach to the integration of sustainability risks across various asset classes is dynamic in nature. Further details on the approach for each asset class are outlined in GAM's Sustainability Risk Statement [<https://www.gam.com/en/corporate-responsibility/responsible-investing>], which is applicable to GAM group companies including the Company.

GAM expects the approach to the integration of sustainability risks to continue to evolve as data, analysis and methodologies develop. The prospective investors of any Subfund shall read this section together with the relevant Subfund's investment policy section and note that a Subfund may deviate from these guidelines, with such deviations clarified in the Investment policy section of the respective Subfund.

A more detailed explanation of each approach can be found in GAM's Sustainability Risk Statement on the website [<https://www.gam.com/en/corporate-responsibility/responsible-investing>], which is applicable to GAM group companies including the Company.

#### **7.5. SUSTAINABILITY RELATED DATA AND RELIANCE ON THIRD PARTIES**

The Company will rely on sustainability related data both in order to assess sustainability risks and as part of the investment strategy of Subfunds which promote environmental or social characteristics (including through the use of ESG ratings) or have a sustainable investment objective. The assessment of sustainability risks and the implementation of a particular investment strategy may be adversely impacted by the quality, timeliness, completeness, and availability of such data.

The Company may be required to use estimates or otherwise apply subjective judgements in assessing sustainability risk or applying an investment strategy.

The Company may rely on third parties (including data vendors and ESG ratings providers). Such third parties may also be impacted by the quality, timeliness, completeness, and availability of sustainability related data. Where a Subfund makes use of ESG ratings, the relevant Subfund's investment policy section indicates whether these are provided by a third party ESG ratings provider or are in-house ESG ratings methodologies.

ESG ratings generally assess the impact of environmental, social and governance (ESG) factors on a company and/or a company's impact on the outside world and provide an opinion, expressed as a rating, of such impacts. ESG ratings may not capture all sustainability risks or impacts of a particular company. As different ESG ratings may rely on different data sources and calculation methodologies (including the weightings applied to ESG factors), the ratings applied to one company by a provider may be different from the rating applied to the same company by another provider. The businesses of ESG rating and ESG data providers are generally unregulated. ESG ratings may be provided by third parties that have an existing relationship with the companies that are being rated (and may have been engaged by that company to provide ESG ratings), which can create a conflict of interest for the ESG ratings provider. ESG ratings providers may also not make timely changes in a rating to reflect changes to the relevant company, sustainability risks or other external events. The Subfund may suffer losses (including loss of opportunity) and the Subfund's ESG performance may be different from that intended as a result of reliance on data or ratings which prove inaccurate, incomplete or out of date or if the Company does not correctly assess the impact of such data.

#### **7.6. EXCLUSION POLICY**

GAM Investment's exclusion criteria (which are applied by GAM group companies including the Company) are detailed in a proprietary exclusion policy, published and available on [www.gam.com/en/corporate-responsibility/responsible-investing](http://www.gam.com/en/corporate-responsibility/responsible-investing). These exclusion criteria are applied in the same manner by the Company. Should a Subfund maintain Subfund-specific exclusions, such exclusions will be detailed in the respective investment policy section of the Subfund.

## 8. THE COMPANY

### GENERAL INFORMATION

The Company is established as a “société d'investissement à capital variable” (SICAV) in the Grand Duchy of Luxembourg under the current version of the 2010 Law. In accordance with Part I of the 2010 Law, the Company is authorised to perform collective investments in securities.

The Company was established on December 1, 1989 for an indefinite period.

The Company is registered under number B-32.188 in the Luxembourg commercial and companies' register. The articles of association may be consulted and sent out on request. The articles of association were published in Luxembourg in the “Mémorial” on January 19, 1990. The articles of association were last amended on 30 June 2017, as published in the Recueil Electronique des Sociétés et Associations (“RESA”) in Luxembourg on 20 July 2017.

The registered office of the Company is 25, Grand-Rue, L- 1661 Luxembourg.

### MINIMUM CAPITAL

The Company's minimum capital in Swiss Francs is the equivalent to EUR 1,250,000. If one or more Subfunds are invested in units of other Subfunds of the Company, the value of the relevant units is not to be taken into account for the purpose of verifying the statutory minimum capital. In the event that the capital of the Company falls below two-thirds of the minimum capital laid down by law, the Board of Directors of the Company is required to submit the question of liquidation of the Company to a general meeting of shareholders within forty (40) days. The general meeting may resolve the question of liquidation with a simple majority of the shareholders present/represented (no quorum is required).

In the event that the capital of the Company falls below one-quarter of the minimum capital laid down by law, the Board of Directors of the Company is required to submit the question of liquidation of the Company to a general meeting of shareholders within forty (40) days. In this case, a liquidation may be resolved by one-quarter of the votes of the shareholders present/represented at the general meeting (no quorum is required).

### LIQUIDATION / MERGER

Under the terms of Articles 67-1 and 142 of the 1915 Law, the Company may be liquidated with the approval of the shareholders. The liquidator is authorised to transfer all assets and liabilities of the Company to a Luxembourg UCITS against the issue of shares in the absorbing UCITS (in proportion to the Shares in the Company in liquidation). Otherwise, any liquidation of the Company is carried out in accordance with Luxembourg law. Any liquidation proceeds remaining to be distributed to shareholders, but which could not be paid out to them at the end of liquidation will be deposited with the Caisse de Consignation in Luxembourg in accordance with Article 146 of the 2010 Law in favour of the entitled person.

In addition, the Company may decide on or propose the liquidation of one or more Subfunds or the merger of one or more Subfunds with another Subfund of the Company or another UCITS in accordance with Directive 2009/65/EC, or with a Subfund within such other UCITS, as described in more detail in the section “Redemption of Shares”.

### INDEPENDENCE OF THE SUBFUNDS

The Company assumes liability in respect of third parties for the obligations of each Subfund only with the respective assets of the Subfund in question. In dealings among the shareholders each Subfund is treated as an independent unit and the obligations of each Subfund are assigned to that Subfund in the list of assets and liabilities.

### THE BOARD OF DIRECTORS

The articles of association contain no provisions with regard to the remuneration (including pensions and other benefits) of the Board of Directors. The expenses of the Board of Directors are paid. Remuneration must be approved by the shareholders at the general meeting.

## 9. CUSTODIAN

The Company has appointed State Street Bank International GmbH, Luxembourg Branch (“SSB-LUX”) as Custodian Bank (the “Custodian Bank”) of the Company with responsibility for:

- a) Custody of the assets,
- b) Monitoring duties,
- c) Cash flow monitoring

in accordance with applicable Luxembourg law, the relevant CSSF circular and other applicable mandatory provisions of the Regulation (hereinafter referred to as the “Luxembourg Regulation“ in the respective current version) and the Custodian Agreement, which was entered into between the Company and SSB-LUX (“Custodian Agreement”).

SSB-Lux is subject to supervision by the European Central Bank (ECB), the Federal Financial Supervisory Authority (BaFin) and the Deutsche Bundesbank and has been approved by the Commission de Surveillance du Secteur Financier (CSSF) in Luxembourg as a custodian and central administrative office.

### ON A) CUSTODY OF THE ASSETS

In accordance with the Luxembourg Regulation and the Custodian Agreement, the Custodian Bank is responsible for the safekeeping of the financial instruments that can be held in safekeeping and for the accounting and verification of ownership of the other assets.

### DELEGATION

Furthermore, the Custodian Bank is authorized to delegate its custodian obligations under the Luxembourg Regulation to sub-custodians and to open accounts with sub-custodians, provided that (i) such delegation complies with the conditions laid down by the Luxembourg Regulation - and provided such conditions are observed; and (ii) the Custodian Bank will exercise all customary and appropriate care and expertise with regard to the selection, appointment, regular monitoring and control of its sub-custodians.

### TO B) MONITORING DUTIES

In accordance with the Luxembourg Regulation and the articles of association of the Company, as well as with the Custodian Agreement, the Custodian Bank will:

- (i) ensure that the sale, issue, redemption, switching and cancellation of the Company's shares are conducted in accordance with the Luxembourg Regulation and the articles of association of the Company;
- (ii) ensure that the value of the Company's shares is calculated in accordance with the Luxembourg Regulation;
- (iii) execute the Management Company's instructions, provided they do not conflict with the Luxembourg Regulation and the articles of association of the Company;
- (iv) ensure that in transactions concerning the Company's assets, any remuneration is remitted/forwarded to the Company within the customary time limits;
- (v) ensure that the Company's income is recorded in the accounts in accordance with the Luxembourg Regulation and the articles of association of the Company.

### TO C) CASH FLOW MONITORING

The Custodian Bank is obligated to perform certain monitoring duties with regard to cash flows as follows:

- (i) reconciling all cash flows and conducting such reconciliation on a daily basis;
- (ii) identifying cash flows which in its professional judgment are significant and in particular those which may possibly not be in keeping with the Company's transactions. The Custodian Bank will conduct its verification on the basis of the previous day's transaction statements;
- (iii) ensuring that all bank accounts within the Company's structure have been opened in the name of the Company;

- (iv) ensuring that the relevant banks are EU or comparable banking institutions;
- (v) ensuring that the monies that have been paid by the shareholders have been received and recorded on bank accounts of the Company.

Current information on the Custodian, its duties, potential conflicts, a description of all depositary functions delegated by the Custodian, a list of delegates and sub-delegates and the disclosure of all conflicts of interest that may arise in connection with the delegation of duties are made available to the shareholders, upon request, by the Custodian. Furthermore, a list of delegates and sub-delegates is available at [www.statestreet.com/about/office-locations/luxembourg/subcustodians.html](http://www.statestreet.com/about/office-locations/luxembourg/subcustodians.html).

#### **CONFLICTS OF INTEREST**

The Custodian Bank is part of an international group of companies and businesses that, in the ordinary course of their business, act simultaneously for a large number of clients, as well as for their own account, which may result in actual or potential conflicts. Conflicts of interest arise where the Custodian Bank or its affiliates engage in activities under the Custodian agreement or under separate contractual or other arrangements. Such activities may include:

- (i) providing nominee, administration, registrar and transfer agency, research, securities lending agent, investment management, financial advice and/or other advisory services to the Company;
- (ii) engaging in banking, sales and trading transactions including foreign exchange, derivative, principal lending, broking, market making or other financial transactions with the Company, either as principal and in the interests of itself, or for other clients.

In connection with the above activities, the Custodian Bank or its affiliates:

- (i) will seek to profit from such activities and are entitled to receive and retain any profits or compensation in any form and are not bound to disclose to, the Company, the nature or amount of any such profits or compensation including any fee, charge, commission, revenue share, spread, mark-up, mark-down, interest, rebate, discount, or other benefit received in connection with any such activities;
- (ii) may buy, sell, issue, deal with or hold, securities or other financial products or instruments as principal acting in its own interests, the interests of its affiliates or for its other clients;
- (iii) may trade in the same or opposite direction to the transactions undertaken, including based upon information in its possession that is not available to the Company;
- (iv) may provide the same or similar services to other clients including competitors of the Fund;
- (v) may be granted creditors' rights by the Company which it may exercise.

The Company may use an affiliate of the Custodian Bank to execute foreign exchange, spot or swap transactions for the account of the Company. In such instances the affiliate shall be acting in a principal capacity and not as a broker, agent or fiduciary of the Company. The affiliate will seek to profit from these transactions and is entitled to retain and not disclose any profit to the Company. The affiliate shall enter into such transactions on the terms and conditions agreed with the Company.

Where cash belonging to the Company is deposited with an affiliate being a bank, a potential conflict arises in relation to the interest (if any) which the affiliate may pay or charge to such account and the fees or other benefits which it may derive from holding such cash as banker and not as trustee.

The Investment Manager or the Management Company may also be a client or counterparty of the Custodian Bank or its affiliates.

For its services, the Company pays to the custodian a remuneration based on the net asset value of the respective Subfund at the end of each month and is payable monthly in arrears. In addition, the custodian is entitled to payment by the Company to recover expenses and the fees charged, in turn, by other correspondent banks.

SSB-LUX is part of a company operating globally. In connection with the settlement of subscriptions and redemptions and the fostering of business relations, data and information about customers, their business



relationship with SSB-LUX (including information about the beneficial owner) as well as, to the extent legally permissible, information about business transactions may be transmitted to affiliated entities or groups of companies of SSB-LUX abroad, to its representatives abroad or to the management company or the company. These service providers and the management company or society are required to keep the information confidential and use it only for the purposes for which they have been made available to them. The data protection laws in foreign countries may differ from the Privacy Policy in Luxembourg and provide a lower standard of protection.

## **10. MANAGEMENT COMPANY AND DOMICILIARY AGENT**

The Company is managed by GAM (Luxembourg) S.A. (the "Management Company"), which is subject to the provisions of Chapter 15 of the 2010 Law.

In addition, the Company is domiciled at the Management Company.

The Management Company was established on 08 January 2002 for an unlimited period. The corporate capital amounts to EUR 5,000,000. It is registered under number B-85.427 in the Luxembourg commercial and companies' register, where copies of the articles of association are available for inspection and can be received on request. The articles of association were last amended on 31 December 2015, as published in the Mémorial in Luxembourg on 16 January 2016.

The Management Company's registered office is at 25, Grand-Rue, L-1661 Luxembourg, Grand Duchy of Luxembourg.

Aside from managing the Company, the Management Company currently administers additional undertakings for collective investments of the Group.

## **11. PRINCIPAL ADMINISTRATIVE AND PAYING AGENT, AGENT, REGISTRAR AND TRANSFER AGENT**

SSB-LUX has been appointed to provide services as the principal administrative and paying agent and as registrar and transfer agent. In consideration of the services rendered, SSB-LUX receives a fee which is based on the net asset value of the respective Subfund for each month, payable monthly in arrears.

## **12. GENERAL INFORMATION ON INVESTMENT MANAGEMENT AND INVESTMENT ADVICE**

The Company and/or the Management Company have authorised various specialist financial service providers to act as investment managers ("Investment Managers"), investment advisers ("Investment Advisers") and/or advisers ("Advisers") for one or more Subfunds of the Company.

The Investment Managers, Investment Advisers or Advisers shall receive a fee for their work from the net asset value of the Subfund concerned; said fee is detailed in the section "Fees and Costs".

The Investment Managers and Investment Advisers may, as a matter of principle, call on the assistance of related companies in the performance of their duties, at their own expense and under their own responsibility and supervision; subject to the same proviso, they may appoint sub-investment advisers or, with the consent of the Management Company, sub-investment managers.

The Management Company and the Investment Managers are not obliged to do business with any broker. Transactions can also be conducted through related companies provided their conditions are comparable to those of other brokers or traders and regardless of whether they make a profit out of these transactions. Although in general the Company seeks to pay favourable and competitive commissions, the cheapest brokerage or the most favourable margin is not paid in every case.

## 12.1. INVESTMENT MANAGERS / INVESTMENT ADVISERS

### GENERAL

The Investment Managers are authorised by right to make investments directly for the corresponding Subfund, taking into account the relevant investment objectives, policy and limits of the Company, and under the ultimate supervision of the Management Company or the Board of Directors or the auditor(s) appointed by the Management Company. The Investment Advisers can submit recommendations to the Management Company for investing the assets of the corresponding Subfunds, taking into account their investment objectives, policy and limits.

### INVESTMENT MANAGER

The Management Company and the Company may, subject to the prior approval of the CSSF, transfer the portfolio management of some or all Subfunds under their supervision and ultimate responsibility, to one or more Investment Managers. The Investment Managers are currently as follows:

- **GAM INVESTMENT MANAGEMENT (SWITZERLAND) LTD**

Hardstrasse 201, 8005 Zurich, Switzerland

GAM Investment Management (Switzerland) Ltd is the Investment Manager of the following Subfunds:

- ASIA FOCUS EQUITY (The Subfund will be managed by GAM Investment Management (Switzerland) AG and GAM International Management Limited. Both Investment Managers will thereby take all investment decisions in a joint and coordinated manner to the benefit of the Subfund).
- CHINA EVOLUTION EQUITY (The Subfund will be managed by GAM Investment Management (Switzerland) AG and GAM International Management Limited. Both Investment Managers will thereby take all investment decisions in a joint and coordinated manner to the benefit of the Subfund).
- JAPAN EQUITY (The Subfund is managed by GAM Investment Management (Switzerland) Ltd and GAM International Management Limited. Both Investment Managers will thereby take all investment decisions in a joint and coordinated manner to the benefit of the Subfund).
- 
- MERGER ARBITRAGE (The Subfund will be managed by GAM Investment Management (Switzerland) AG and GAM International Management Limited. The two investment managers will coordinate and jointly make investment decisions for the benefit of the Subfund).
- SWISS SMALL & MID CAP EQUITY
- SWISS EQUITY

GAM Investment Management (Switzerland) Ltd. has been established as a joint stock company under Swiss law in 1990. Today it is a wholly owned subsidiary of the GAM Holding Ltd., Zurich. GAM Investment Management (Switzerland) Ltd is a fund management company in the sense of the Swiss Collective Investment Scheme Act and as such supervised by the Swiss Financial Market Supervisory Authority ("FINMA"). The authorisation of FINMA includes in particular the activities as fund management company of Swiss UCI(T), as representative of foreign UCI in Switzerland and as portfolio manager.

- **GAM INTERNATIONAL MANAGEMENT LIMITED**

8 Finsbury Circus, London EC2M 7GB, United Kingdom

GAM International Management Limited is the Investment Manager of the following Subfunds:

- EMERGING MARKETS EQUITY
- LUXURY BRANDS EQUITY

GAM International Management Ltd. is a company established under the law of the United Kingdom on 26 March 1984 and registered in England and in Wales. The Company is supervised by the British Financial Conduct Authority (FCA) and is authorised to provide investment management services. GAM International Management Ltd. is a 100% indirect group company of the GAM Holding AG, Zurich, Switzerland.

### **13. PAYING AGENTS AND REPRESENTATIVES**

The Company / Management Company has concluded agreements with various paying agents and/or representatives concerning the provision of certain administrative services, the distribution of Shares or the representation of the Company in different distribution countries. The fees charged by the paying agents and representatives may be borne by the Company as agreed in each case. Furthermore, the paying agents and representatives may be entitled to the reimbursement of all reasonable costs that have been duly incurred in connection with the performance of their respective duties.

The paying agents or (processing) establishments necessitated by the local regulations on distribution specified in the various distribution countries, for example correspondent banks, may charge the shareholder additional costs and expenses, in particular the transaction costs entailed by customer orders, in accordance with the particular institution's scale of charges.

### **14. DISTRIBUTORS**

The Company/Management Company may, in accordance with the applicable laws, appoint distributors ("Distributors") responsible for the offering and selling of Shares of various Subfunds in all countries in which the offering and selling of such Shares is permitted. The Distributors are authorised to retain a selling fee (up to a maximum of 5%) for the Shares it markets, or else to waive all or part of the selling fee.

Distributors have been appointed, and further Distributors may be appointed.

A Distributor is authorised, taking into account the applicable national laws and rules and regulations in the country of distribution, to offer "A", "B", "E", "I", "Ia", "M", "Ma", "N" and "Na" Shares (as applicable, also hedged with the addition of the letter "h" (as defined in the section "Description of Shares") in connection with savings plans.

In this respect, the Distributor is authorised in particular:

- (a) to offer savings plans of several years' duration, giving details of the conditions and features and of the initial subscription amount and the recurrent subscriptions;
- (b) to offer, in respect of selling, switching and redemption fees, more favourable terms and conditions for savings plans than the maximum rates for the issue, switching and redemption of Shares otherwise quoted in this Prospectus.

The terms and conditions of such savings plans, especially with regard to fees, are based on the law of the country of distribution, and may be obtained from the local Distributors, which offer such savings plans.

A Distributor is also authorised, taking into account the applicable national laws and rules and regulations in the country of distribution, to include Shares in a fund-linked life assurance as an investment component, and to offer Shares in such indirect form to the public. The legal relationship between the Company or Management Company, the Distributor/insurance company and the investors/policyholders is governed by the life assurance policy and the applicable laws.

The Distributors and SSB-LUX must at all times comply with the provisions of the Luxembourg law on the prevention of money laundering, and in particular the law of 7 July 1989, which amends the law of 19 February 1973 on the sale of drugs and the combating of drug dependency, the law of November 12, 2004, on the combat against money laundering and terrorist financing and of the law of April 5, 1993, on the financial sector, as amended, as well as other relevant laws passed by the government of Luxembourg or by supervisory authorities.

Subscribers of Shares must inter alia prove their identity to the Distributor and/or SSB-LUX or the Company whichever accepts their subscription request. The Distributor and/or SSB-LUX or the Company must request the following identity papers from the subscribers: in the case of natural persons a certified copy of the passport/identity card (certified by the Distributor or the local government administration); in the case of companies or other legal entities a certified copy of the certificate of incorporation, a certified copy of the extract from the commercial register, a copy of the latest published annual accounts, the full name of the beneficial owner.

The Distributor must ensure that the aforementioned identification procedure is strictly applied. The Company and the Management Company may at any time require confirmation of compliance from the Distributor or SSB-LUX. SSB-LUX checks compliance with the aforementioned rules in all subscription/redemption requests which it receives from Distributors in countries with non-equivalent money-laundering regulations. In case of doubt as to the identity of the party applying for subscription or redemption because of inadequate, inaccurate or lack of identification, SSB-LUX is authorised, without involving costs, to suspend or reject subscription/redemption requests for the reasons cited above. Distributors must additionally comply with all provisions for the prevention of money laundering which are in force in their own countries.

## **15. CO-MANAGEMENT**

In order to reduce current administration costs and achieve broader asset diversification, the Company may decide to manage all or part of a Subfund's assets together with the assets of other Luxembourg UCIs managed by the same Management Company or the same investment manager and established by the same promoter, or have some or all Subfunds co-managed. In the following paragraphs, the words "co-managed units" generally refer to all Subfunds and units with or between which a given co-management arrangement exists, and the words "co-managed assets" refer to the total assets of those co-managed units managed under the same arrangement

Under the co-management arrangement, investment and realisation decisions can be made on a consolidated basis for the co-managed units concerned. Each co-managed unit holds a part of the co-managed assets corresponding to its net asset value as a proportion of the total value of the co-managed assets. This proportional holding is applicable to each category of investments held or acquired under co-management, and its existence as such is not affected by investment and/or realisation decisions. Additional investments will be allocated to the co-managed units in the same proportion, and sold assets deducted pro rata from the co-managed assets, held by each co-managed unit.

When new Shares are subscribed in a co-managed unit, the subscription proceeds will be allocated to the co-managed units in the new proportion resulting from the increase in the net asset value of the co-managed units to which the subscriptions have been credited, and all categories of investments will be changed by transferring assets from one co-managed unit to the other and thus adapted to the changed situation. Similarly, when Shares in a co-managed unit are redeemed, the required cash may be deducted from the cash held by the co-managed units accordingly, to reflect the changed proportions resulting from the reduced net asset value of the co-managed unit to which the redemptions were charged, and in such cases all categories of investments will be adapted to the changed situation. Shareholders should therefore be aware that a co-management arrangement may cause the composition of the Subfund's portfolio to be influenced by events caused by other co-managed units, such as subscriptions and redemptions. Provided there are no other changes, subscriptions of shares in a unit with which a Subfund is co-managed will lead to an increase in that Subfund's cash. Conversely, redemptions of shares in a unit with which a Subfund is co-managed will lead to a reduction in that Subfund's cash. However, subscriptions and redemptions may be held in the specific account opened for each co-managed unit outside the co-management arrangement and through which subscriptions and redemptions must pass. The possibility of large payments and redemptions being allocated to such specific accounts, and of a Subfund ceasing to participate in the co-management arrangement at any time, prevent changes in a Subfund's portfolio caused by other co-managed units if these changes are likely to adversely affect the interests of the Subfund and the shareholders.

If a change in the composition of a Subfund's assets as a result of redemptions or payments of charges and costs relating to another co-managed unit (i.e. not attributable to the Subfund) would cause a breach of the

investment restrictions applying to that Subfund, the assets concerned will be excluded from the co-management arrangement before the changes are carried out, so that they are not affected by the changes.

Co-managed assets of a Subfund may be co-managed only with assets which are to be invested in accordance with investment objectives and investment policies compatible with those of the Subfund's co-managed assets, to ensure that investment decisions are fully compatible with the Subfund's investment policy. Co-managed assets of a Subfund may be managed jointly only with assets for which the custodian bank also acts as custodian, to ensure that the custodian bank can fully comply with its functions and responsibilities under the 2010 Law on undertakings for collective investment. The custodian bank must always keep the Company's assets separate from those of other co-managed units and must therefore always be able to identify the Company's assets. As co-managed units may be following an investment policy which is not completely the same as that of a Subfund, the joint policy applied may be more restrictive than that of the Subfund.

The Company may end the co-management arrangement at any time and without prior notice.

Shareholders may contact the Company at any time for information on the percentage of assets which is co-managed, and the units with which such co-management exists at the time of their inquiry. Annual and semi-annual reports are also required to specify the composition and percentage proportions of co-managed assets.

## 16. DESCRIPTION OF SHARES

### GENERAL

Shares in the Company have no par value. The Company only issues Shares for each Subfund in registered form. To the extent that bearer shares were issued previously, ownership of these bearer shares can be proved by possession of the bearer Shares having the corresponding coupons. Ownership of registered shares can be proved by the entry in the register of shareholders. In principle, no physical Share certificates will be issued. A Share acknowledgement is issued and sent to the shareholder. Registered Shares are also issued in fractions, which are rounded up or down to three decimal places. In addition, within each Subfund it is possible to issue distributing and accumulating Shares. Distributing Shares entitle the shareholder to a dividend as determined at the general meeting of shareholders. Accumulating Shares do not entitle the shareholder to a dividend. When dividend payments are made, the dividend amounts are deducted from the net asset value of the distributing Shares. The net asset value of the accumulating Shares, on the other hand, remains unchanged.

Each Share grants a right to part of the profits and result of the Subfund in question. Unless provided otherwise in the articles of association or by law, each Share entitles the shareholder to one vote, which he may exercise at the general meeting of shareholders or at other meetings of the Subfund in question either in person or through a proxy. The Shares do not include rights of priority or subscription rights. Nor are they now or will they in the future be associated with any outstanding options or special rights. The Shares are transferable without restriction unless the Company, in accordance with the articles of association of the Company, has restricted ownership of the Shares to specific persons or organisations ("restricted category of purchasers").

Thus the Company's shares are not registered in the USA under the United States Securities Act of 1933 and therefore may be neither offered nor sold in the USA, including the dependent territories, unless such offer or such sale is permitted by way of an exemption from registration under the United States Securities Act of 1933.

Furthermore, the shares of the Subfund ASIA FOCUS EQUITY may not be offered, sold or delivered, directly or indirectly, either in India, or to or for the account of "Indian Residents" or to NRIs.

"Indian Residents" within the meaning of this provision refers to persons domiciled in India; partnerships or corporations under Indian law; trusts in which a trustee is domiciled in India; India-domiciled agencies or branches of foreign entities; non-discretionary or similar accounts held in favour of or for the account of a person domiciled in India, and discretionary or similar accounts held by a broker under Indian law or who is

domiciled in India. NRI within the meaning of this provision refers to Indian nationals who do not live on Indian territory.

#### IMMOBILISATION OF BEARER SHARES

The Luxembourg Law of 28 July 2014 on the mandatory deposit and immobilisation of bearer shares (Immobilisation Law) provides for a new regulation that will apply to physical securities (bearer shares) issued by the management company.

Within the scope of implementing the Immobilisation Law, BIL Banque Internationale à Luxembourg, société anonyme, whose registered office is at 69, route d'Esch, L-2953 Luxembourg, was appointed depository for the safekeeping and registration of bearer shares. The holders of physical securities must deposit these with the depository by 17 February 2016 at the latest and register them under the name and address of the current owner at the time of deposit. Any claims to distributions and associated voting rights attached to bearer shares will be suspended in accordance with the Immobilisation Law and shall only be restored once the bearer shares in question are delivered to a securities deposit account managed by the bank or deposited with the depository stated above.

In accordance with the Immobilisation Law, shares not deposited or registered when the prescribed legal deadline has passed shall be valued at the rate valid for 18 February 2016 and the corresponding amount shall be transferred to the Luxembourg Caisse de Consignation. Every shareholder affected can request payment of the amount apportioned to them until expiry of the statutory period of limitation. At the same time, the collected shares are deleted.

As of 18 February 2016, the management company will therefore no longer act as a contact for the affected shareholders. Claims for payment of the deposited net asset values can only be made to the Luxembourg Caisse de Consignation.

#### SHARE CATEGORIES

The Company's Board of Directors has approved the issue of Share Categories with different minimum subscriptions, dividend policies, currencies and fee structures. The following Share Categories may be issued:

SHARE CATEGORY	DESCRIPTION
Share category "A"	distributing
Share category "B"	accumulating
Share category "C"	accumulating for "institutional investors"
Share category "Ca"	distributing for "institutional investors"
Share category "E"	accumulating for specified Distributors*
Share category "Ea"	distributing for certain distributors*)
Share category "Em"	distributing, on a monthly basis, for certain distributors*)
Share category "F"	accumulating for specified Distributors*
Share category "G"	accumulating for the GAM Group*
Share category "I" (**)	accumulating for specified distribution companies and institutional investors*)
Share category "Ia" (**)	distributing for specified distribution companies and institutional investors*)
Share category "J" (**)	accumulating for certain "institutional investors" (**)
Share category "Ja" (**)	distributing for certain "institutional investors" (**)
Share category "K"	accumulating for certain distributors*)

SHARE CATEGORY	DESCRIPTION
Share category "Ka"	distributing for certain distributors*)
Share category "Km"	distributing, on a monthly basis, for certain distributors*)
Share category "M"	accumulating for specified distribution companies and institutional investors*)
Share category "Ma"	distributing for specified distribution companies and institutional investors*)
Share category "N"	accumulating for specified distribution companies*)
Share category "Na"	distributing for specified distribution companies*)
Share category "R"	accumulating for specified intermediaries*
Share category "Ra"	distributing for specified intermediaries*
Share category "S"***)	accumulating for specified intermediaries*
Share category "Sa"***)	distributing for specified intermediaries*
Share category "V"	accumulating *)
Share category "Va"	distributing *)
Share category "X"	accumulating for employees of GAM Group and GAM Group companies*)
Share category "Xa"	distributing for employees of GAM Group and GAM Group companies *)
Share category "Z"	accumulating for certain "institutional investors"***
Share categories 'A', 'B', 'C', 'Ca', 'E', 'Ea', 'Em', 'I', 'Ia', 'J', 'Ja', 'K', 'Ka', 'Km', 'M', 'Ma', 'N', 'Na', 'R', 'Ra', 'S', 'Sa', 'V', 'Va', 'X', 'Xa' and "Z" with the suffix "h"	hedged share categories*

\*) as defined below

\*\*) The share categories I, Ih, Ia, Iah, S, Sh, Sa and Sah of a Subfund may be numbered as 1, 2, 3... and labelled as I1, I2, I3 (...), Ih1, Ih2, Ih3 (...), Ia1, Ia2, Ia3 (...), Iah1, Iah2, Iah3 (...), S1, S2, S3 (...), Sh1, Sh2, Sh3 (...), Sa1, Sa2, Sa3 (...), Sah1, Sah2, Sah3 (...) and J1, J2, J3 (...), Jh1, Jh2, Jh3 (...), Ja1, Ja2, Ja3 (...) and Jah1, Jah2, Jah3 (...) (further information about the different share categories issued for each Subfund is available in section "Fees and costs").

**"C", "CH", "CA", "CAH", "I", "IH", "IA", "IAH", "J", "JH", "JA" and "JAH"** Shares, within the meaning of Article 174 et seq. of the 2010 Law, these shares may be acquired only by "institutional investors", subject to a successful application procedure (re. minimum subscriptions, see the section "Issue and sale of Shares / Application procedure" and "Fees and costs").

For entities incorporated in the EU, the definition of "institutional investors" includes all eligible counterparties and all clients considered per se to be professionals pursuant to Directive 2014/65/EU on markets in financial instruments ("MIFID- Directive") who have not requested non-professional treatment.

**"E", "EA", "EAH", "EM" and "EMH" SHARES** are issued exclusively to Distributors domiciled in Spain, Italy Portugal and Taiwan and to other specific Distributors in other distribution markets, provided the Board of Directors of the Company has decided for the latter on a special authorisation for the distribution of the "E", "EA", "EAH", "EM" and "EMH" Shares. All other Distributors are not allowed to acquire "E", "EA", "EAH", "EM" and "EMH" Shares.

**"F" SHARES** are issued exclusively to "Qualified Domestic Institutional Investors" (QDII) from the People's Republic of China as well as to specific investors in other countries, provided the Board of Directors of the Company has decided for the latter on a special authorisation. All other investors are not allowed to acquire "F" Shares.

**“G” SHARES** may only be acquired by companies of the GAM Group (“GAM Group”) or in UCI(T)s managed or launched by the GAM Group, each of which qualifies as an institutional investor within the meaning of Article 174 et seq. of the 2010 Law. Other investors may not acquire G Shares.

For entities incorporated in the EU, the definition of “Institutional Investor” includes, inter alia, all eligible counterparties and all clients considered per se as professional clients within the meaning of Directive 2014/65/EU on markets in financial instruments (“MIFID”) who have not requested treatment as non-professional clients.

**“K”, “KH”, “KA”, “KAH”, “KM” and “KMH” SHARES** are issued exclusively to Distributors domiciled in Taiwan and to other specific Distributors in other distribution markets, provided the Board of Directors of the Company has decided for the latter on a special authorisation for the distribution of the **“K”, “KH”, “KA”, “KAH”, “KM” and “KMH” Shares**.

**“M”, “MH”, “MA” and “MAH” SHARES** are available at the sole discretion of the Management Company exclusively for specified distribution companies that comply with the prerequisites as institutional investor according to Article 174 et seq. of the 2010 Law. For entities incorporated in the EU, the definition of “institutional investors” includes i. a. all eligible counterparties and all clients considered per se to be professionals pursuant to Directive 2014/65/EU on markets in financial instruments (“MIFID- Directive”) who have not requested non-professional treatment.

**“N”, “NH”, “NA” and “NAH” SHARES** are available at the sole discretion of the Management Company exclusively for specified distribution companies.

**“R”, “RH”, “RA”, “RAH”, “S”, “SH”, “SA” and “SAH” SHARES** are available for specified intermediaries only, who are not allowed to accept and retain fees, commissions or any monetary or non-monetary benefits (except for minor non-monetary benefits) paid or provided by any third party or a person acting on behalf of a third party, be this (i) due to legal requirements or (ii) due to the fact that they have concluded contractual agreement (e.g. individual discretionary portfolio management or advisory agreements with separate fee arrangements or other agreements) with their customers which exclude such payments.

**“V”, “VH”, “VA” and “VAH” SHARES** are offered exclusively for a limited period of time. The **“V”, “VH”, “VA” and “VAH”** are open for subscription until (i) a period determined by the Management Company has elapsed (such as the initial subscription period) or (ii) the Subfund’s assets have reached the level determined by the Management Company. After this limited period, no more subscriptions are possible unless the Management Company decides otherwise. Shares may be redeemed at any time, as described in the chapter “Redemption of shares”.

**“X”, “XH”, “XA” and “XAH” SHARES** are available to all employees of the GAM Group and GAM Group companies.

**“Z” and “ZH” SHARES** may be acquired exclusively by “institutional investors”, within the meaning of Article 174 et seq. of the 2010 Law, who have signed an asset management or investment advisory agreement with GAM Investment Management (Switzerland) Ltd., Hardstrasse 201, CH-8037 Zurich, Switzerland and who observe the minimum subscription amount (cf. minimum subscription amount in section “Issue of Shares / Application procedure” and “Fees and costs”). In case the contractual basis for holding Z and Zh Shares is no longer given, the Company will automatically switch Z and Zh Shares into Shares of another category which are eligible for the shareholder in question, and all provisions regarding the Shares of such other category (including fees and taxes) shall apply to such Shares. For entities incorporated in the EU, the definition of “institutional investors” includes i. a. all eligible counterparties and all clients considered per se to be professionals pursuant to Directive 2014/65/EU on markets in financial instruments (“MIFID-Directive”) who have not requested non-professional treatment.

Where a Share Category is offered in a currency other than in the accounting currency of the Subfund concerned, the currency will be indicated as such. For these additional Share Categories, the Company may, in relation to the Subfund concerned, hedge the Shares in these Share Categories against the currency of the Subfund or against other currencies, so as to reduce the risk of exchange rate fluctuations. Where such currency hedging is applied, the Company may, in relation to the Subfund concerned and exclusively for this Share Category, perform foreign exchange forward transactions, currency futures transactions, currency options transactions and currency swaps in order to preserve the value of the currency of the Share Category



against the accounting currency or against other currencies. Where such transactions are performed, the results of this hedging shall be reflected in the net asset value and hence in the performance of the Share Category. Similarly, any costs arising from such hedging transactions shall be borne by the Share Category for which they were incurred. Such hedging transactions may be performed regardless of whether the currency of the Share Category or other currencies against which there is hedging rise or fall in relation to the currency of the Subfund. Therefore, where such hedging is carried out, it may protect the shareholder in the corresponding Share Category against a fall in the value of the currency of the Subfund relative to the currency of the Category, though it may also prevent the shareholder from taking advantage of an increase in the value of the currency of the Subfund.

Shareholders' attention is drawn to the fact that complete protection cannot be guaranteed. Furthermore, no guarantee can be given that shareholders of the hedged categories will not be exposed to influences of currencies other than the currency of the Share Category concerned.

Notwithstanding the aforementioned provision relating to the exclusive allocation of the transactions to a specific Share Category, hedging transactions for a Share Category of a Subfund may still impair the net asset value of the other Share Categories in the same Subfund. This is due to the fact that there is no legal segregation of liabilities between the assets of different Share Categories.

With regard to all Subfunds, it is planned to offer Share Categories both in their accounting currency and – if it is different from the following – in AUD, CHF, DKK, EUR, GBP, JPY, NOK, SEK, SGD, USD and ZAR.

The Board of Directors of the Company may decide at any time to issue new or further Share Categories for all Subfunds in a currency other than the accounting currency. The period for the initial subscription (and, if applicable, the initial issue price) of such additional Share Categories can be consulted in each case on [www.funds.gam.com](http://www.funds.gam.com).

## **17. ISSUE OF SHARES / APPLICATION PROCEDURE**

### **GENERAL INFORMATION ON THE ISSUE**

The Shares are offered for sale on each valuation day following the initial issue.

Subscription requests can either be sent to one of the Distributors, which will forward them to SSB-LUX or directly to the Company in Luxembourg (attn. SSB-LUX, registrar and transfer agent, 49, Avenue J.F. Kennedy, L-1855 Luxembourg). The subscriber should instruct his/her bank to transfer the amount due to the applicable SSB-LUX foreign exchange account shown below to the beneficiary, GAM Multistock, giving precise details of the identity of the subscriber(s), the Subfund(s) to which the subscription for Shares relates and, within a Subfund, the Share Categories being subscribed to.

All subscriptions for Shares in Subfunds received by SSB-LUX no later than 15:00 Luxembourg local time on a valuation day (as defined in section "Calculation of net asset value") will be treated at the Issue Price determined on the following valuation day. Subscriptions received by SSB-LUX after this time are covered by the Issue Price of the valuation day after the following valuation day. To ensure punctual transmission to SSB-LUX applications placed with Distributors in Luxembourg or abroad may be subject to earlier cut-off times for the delivery of subscription applications. These times can be obtained from the Distributor concerned.

The Company or the Management Company may set different cut-off times for certain groups of investors, for example, for investors in distribution countries in which this is justified by a different time zone. If such times are set, the valid cut-off time must as a matter of principle be earlier than the time at which the net asset value in question is calculated. Different cut-off times may be agreed separately either with the distribution countries concerned or published in an appendix to the Prospectus or another marketing document used in the distribution countries concerned.

Hence, Shares are subscribed for an unknown net asset value (forward pricing).

Notwithstanding that, the Company or the Management Company may instruct the Transfer Agent not to consider subscription requests as received until the total subscription amount has been received by the

custodian bank (“**Cleared Funds Settlement**”). Comparable applications received on the same valuation day shall be treated equally. Subscriptions effected according to this procedure will be based on the Issue Price of the valuation day after receipt of the subscription amount by the custodian bank.

**ISSUE PRICE / SELLING FEE**

The Issue Price is based on the net asset value per share on the relevant valuation day, rounded to two decimal places (regarding “N” Share categories denominated in JPY: rounded to two decimal places; and regarding all other Share categories denominated in JPY: without decimal position), plus any applicable selling fee charged by the Distributor or the Company. Further details of the Issue Price may be requested from the registered office of the Company. The selling fees payable to a Distributor and expressed as a percentage of the net asset value or of the Issue Price may be up to 5%.

No sales charge will be payable by the shareholder upon acquisition of Share categories "K", „Kh“, "Ka", „Kah“, „Km“ and "Kmh" of any Subfund.

In the case of larger transactions, the Distributor may waive all or part of the selling fee to which he is entitled.

**MINIMUM SUBSCRIPTION AMOUNT**

For the initial subscription the following minimal subscription amount per Subfund is provided:

SHARE CATEGORIES	MINIMUM SUBSCRIPTION AMOUNT PER SUBFUND IN EUR OR THE EQUIVALENT VALUE IN THE CURRENCY OF THE SHARE CATEGORY IN QUESTION
C, Ch, Ca and Cah Shares (Shares for “institutional investors”)	500.000.-
Em and Emh Shares (“Shares for specified distributors”)	5.000,-
G Shares (“Shares for the GAM Group”)	500.000,-
I, Ih, Ia and Iah Shares (Shares for specified distribution companies and “institutional investors”)	25.000.000,-
J, Jh, Ja and Jah Shares (Shares for “institutional investors”)	100.000.000,-
Km and Kmh Shares (“Shares for certain distributors”)	5.000,-
M and Ma Shares (Shares for specified distributors and institutional investors)	500.000,-
S, Sh, Sa, Sah Shares (Shares for certain intermediaries)	25.000.000.-
Z and Zh Shares (Shares for certain “institutional investors”)	25.000.000.-

The Company’s Board of Directors may at its own discretion accept initial subscription applications for an amount lower than the stated minimum subscription amount. Subsequent subscriptions of the above mentioned Share Categories are not subject to a minimum subscription amount.

**PAYMENTS**

The value of the total amount of the subscription must be credited to one of the accounts below in the currency of the relevant Subfund or, as applicable, the relevant Share Category, no later than four (4) Luxembourg business days after the end of the initial subscription period during the period of the initial issue, or after this period, no later than four (4) Luxembourg business days after the applicable valuation day, or in accordance with any particular national regulations. Payments in the respective currencies must be made to the accounts below. The Company and the Management Company are entitled without further ado to re-process or retroactively refuse subscriptions for which the amount subscribed is not credited within the specified term.

However, if the Company or the Management Company has instructed the Transfer Agent to only consider subscriptions as received once the total amount subscribed has been credited to the Custodian ("Cleared funds settlement"), then the shareholders will be recorded in the register on such day on which the receipt of the amount subscribed is booked.

The subscriber should instruct his bank to transfer the amount due to the SSB-LUX currency account indicated below for the beneficiary, GAM MULTISTOCK, together with the exact identity of the subscriber(s), the Subfund(s) of which Shares are to be subscribed, and (if applicable) the currency and Share Category within the Subfund to be subscribed.

Payments in the respective currencies must have been credited to the following accounts on the day indicated above for this purpose. In case payments are credited late, the subscriber may be charged debit interest, if applicable:

Currency	Correspondence bank	Account no.	In favor of/ final beneficiary
AUD	BOFAAUSX (Bank of America, Sydney)	16830018	GAM (Luxembourg) S.A.
CHF	BOFACH2X (Bank of America Zürich)	CH45 0872 6000 0401 0701 6	GAM (Luxembourg) S.A.
DKK	DABADKKK (Danske Bank Copenhagen) in favour of: BOFAGB22 (Bank of America London)	GB77 BOFA 1650 5056 6840 30	GAM (Luxembourg) S.A.
EUR	BOFADEFX (Bank of America Frankfurt)	DE40 5001 0900 0020 0400 17	GAM (Luxembourg) S.A.
GBP	BOFAGB22 (Bank of America London)	GB24 BOFA 1650 5056 6840 14	GAM (Luxembourg) S.A.
JPY	BOFAJPJX (Bank of America Tokyo)	6064 22747-012	GAM (Luxembourg) S.A.
NOK	DNBANOKK (DNB Bank Oslo) in favour of: BOFAGB22 (Bank of America London)	GB76 BOFA 1650 5056 6840 48	GAM (Luxembourg) S.A.
SEK	HANDSESS (Svenska Handelsbanken Stockholm) in favour of: BOFAGB22 (Bank of America London)	GB02 BOFA 1650 5056 6840 22	GAM (Luxembourg) S.A.
SGD	BOFASG2X (Bank of America Singapore)	6212 59535-018	GAM (Luxembourg) S.A.
USD	BOFAUS3N (Bank of America New York)	6550068052	GAM (Luxembourg) S.A.
ZAR	NEDSZAJJ Nedbank Limited , Johannesburg, South Africa In favor of: BOFAGB22 (Bank of America London)	GB54 BOFA 1650 5056 6840 56	GAM (Luxembourg) S.A.

After settlement of the subscription request, an order confirmation will be issued which will be sent to the shareholder on the day after settlement of the order, at the latest.

#### **IN-KIND CONTRIBUTION**

In exceptional cases, a subscription can take the form of an in-kind contribution, in whole or in part, whereby the composition of the in-kind contribution must be consistent with the investment objectives and policy as well as the investment limits of the respective Subfund. Furthermore, the valuation of the in-kind contribution must be confirmed independently by the Company's auditor. The costs incurred in connection with in-kind contributions (mainly for the independent audit report) will be borne by the investors contributing in kind.

#### **SEVERAL JOINT APPLICANTS**

In case of more joint applicants, the application must include the signatures of all applicants. The registrar is authorised to accept instructions from the first-named applicant in the application until receipt of a corresponding confirmation. In the case of savings plans, the Distributor/Company is required to treat all joint applicants equally with regard to their rights relating to the Shares.

#### **NOMINEE SERVICE**

Investors can subscribe Shares directly from the Company. Investors may also purchase Shares in a Subfund by using the nominee service offered by the relevant Distributor or its correspondent bank. A

Distributor or its correspondent bank having its registered office in a country with equivalent money-laundering regulations then subscribes and holds the Shares as a nominee in its own name but for the account of the investor. The Distributor or correspondent bank then confirms the subscription of the Shares to the investor by means of a letter of confirmation. Distributors that offer a nominee service either have their registered office in a country with equivalent money-laundering regulations or execute their transactions through a correspondent bank based in a country with equivalent money-laundering regulations.

Investors who use a nominee service may issue instructions to the nominee regarding the exercise of votes conferred by their Shares as well as request direct ownership by submitting an appropriate request in writing to the relevant Distributor or custodian bank.

The Company draws investors' attention to the fact that each investor can only assert his/her investor's rights (in particular the right to take part in shareholders' meetings) in their entirety directly against the Company if the investor him-/herself is enrolled in his/her own name in the Company's register of shareholders. In cases where an investor makes his/her investment in the Company via an intermediary, which makes the investment in its own name but for the investor's account, not all investor's rights can necessarily be asserted by the investor directly against the Company. Investors are advised to obtain information on their rights.

#### **16.1. APPLICATION AND CONFIRMATION**

- (a) In the case of joint applicants, the Company is authorised to accept instructions relating to voting rights, transfers and redemptions from the first-named applicant in the application and, where the Shares are distributing Shares, to make payment to the first-named applicant in the application unless it receives instructions to the contrary.
- (b) A legal entity must submit its application under its own name or through an authorised member of the Company, whose authority must be demonstrated.
- (c) If an application or confirmation is signed by a person with power of attorney, the power of attorney must be included with the application.
- (d) Notwithstanding (a), (b) and (c), an application may be accepted if it is signed by a bank or on behalf of or apparently on behalf of another natural person or legal entity.
- (e) If an application is received in which it is not clear whether the application is for distributing or accumulating Shares, the Company will automatically issue accumulating Shares.
- (f) Additional information for Investors in Italy: If not excluded by local provisions, subscription of shares may also be validated by means other than by a signed subscription form. This may be done by an intermediary providing investment services under a written contract, in the name and on behalf of the investor, or in his own name and for the account of the investor.

#### **16.2. GENERAL**

After completion of the subscription application form, an order confirmation is issued, which is sent to the shareholder no later than one day after execution of the order at the address indicated by the applicant(s) on the application form (or to the first-named applicant in the case of joint applicants).

The Company retains the right to reject applications or to accept them only in part.

If an application is rejected in full or in part, the subscription amount or the corresponding balance is transferred to the first-named applicant at the risk of the authorised person(s)/organisation(s) within thirty (30) days of the decision of non-acceptance. The Company reserves the right to withhold any overpaid subscription amounts until the final account is issued.

In addition, the Company or the Management Company may refuse to accept new applications from new investors for a specific period if this is in the interests of the Company and/or shareholders, including situations where the Company or a Subfund have reached a size such that they can no longer make suitable investments.

Subscriptions and redemptions are made for investment purposes only. Neither the Company nor Management Company nor SSB-LUX will permit arbitrage techniques, such as market timing, late trading or

any other excessive trading practices. Such practices may be detrimental to the performance of the Company or its Subfunds, thereby interfering with the management of the portfolio. To minimise these negative consequences, the Company, the Management Company and SSB-LUX reserve the right to refuse subscription and switching applications from investors whom they believe to be carrying out, or to have carried out, such practices or whose practices adversely affect the other investors.

Market timing is the arbitrage method whereby the investor systematically subscribes, exchanges or redeems shares of a Subfund within a short period of time, taking advantage of time shifts and/or shortcomings or deficiencies in the calculation system of the net asset value of the Subfund.

Late trading means the purchase or sale of shares after the close of trading at a fixed or foreseeable closing price. In any event, the Management Company will ensure that the issue of shares is settled on the basis of a share value previously unknown to the investor. If, however, there is a suspicion that an investor is engaged in late trading, the Management Company may refuse to accept the subscription application until the applicant has dispelled any doubts regarding his subscription application.

The Company or the Management Company may also compulsorily redeem the Shares of a shareholder engaging in or having engaged in such practices. It shall not be liable for any gain or loss resulting from such rejected applications or compulsory redemptions.

## 18. REDEMPTION OF SHARES

### GENERAL INFORMATION ON REDEMPTIONS

Applications for redemption received by the Company (attn. SSB-LUX), registrar and transfer agent, 49, Avenue J.F. Kennedy, L-1855 Luxembourg) or directly by SSB-LUX no later than 15:00 Luxembourg local time are treated at the Redemption Price of the following valuation day. To ensure punctual forwarding to SSB-LUX, applications placed with Distributors in Luxembourg or abroad may be subject to earlier cut-off times for the delivery of redemption applications. These times can be obtained from the Distributor concerned.

The Company or the Management Company may set different cut-off times for certain groups of investors, for example, for investors in distribution countries in which this is justified by a different time zone. If such times are set, the valid cut-off time, as a matter of principle, must be earlier than the time at which the net asset value in question is calculated. Different cut-off times may be agreed separately either with the distribution countries concerned or be published in an appendix to the Prospectus or another marketing document used in the distribution countries concerned. Hence, Shares are redeemed for an unknown net asset value (forward pricing).

A correctly submitted application for redemption is irrevocable, except in the case of and during the period of a suspension or postponement of redemptions. Applications for redemption received after the time specified above are processed one valuation day later unless the Company, in receipt of applications for redemption corresponding to more than 10% of the net asset value of the relevant Subfund, decides to postpone all redemptions for a period not exceeding seven (7) successive valuation days.

After completion of the redemption application form, an order confirmation is issued, which is sent to the shareholder no later than one day after execution of the order.

Payments are normally made in the currency of the relevant Subfund or in the reference currency of the relevant Share Category, within five (5) bank business days in Luxembourg after the valuation day concerned.

The value of Shares at the time of redemption may be higher or lower than their purchase price depending on the market value of the assets of the Company or of the particular Subfund at the time of purchase/redemption. All redeemed Shares are cancelled. The Redemption Price may be obtained from the registered office of the Company or from one of the Distributors and can be consulted at [www.funds.gam.com](http://www.funds.gam.com).

**REDEMPTION PRICE**

The price of each Share submitted for redemption ("Redemption Price") is based on the net asset value per share valid on the valuation day of the Subfund concerned; the Redemption Price is rounded to two decimal places (regarding "N" Share categories denominated in JPY: rounded to two decimal places; and regarding all other Share categories denominated in JPY: without decimal position). For the Redemption Price to be calculated on the valuation day, the Company must have received the redemption application form.

In the event that under extraordinary conditions the redemption application leads to one or more assets of the Subfund concerned having to be sold at below its/their value, the Board of Directors of the Company may decide that the differential amount (known as the "spread") between the actual value and the selling value be charged proportionally to the investor filing the redemption application concerned, in favour of the Subfund. The amount debited may be determined by the Board of Directors at its due discretion and taking account of the interests of all shareholders. Shareholders shall be informed appropriately of any such measure that is taken.

**REDEMPTION FEE**

If no selling fee has been charged ("no-load"), the Distributor is entitled to charge a redemption fee of up to 3% of the relevant net asset value per Share.

**CONTINGENT DEFERRED SALES CHARGE**

No redemption fee is payable on "K"-, "Kh"-, "Ka"-, "Kah"-, "Km"- und "Kmh"- Share categories. Instead a contingent deferred sales charge ("CDSC") may be payable to the Distributors, Management Company or such other party as the Management Company may from time to time appoint. Where these Shares are redeemed within 3 years of the date of their issue, the redemption proceeds will be subject to a CDSC at the rates set out in the table below:

<b>Years since purchase</b>	<b>Applicable rate of CDSC</b>
Up to 1 year	3%
Over 1 year and up to 2 years	2%
Over 2 years and up to 3 years	1%
Over 3 years	0%

The applicable CDSC rate will be calculated on the basis of the total period during which the Shares submitted for redemption (including "K", "Kh", "Ka", "Kah", "Km" and "Kmh" Share categories from which they are derived (if applicable) as a result of conversion from another Subfund) were in circulation. If a Shareholder holds "K", "Kh", "Ka", "Kah", "Km" and "Kmh" Share categories subscribed and issued at different times, the applicable CDSC rate will depend on which Shares are to be redeemed in accordance with the Shareholder's instructions.

The amount of CDSC per Share category will be calculated in the relevant dealing currency of "K", "Kh", "Ka", "Kah", "Km" and "Kmh" Share categories to be redeemed by multiplying the relevant percentage rate, as determined above, by the Net Asset Value per Share on the date of the original issue of the "K", "Kh", "Ka", "Kah", "Km" and "Kmh" Share categories to be redeemed or the "K", "Ka" and "Km" Share Class of any other Subfund from which such Share categories have been converted, if applicable.

No redemption fee is payable for the "K", "Kh", "Ka", "Kah", "Km" and "Kmh" Share categories. However, if such Share categories are instead redeemed within 3 years of purchase, the redemption proceeds of such Shares will be subject to a CDSC at the above rates. After 3 years from the original subscription date of "K", "Kh", "Ka", "Kah", "Km" and "Kmh" Share categories, these Share Classes must be automatically converted into the corresponding "E"-, "Eh"-, "Ea"-, "Eah"-, "Em"- and "Emh" Share categories within the same Subfund. This process is free of charge. In certain jurisdictions this conversion may result in tax liabilities for shareholders. Shareholders should therefore consult their tax advisor for information on their personal tax liability situation.

#### **REDEMPTION IN KIND**

In special cases, the Company's Board of Directors may decide to pay the redemption proceeds to a shareholder upon request or with approval of a shareholder in the form of a full or partial payment in kind. It must be ensured that all shareholders are treated equally and the auditor of the Company's annual report must independently confirm the valuation of the payment in kind.

#### **REDEMPTION DEFERRAL**

The Company is not obliged to redeem more than 10% of the currently issued Shares in a Subfund on one valuation day or within a period of seven (7) successive valuation days. For the purposes of this provision, the switching of Shares in a Subfund is deemed to constitute the redemption of the Shares. If, on any valuation day, the number of Shares for which redemption is requested is greater than indicated above, the Company may postpone the redemptions until the seventh valuation day thereafter. Such applications for redemption will take precedence over applications received subsequently.

If the calculation of the net asset value is suspended or redemption is postponed, Shares offered for redemption will be redeemed on the next valuation day after the suspension of valuation or the postponement of redemption has ended at the net asset value applying on that day, unless the redemption request has previously been revoked in writing.

#### **LIQUIDATION OF SUBFUNDS**

If, during a period of sixty (60) consecutive days, the total net asset value of all outstanding Shares in the Company is less than twenty-five million Swiss francs (CHF 25 million) or the equivalent in another currency, the Company may, within three (3) months of such circumstances, inform all shareholders by written notification that upon such notification all Shares will be redeemed using the net asset value applicable on the valuation day appointed for this purpose.

If, during a period of sixty (60) consecutive days, the net asset value of a Subfund, for whatever reason, falls below ten (10) million Swiss francs (CHF million) or the equivalent in another Subfund currency, or if the Board of Directors deems it necessary because of changes in the economic or political circumstances that affect the Subfund, or if it is in the interest of the shareholders, the Board of Directors may redeem all, but not some, of the Shares in the Subfund concerned on the valuation day appointed for this purpose at a Redemption Price which reflects the estimated realisation and liquidation costs for closure of the Subfund concerned, without applying any other redemption fee.

The liquidation of a Subfund associated with the compulsory redemption of all Shares concerned for reasons not related to the minimum volume of its net asset value, or as a result of changes in economic or political circumstances which have a bearing on the Subfund in question, may only be carried out with the prior agreement of the shareholders in the Subfund to be liquidated at a meeting of shareholders of the Subfund in question, convened in accordance with the regulations. Such resolution may be passed with no quorum requirement and with a majority of 50% of Shares present/represented.

Any liquidation proceeds which could not be paid out to the shareholders after a Subfund has been liquidated will be deposited with the *Caisse des Consignations* in Luxembourg in accordance with Article 146 of the 2010 Law in favour of the entitled person or persons and are subject to a thirty (30) year expiration period.

#### **MERGING OF SUBFUNDS**

Furthermore, the Board of Directors may, once it has informed the shareholders concerned in advance in the manner required by law, merge a Subfund with another of the Company's Subfunds or with another UCITS according to Directive 2009/65/EC or with a Subfund thereof.

A merger determined by the Board of Directors, which is to be carried out according to the provisions of chapter 8 of the 2010 Law, is binding on the shareholders of the Subfund concerned after expiry of a 30-day period from the corresponding notification of the shareholders concerned. During the notification period the shareholders may return their shares to the Company without paying a redemption fee, with the exception of the amounts retained by the Company to cover expenses connected with disinvestments. The above-mentioned period shall end five (5) banking days before the valuation day that is determining for the merger.

A merger of one or more Subfunds as a result of which the SICAV ceases to exist must be decided on by the general meeting and be ascertained by the notary public. No quorum is necessary for such resolutions and a simple majority of the shareholders present or represented is sufficient.

**MERGING OR LIQUIDATION OF SHARE CATEGORIES**

In addition, the Board of Directors may, once it has informed the shareholders concerned in advance, merge a Share Category with another Share Category of the Company, or liquidate it. A merger of Share Categories is conducted on the basis of the net asset value on the valuation day that is determining for the merger and is confirmed independently by the Company's auditor.

**19. SWITCHING OF SHARES**

Shareholders in each Subfund are entitled to switch some or all of their Shares for Shares in another Subfund on a valuation day which is applicable for both Subfunds, as well as within one Subfund to switch Shares of one Share Category into Shares of another Share Category. All the qualification prerequisites and minimum subscription amounts ("Minimum Switching Value") and the other conditions applicable to the original Share Category or the new Share Category shall apply for the Distributors and/or shareholders effecting a switch. The Company's Board of Directors may at its discretion accept initial switching applications for an amount lower than the stated minimum switching amount.

To do this, a written application must be submitted directly to the Company, SSB-LUX, registrar and transfer agent, 49, Avenue J.F. Kennedy, L-1855 Luxembourg, or to a Distributor. The application must contain the following information: the number of shares of the Subfund to be switched resp. the Share Category to be switched and the new Subfund resp. Share Category, as well as the value ratio, according to which the Shares in one or more Subfunds resp. in each Share Category are to be divided if more than one new Subfund resp. Share Category is supposed to be replaced. In addition, the provisions relating to the cut-off time and forward pricing (see the sections "Issue and sale of Shares / Application procedure" and "Redemption of Shares") must be observed.

The switching is based on the applicable net asset value per Share of the Subfund in question. The Company applies the following formula to calculate the number of Shares into which the shareholder would like to

$$A = \frac{[(B \times C) - E] \times F}{D}$$

convert his holding:

where:

- A = Number of Shares to be issued in the new Subfund;
- B = Number of Shares in the Subfund originally held;
- C = Redemption Price per Share of the Subfund originally held, less any selling costs;
- D = Issue Price per Share of the new Subfund, plus reinvestment costs;
- E = Switching fee, if any (max. 1% of net asset value) – whereby comparable switching requests on the same day are charged the same switching fee;
- F = exchange rate; if the old and new Subfunds have the same currency, the exchange rate is 1.

The Company will inform the shareholders concerned of details relating to the switch and will issue new acknowledgements.



**“K”, “KH”, “KA”, “KAH”, “KM” and “KMH” SHARES**

Shareholders may convert all or part of their shares of categories "K", "Kh", "Ka", „Kah“, „Km“ and "Kmh" into other shares of categories "K", "Kh", "Ka", „Kah“, „Km“ and "Kmh" of another Subfund, if available. Such conversions are not subject to the payment of a Contingent Deferred Sales Charge ("CDSC"); instead, the remaining CDSC will be transferred to the new Share category. Except in the cases mentioned above and unless expressly authorised by the Management Company, no other conversions into or out of the share categories "K", "Kh", "Ka", „Kah“, „Km“ and "Kmh" of the Subfund are permitted.

**20. DIVIDENDS****GENERAL INFORMATION**

The Board of Directors proposes to the general meeting of shareholders a reasonable annual dividend payment for the distributing Shares in the Subfund, ensuring that the net asset value does not fall below the minimum of EUR 1,250,000. Subject to the same limitation regarding the minimum net asset value, the Board of Directors may also fix interim dividends.

In the case of accumulating Shares, no dividend payments are made, but the values allocated to the accumulating Shares remain reinvested for the benefit of the shareholders holding them.

The fixed dividends are published on [www.funds.gam.com](http://www.funds.gam.com) and in further publications to be determined by the Company from time to time.

The annual distributions for the distributing Shares A, Ca, Ea, Em, Ia, Ja, Ka, Km, Ma, Na, Ra, Sa, Va and Xa (if applicable, also currency-hedged Shares with the suffix "h") are generally paid out within one month of the dividend being determined in the currency of the respective Subfund or in the currency of the respective Share category.

A regular interim dividend in the currency of the respective subfund or in the currency of the respective share category is provided for in the case of the distributing Em- and Km-shares (if applicable also currency-hedged shares with the suffix "h"), the payment of which is to be made monthly in the currency of the Subfund or in the currency of the respective share category. Dividends for distributing registered Shares are paid to the shareholders entered in the Company's book of registered shareholders. Further details with regards to dividends for distributing bearer Shares are outlined in the section 15 "Description of Shares".

Claims for dividends which have not been asserted within five (5) years from distribution, shall be forfeited and revert to the Subfund in question.

**DISTRIBUTION FROM CAPITAL**

For the distributing share categories dividends may be paid out of capital, when the income / capital gains realized by the Subfund are not sufficient. This may, under certain circumstances and to a reasonable extent, implicate the payment of an unchanged dividend per share. The Subfunds are managed in the interest of all shareholders in accordance with the specified investment objectives. Shareholders should note in this regard that dividends, when paid out of capital, represent a return or withdrawal of a portion of the amount originally invested, or are generated out of the capital gains deriving from the initial investment. Such distributions may lead to an immediate decrease in the net asset value per share of the Subfund.

**21. CALCULATION OF NET ASSET VALUE**

The net asset value of a Subfund and the net asset value of the Shares (as defined in the section "Description of Shares") issued in the Subfund and any Share Categories with a reference currency other than the accounting currency, are determined in the applicable currency on every valuation day – as defined below – apart from the cases of suspension as described in the section "Suspension of calculation of net asset value, and of the issue, redemption and switching of Shares". The valuation day for each Subfund will be each bank business day in Luxembourg which is not a normal public holiday for the stock exchanges or other markets which represent the basis for valuation of a major part of the net assets of the corresponding

Subfund, as determined by the Company ("Valuation Day"). The total net asset value of a Subfund represents the market value of its assets less its liabilities (the "assets of the Subfunds"). The net asset value of a Share of a Share class is determined by dividing the total amount of all assets of the Subfund that are allocated to this Share class, minus all liabilities allocated to this Share class, by the number of outstanding Shares of the same Share class. The net asset values of the Subfunds are calculated in accordance with the valuation regulations and guidelines ("valuation regulations") laid down in the articles of association and issued by the Board of Directors.

The valuation of securities held by a Subfund and listed on a stock exchange or on another regulated market is based on the last known listing price on the principal market on which the securities are traded, using a procedure for determining prices accepted by the Board of Directors.

The valuation of securities whose listing price is not representative and all other eligible assets (including securities not listed on a stock exchange or traded on a regulated market) is based on their probable realisation price determined with care and in good faith by or, if applicable, under the supervision of the Board of Directors.

All assets and liabilities in a currency other than that of the Subfund in question are converted using the exchange rate determined at the time of valuation.

The net asset value determined per Share in a Subfund is considered final and binding once it is confirmed by the Board of Directors or an authorised member of the Board of Directors/authorised representative of the Board of Directors, except in the case of a manifest error.

In its annual reports, the Company must include audited consolidated annual reports for all Subfunds in Swiss Francs.

If, in the opinion of the Board of Directors, and as a result of particular circumstances, the calculation of the net asset value of a Subfund in the applicable currency is either not reasonably possible or is disadvantageous for the shareholders in the Company, the calculation of the net asset value, the Issue Price and the Redemption Price may temporarily be carried out in another currency.

Valuation of the derivatives and structured products used in any of the Subfunds is performed on a regular basis by use of the *mark-to-market* principle, in other words at the last available price.

## **22. SUSPENSION OF CALCULATION OF NET ASSET VALUE, AND OF THE ISSUE, REDEMPTION AND SWITCHING OF SHARES**

The Company may temporarily suspend the calculation of the net asset value of each Subfund and the issue, redemption and switching of Shares in a Subfund in the following circumstances:

- (a) where one or more stock exchanges or other markets which are the basis for valuation of a significant part of the net asset value are closed (apart from normal public holidays), or where trading is suspended;
- (b) where in the opinion of the Board of Directors of the Company it is impossible to sell or to value assets as a result of particular circumstances;
- (c) where the communication technology normally used in determining the price of a security of the Subfund fails or provides only partial functionality;
- (d) where the transfer of moneys for the purchase or sale of investments of the Company is impossible;
- (e) in the event of a merger of a Subfund with another Subfund or with another UCI (or a Subfund thereof), if this appears justified for the purpose of protecting the shareholders; or
- (f) if, owing to unforeseeable circumstances, a large volume of redemption applications has been received and, as a result, the interests of the shareholders remaining in the Subfund are endangered in the opinion of the Board of Directors; or

- (g) in the case of a resolution to liquidate the Company: on or after the date of publication of the first calling of a general meeting of shareholders for the purpose of such resolution.

The Company's articles of association provide that the Company must immediately suspend the issue and switching of Shares when an event resulting in liquidation occurs or such is required by the CSSF. Shareholders having offered their Shares for redemption will be notified of any suspension in writing within seven (7) days, and of the ending of suspension immediately.

## 23. FEES AND COSTS

### FEE STRUCTURE

For the activity of the Management Company, the custodian, the central administration agent, the paying agent, the registrar and transfer agent, the Investment Manager or Investment Adviser, the paying agents, the representatives and distributors (if applicable), as well as for additional advisory services and support activities, fees and, where applicable, additional costs will be charged to the respective Subfunds. Details regarding the applicable fee amount and fee structure can be found in the Special Part under the Section "Fees and costs".

The fees are calculated on each valuation day and are payable monthly in arrears.

### MANAGEMENT FEE

The Management Fee ("Management Fee") serves as remuneration (a) for the Investment Managers and/or investment advisors and (b) for distributors, together in each case with associated support services. All or part of the Management Fee may be paid to distributors, placement agents and similar financial intermediaries as commission, retrocession or rebate.

The Management Fee may be charged by the Management Company at different rates for individual Subfunds and/or share categories within a given Subfund or may be waived in full. The annual maximum Management Fee is shown in the table below.

### SERVICING FEE

In addition, a servicing fee ("**Servicing Fee**") will be debited by the Management Company to each Subfund and/or share category. The Servicing Fee constitutes remuneration for the following services rendered by the Management Company or its appointees and delegates:

- **CUSTODY AND ADMINISTRATION SERVICES:** business activities in accordance with custody and sub-custody services, registrar and transfer agency, central administration (fund administration, fund accounting), principal paying agency;
- **OPERATIONAL MANAGEMENT:** Remuneration of the Management Company for the operational management and supervision of the business activities of the Company; Risk Management; remuneration and expenses of the Board of Directors of the Company; expenses in relation to the convening of general meetings of shareholders; notary fees;
- **SALES AND MARKETING:** Sales and marketing expenses, further distribution support, licence fees;
- **REGULATORY:** Public charges: taxes (particularly the *taxe d'abonnement*); mandatory fund documents (Prospectus, KIID, annual and semi-annual reports); auditing fees; costs associated with registration and reporting to supervisory authorities in different distribution countries; listing fees; publication costs for NAVs and corporate actions;
- **OTHER SERVICES:** Legal and tax services; paying agents and representatives; insurance premiums; and any other costs incurred by the Management Company on behalf of the Company.

The Servicing Fee may be charged by the Management Company at different rates for individual Subfunds and/or share categories within a given Subfund or may be waived in full. The annual maximum Servicing Fee is shown in the table below.

Both, Management Fee and the Servicing Fee, will be calculated on the basis of the net asset value of the

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respective Subfund and/or share category and debited to such Subfund and/or such share category on each Valuation Day (as defined in the section “Calculation of net asset value”), and will be payable monthly in arrears.

The Management Fee and the Servicing Fee together constitute the Total Expense Ratio (TER) of the respective Subfund and/or share category.

As shown in the table below, the Management Fee and the Servicing are both capped. Any costs exceeding this cap are borne by the Management Company.

SUBFUNDS	MAXIMUM FEE****) P.A. IN % OF THE NET ASSET VALUE (NAV)			
	SHARE CATEGORY	MANAGEMENT FEE	SERVICING FEE	TOTAL EXPENSE RATIO (TER)
ASIA FOCUS EQUITY	A/Ah/B/Bh	1.60%	0.75%	2.15%
	E/Eh*)	2.35%	0.75%	2.90%
	R/Rh/Ra/Rah**)	0.85%	0.60%	1.25%
	C/Ch/Ca/Cah**)	0.85%	0.60%	1.25%
	G**	0.00%	0.10%	0.10%
	I/Ih/Ia/Iah**)	tbd*****)	0.60%	tbd*****)
	J/Jh/Ja/Jah**)	tbd*****)	0.60%	tbd*****)
	S/Sh/Sa/Sah**)	0.85%	0.60%	1.25%
	V/Vh/Va/Vah	tbd*****)	0.75%	tbd*****)
	X/Xh/Xa/Xah	tbd*****)	0.75%	tbd*****)
CHINA EVOLUTION EQUITY	A/Ah/B/Bh	1.60%	0.45%	1.95%
	E/Eh*)	2.35%	0.45%	2.70%
	R/Rh/Ra/Rah**)	0.85%	0.35%	1.10%
	C/Ch/Ca/Cah**)	0.85%	0.35%	1.10%
	G**	0.00%	0.10%	0.10%
	I/Ih/Ia/Iah**)	tbd*****)	0.35%	tbd*****)
	J/Jh/Ja/Jah**)	tbd*****)	0.35%	tbd*****)
	S/Sh/Sa/Sah**)	0.85%	0.35%	1.10%
	V/Vh/Va/Vah	tbd*****)	0.45%	tbd*****)
	X/Xh/Xa/Xah	tbd*****)	0.45%	tbd*****)
EMERGING MARKETS EQUITY	A/Ah/B/Bh	1.50%	0.45%	1.95%
	E/Eh*)	2.25%	0.45%	2.70%
	R/Rh/Ra/Rah**)	0.85%	0.40%	1.15%
	C/Ch/Ca/Cah**)	0.75%	0.40%	1.15%
	G**	0.00%	0.10%	0.10%
	I/Ih/Ia/Iah**)	tbd*****)	0.40%	tbd*****)
	J/Jh/Ja/Jah**)	tbd*****)	0.40%	tbd*****)
	S/Sh/Sa/Sah**)	0.75%	0.40%	1.15%
	V/Vh/Va/Vah	tbd*****)	0.45%	tbd*****)



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SUBFUNDS	MAXIMUM FEE****) P.A. IN % OF THE NET ASSET VALUE (NAV)			
	SHARE CATEGORY	MANAGEMENT FEE	SERVICING FEE	TOTAL EXPENSE RATIO (TER)
MERGER ARBITRAGE	A/Ah/B/Bh	1.35%	0.30%	1.65%
	E/Eh/Ea/Eah/Em/Emh*)	2.10%	0.30%	2.40%
	R/Rh/Ra/Rah**)	1.00%	0.30%	1.30%
	C/Ch/Ca/Cah**)	1.00%	0.30%	1.30%
	G**	0.00%	0.10%	0.10%
	I/Ih/Ia/Iah**)	tbd*****)	0.30%	tbd*****)
	J/Jh/Ja/Jah**)	tbd*****)	0.30%	tbd*****)
	S/Sh/Sa/Sah**)	1.00%	0.30%	1.30%
	V/Vh/Va/Vah	tbd*****)	0.30%	tbd*****)
	X/Xh/Xa/Xah	tbd*****)	0.30%	tbd*****)
SWISS SMALL & MID CAP EQUITY	A/Ah/B/Bh	1.60%	0.55%	1.95%
	E/Eh*)	2.35%	0.55%	2.70%
	R/Rh/Ra/Rah**)	0.65%	0.35%	1.00%
	C/Ch/Ca/Cah**)	0.65%	0.35%	1.00%
	G**	0.00%	0.10%	0.10%
	I/Ih/Ia/Iah**)	tbd*****)	0.35%	tbd*****)
	J/Jh/Ja/Jah**)	tbd*****)	0.35%	tbd*****)
	S/Sh/Sa/Sah**)	0.65%	0.35%	1.00%
	V/Vh/Va/Vah	tbd*****)	0.55%	tbd*****)
	X/Xh/Xa/Xah	tbd*****)	0.55%	tbd*****)
SWISS EQUITY	A/Ah/B/Bh	1.20%	0.55%	1.55%
	E/Eh*)	1.95%	0.55%	2.30%
	R/Rh/Ra/Rah**)	0.50%	0.40%	0.80%
	C/Ch/Ca/Cah**)	0.50%	0.40%	0.80%
	G**	0.00%	0.10%	0.10%
	I/Ih/Ia/Iah**)	tbd*****)	0.40%	tbd*****)
	J/Jh/Ja/Jah**)	tbd*****)	0.40%	tbd*****)
	S/Sh/Sa/Sah**)	0.50%	0.40%	0.80%
	V/Vh/Va/Vah	tbd*****)	0.55%	tbd*****)
	X/Xh/Xa/Xah	tbd*****)	0.55%	tbd*****)

\*) The Management Fee contains an additional distribution fee capped at 0.75% p.a.

\*\*) Regarding the distribution, offering or holding of C, Ch, Ca, Cah, G, I, Ih, Ia, Iah, J, Jh, Ja, Jah, M, Mh, Ma, Mah, N, Nh, Na, Nah, V, Vh, Va, Vah, X, Xh, Xa and Xah Shares, the Company will not pay any commission for public distribution services. In addition, regarding the distribution, offering or holding of R, Rh, Ra, Rah, S, Sh,

Sa and Sah Shares, the Company will not pay any fees, commissions or any monetary or non-monetary benefits (except for minor non-monetary benefits) for distribution and/or intermediary services.

- \*\*\*) Regarding the distribution, offering or holding of Z and Zh Shares, the Company will not pay any commission for distribution services. The remuneration of the Investment Manager shall be made in the context of the asset management or investment advisory agreement, which must be concluded for the subscription of Z and Zh Shares (as described above in the section "Description of Shares").
- \*\*\*\*) This percentage rate represents a maximum rate. The effective rate applied will be stated in the annual and semi-annual reports of the Company.
- \*\*\*\*\*) Further information regarding the respective Fees and Costs applied to the G, I, Ih, Ia, Iah, J, Jh, Ja, Jah, M, Mh, Ma, Mah, N, Nh, Na, Nah, V, Vh, Va, Vah, X, Xh, Xa and Xah share categories are available upon request at the Management Company.
- \*\*\*\*\*) The Management Fee contains an additional distribution fee capped at 1.00% p.a. The Subfund pays to the Management Company a distribution fee (the "Distribution Fee") for "K", Kh", "Ka", „Kah“, „Km“ and "Kmh" Share categories. The Management Company may at its absolute discretion and from time to time (which in certain circumstances may be daily) decide to vary such rate between the maximum and 0.0%. The Management Company may pay all or part of the Distribution Fee to certain Distributors for the services provided by them in relation to the distribution of the "K", Kh", "Ka", „Kah“, „Km“ and "Kmh" Share categories.

#### **PERFORMANCE FEE**

In respect of MERGER ARBITRAGE, the Investment Manager is also entitled to receive a performance fee ("Performance Fee").

The Performance Fee will be accrued on each Valuation Day and paid annually in arrears to the Investment Manager at the end of each financial year ("Reference period"), subject to the conditions set out below.

The Performance Reference Period will be the full term of the MERGER ARBITRAGE (except in the case of special events such as a merger or the replacement of the Investment Manager by a new one).

Whether a performance fee is charged on S and Z Shares is at the discretion of the Investment Manager. This information is available on request from the Registrar and Transfer Agent or published on [www.gam.com](http://www.gam.com).

Entitlement to the performance fee will arise in each case where the percentage return since the last reset of the High-Water-Mark is above the Benchmark (as defined below) (outperformance against the Benchmark) and at the same time the Net Asset Value per Share (adjusted for dividends) is above the High-Water Mark (outperformance against the High-Water Mark). Both conditions must be met cumulatively.

The performance fee is calculated on the basis of 15% p.a. of the outperformance against the high water mark or the outperformance against the respective benchmark, whereby in each case the lower percentage of the two outperformances determined in this way is used as the basis for calculating the performance fee. Dividend payments are not intended to affect the performance of the Share Class. Any underperformance or loss previously incurred during the Performance Reference Period must be recovered before a Performance Fee will again be payable.

The Percentage Yield is the difference between the High-Water Mark and the Net Asset Value per Share on a Valuation Day during a Reference period before deduction of the Performance Fee (or in the first Reference period, the difference between the Initial Issue Price of the relevant Share Class and the Net Asset Value per Share on a Valuation Day of a Reference period before deduction of the Performance Fee). The performance fee is calculated after deduction of all MERGER ARBITRAGE costs.

The performance fee is determined at the end of the Reference period

The Benchmark shall be the applicable pro-rata risk-free interest rate (set out in Appendix II to this Prospectus). If the applicable risk-free rate falls below zero, this rate will be set to 0% in the calculation. The Board of Directors of the Company reserves the right to replace the applicable risk-free rate with an equivalent 3 month interbank rate should this cease to be a generally accepted reference rate.

High-Water Mark: At the launch of the Subfund or, as the case may be, a Share Class of the Subfund, the High-Water Mark will be equal to the Initial Issue Price. If the Net Asset Value per Share (adjusted for dividends) on the last Valuation Day of the following Reference period is higher than the previous High-Water Mark, the High-Water Mark will be set at the Net Asset Value per Share (adjusted for dividends) calculated on the last Valuation Day of such Reference period after deduction of the Performance Fee. In all other cases, the High-Water Mark will remain unchanged.

The amount for the performance fee will be recalculated on each Valuation Day in compliance with the above conditions on the basis of the outperformance since the beginning of the Reference period and set aside for the Subfund or the respective share category. The new calculated amount for the performance fee is compared on each valuation date with the provision of the previous valuation date. Accordingly, the provision created on the previous day is adjusted downwards or upwards based on the calculated difference between the newly calculated amount and this provision. The reference value of the percentage return and outperformance against the High-Water Mark on the Valuation Date is based on the Net Asset Value per Share of the previous Valuation Date multiplied by the Shares in issue of the relevant Share Class on that Valuation Date. Therefore, Shares subscribed for during the Reference period will not automatically contribute to the Performance Fee accrued in the period prior to subscription. In addition, for Shares redeemed during the Reference period, the Performance Fee earned in the period prior to redemption will not be reduced solely as a result of the redemption.

The reference value for the calculation of the Benchmark on the Valuation Day is based on the Net Asset Value of the relevant Share Class at the beginning of the Reference period, adjusted for the cumulative issues and redemptions of the relevant Share Classes since the beginning of the Reference period. Any Performance Fee then due, calculated in accordance with the above, will only be paid to the Investment Manager at the end of the Reference period.

This ensures that a performance fee is only paid out if the percentage return of the Subfund in the relevant share class, measured over an entire Reference period, is above that of the benchmark (outbenchmark performance) and at the same time the net asset value per share (adjusted for dividends) is also above the high water mark (outperformance against the high water mark). Relative underperformance of the percentage return compared to the benchmark in previous Reference periods shall be made up.

The first Reference period for the purpose of calculating the Performance Fee shall commence on the Business Day immediately following the expiry of the Initial Offer Period of the relevant Share Class of the Subfund and shall continue until the end of the Reference period.

The Performance Fee shall be calculated by the Principal Administrator (subject to verification by the Management Company) on the basis of the final Net Asset Value per Share (adjusted for dividends) of the relevant Share Class of the MERGER ARBITRAGE as at the relevant Valuation Day.

The performance fee calculation includes all net realised and unrealised capital gains plus net realised and unrealised capital losses as at the end of the relevant Reference period. As a result, it is possible that the performance fee will be paid on unrealised gains that are subsequently never realised.

**Calculation example**

In the following example, the High-Water Mark ("HWM") and the benchmark at Valuation point A are set to 100. The performance fee rate is 15%.

Valuation Point	Number of outstanding shares	NAV per share before deduction of performance fee	HWM	Benchmark
A	1,000	100	100	100
B	1,000	102	100	101
C	1,200	104	100	102

**Valuation Point B**

1 - Entitlement to a performance fee



Valuation Point	Number of outstanding shares	NAV per share before deduction of performance fee	Outperformance against HWM	Outperformance against the Benchmark	Entitlement to a performance fee?
B	1,000	102	2%	1%	Yes

At valuation point B both conditions are met with outperformance against HWM and outperformance against the benchmark. The performance fee may apply.

## 2 - Calculation: NAV per share, benchmark volatility and reference value

At Valuation point B, the NAV per share and benchmark volatility (daily percentage return) components are calculated. The reference value, which serves as the asset base for both the NAV per share and the benchmark, is also calculated.

NAV per share before deduction of the performance fee	102
Previous NAV per share after deduction of the performance fee	100
<b>Fluctuation of NAV per share *</b>	<b>2%</b>

Fluctuation of NAV per share \*

*Performance of NAV per share before deduction of the performance fee (including the accrued performance fee from the previous Valuation Day) compared to the previous NAV per share after deduction of the performance fee*  
 $(102-100)/100=2\%$

Benchmark	101
Previous benchmark value	100
<b>Benchmark volatility *</b>	<b>1%</b>

Benchmark volatility \*

Performance of the benchmark compared to the previous benchmark value  
 $(101-100)/100=1\%$

Number of outstanding shares	1,000
<b>Reference value HWM *</b>	<b>100,000</b>
<b>Reference value Benchmark *</b>	<b>100,000</b>

Reference value HWM \*

*Previous NAV per share after deduction of the performance fee multiplied by the current number of outstanding shares*  
 $100 \times 1,000 \text{ shares} = 100,000$

Benchmark reference value \*

*Total Net Asset Value at the beginning of the Reference period adjusted for cumulative subscriptions and redemptions of the class since the beginning of the Reference period.*  
 $1,000 \text{ shares} \times 100 = 100,000$  (no new subscriptions/redemptions)

## 3 - Calculation: Measurement of performance against the benchmark

At Valuation Point B, the daily cumulative class outperformance against the benchmark is calculated.

Number of outstanding shares	1,000
Fluctuation of NAV per share	2%
<b>Daily class performance *</b>	<b>2,000</b>
<b>Cumulative class performance *</b>	<b>2,000</b>

Daily class performance \*

*Fluctuation of NAV per share multiplied by reference value HWM*  
 $2\% \times 100,000 = 2,000$

Cumulative class performance \*

*Balance of daily class performance since the last reset of HWM (or, if not available, since the launch date) and obtained by adding the daily class performance of a valuation day to the cumulative class performance of the previous valuation day. Set to 0 if HWM has been reset. Otherwise, the cumulative class performance of the last valuation day of a reference period is carried forward into the new reference period. 2,000*

# PROSPECTUS

Benchmark volatility	1%
<b>Daily benchmark performance *</b>	<b>1,000</b>
<b>Cumulative benchmark performance *</b>	<b>1,000</b>

Daily benchmark performance \*

*Benchmark volatility multiplied by the benchmark reference value*

$1\% \times 100,000 = 1,000$

Cumulative benchmark performance \*

*Balance of the daily benchmark performance since the last high-water mark reset (or, if not available, since the launch date), determined by adding the daily benchmark performance of a valuation day to the cumulative benchmark performance of the previous valuation day.*

*Set to 0 if HWM has been reset. Otherwise, the cumulative benchmark performance of the last valuation day of a Reference period is carried over to the new Reference period.*

1,000

<b>Cumulative outperformance against the Benchmark *</b>	<b>1,000</b>
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Cumulative outperformance against the benchmark \*

*Difference between the cumulative class performance and the cumulative benchmark performance*

$2,000 - 1,000 = 1,000$

#### 4 - Calculation: Measurement of the performance against HWM

At valuation point B, the cumulative return against HWM is calculated.

Number of outstanding shares	1,000
Outperformance against HWM	2%
<b>Daily return against HWM*</b>	<b>2,000</b>
<b>Cumulative return against HWM *</b>	<b>2,000</b>

Daily return against HWM\*

*Minimum (outperformance against HWM multiplied by the reference value HWM, daily class performance)*

Minimum ( $2\% \times 100,000 = 2,000; 2,000$ ) = 2,000

Cumulative return against HWM \*

*Balance of the daily return against HWM since the last reset of the High-Water Mark (or, if not available, since the launch date), which is calculated by adding the daily return against HWM of a valuation day and the cumulative daily return against HWM of the previous valuation day.*

*If HWM is reset, the value is set to 0. Otherwise, the accumulated return over LCM of the last valuation day of a Reference period is carried over to the new Reference period.*

2,000

#### 5 - Calculation: Accrued performance fee and NAV per share after deduction of the performance fee.

The lower value of the outperformance against the benchmark and against HWM serves as the basis for calculation.

Number of outstanding shares	1,000
Cumulative outperformance against the Benchmark	1,000
Cumulative return against HWM	2,000
Minimum	1,000
Percentage rate of the performance fee	15%
<b>Accrued performance fee *</b>	<b>150</b>
<b>NAV per share after deduction of the performance fee *</b>	<b>101.85</b>

Accrued performance fee \*

*Minimum (Cumulative outperformance against benchmark, cumulative return against HWM) multiplied by performance fee rate*

Minimum ( $1,000; 2,000$ )  $\times 15\% = 150$

NAV per share after deduction of the performance fee \*

*Number of shares outstanding multiplied by NAV per share before performance fee calculation, subtracting the accrued performance fee and dividing the total result by the number of shares outstanding.*

$$((1,000 \times 102) - 150) / 1,000 = 101.85$$

At Valuation Point B, the accrued performance fee is 150.

The Net Asset Value per share after deducting the performance fee is 101.85.

**Valuation Point C**

1 - Entitlement to a performance fee

Valuation point	Number of outstanding shares	NAV per share before deduction of the Performance fee	Outperformance against HWM	Outperformance against the Benchmark	Entitlement to a Performance fee?
C	1,200	104	4%	1%	Yes

The number of outstanding shares is now 1,200.

At valuation point C, both conditions are met with outperformance against HWM and outperformance against the benchmark. A performance fee may apply.

2 - Calculation: Fluctuations of NAV per share, benchmark and reference value

At valuation point C, the components of the NAV per share and the benchmark volatility (daily return in percent) are calculated.

The reference value, which serves as the asset base for both the NAV per share and the benchmark, is also calculated.

NAV per share before deduction of the performance fee	103.88
Previous NAV per share after deduction of the performance fee	101.85
<b>Fluctuation of NAV per share *</b>	<b>1.99%</b>

Fluctuation of NAV per share \*

*Performance of NAV per share before calculation of the performance fee (including the performance fee accrued on the previous Valuation Day) against the previous NAV per share after deduction of the performance fee.*

*The NAV per share before calculation of the performance fee is ((1,200 Shares at 104)-150) / 1,200 Shares) =103.88*  
 $(103.88 - 101.85) / 101.85 = 1.99\%$

Benchmark	102
Previous benchmark value	101
<b>Benchmark volatility *</b>	<b>0.99%</b>

Benchmark volatility \*

*Benchmark performance against previous benchmark value (102-101)/101=0.98%*

Number of outstanding shares	1,200
<b>Reference value of HWM *</b>	<b>122,220</b>
<b>Reference value of the Benchmark *</b>	<b>120,370</b>

Reference value HWM \*

*NAV per share to date after deduction of the performance fee multiplied by the current number of outstanding shares*

$$101.85 \times 1,200 \text{ shares} = 122,220$$

Reference Value Benchmark \*

*Total Net Asset Value at the beginning of the Reference period adjusted for cumulative subscriptions and redemptions of the Class since the beginning of the Reference period. 100,000+(200 shares subscribed at 101.85)=120,370*

**3 - Calculation: Measurement of Performance against Benchmark**

At Valuation Point C, the daily cumulative class outperformance against the benchmark is calculated.

Number of outstanding shares	1,200
Fluctuation of NAV per share	1.99%
<b>Daily class performance *</b>	<b>2,432</b>
<b>Cumulative class performance *</b>	<b>4,432</b>

Daily Class Performance \*

*NAV per share fluctuation multiplied by reference value HWM*

$$1.99\% \times 122,220 = 2,432$$

Cumulative class performance \*

*Balance of daily class performance since the last reset of HWM (or, if not available, since the inception Date) and obtained by adding the daily class performance of a Valuation Day to the cumulative class performance of the previous Valuation Day.*

*Set to 0 if HWM has been reset and in all other cases the cumulative class performance of the last Valuation Day of a Reference period is carried forward to the new Reference period.  $2,432 + 2,000 = 4,432$*

Benchmark volatility	0.99%
<b>Daily benchmark performance *</b>	<b>1,192</b>
<b>Cumulative benchmark performance *</b>	<b>2,192</b>

Daily benchmark performance \*

*Benchmark volatility multiplied by the benchmark reference value*

$$0.99\% \times 120,370 = 1,192$$

Cumulative benchmark performance \*

*Balance of daily benchmark performance since the last high water reset (or, if not available, since inception date) and obtained by adding the daily benchmark performance of a valuation day to the cumulative benchmark performance of the previous valuation day.*

*Set to 0 if HWM has been reset. Otherwise, the cumulative benchmark performance of the last valuation day of a Reference period is carried over into the new Reference period.*

$$1,192 + 1,000 = 2,192$$

<b>Cumulative outperformance against the Benchmark *</b>	<b>2,240</b>
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Cumulative outperformance against the benchmark \*

*Difference between the cumulative class performance and the cumulative benchmark performance*

$$4,432 - 2,192 = 2,240$$

#### 4 - Calculation: Measuring performance against HWM

At valuation point C, the cumulative return against HWM is calculated.

Number of outstanding shares	1,200
Outperformance against HWM	4%
<b>Daily return against HWM*</b>	<b>2,432</b>
<b>Cumulative return against HWM *</b>	<b>4,432</b>

Daily return against HWM\*

*Minimum (outperformance against HWM multiplied by the reference value HWM, daily class performance)*

$$\text{Minimum } (4\% \times 122,220 = 4,881; 2,432) = 2,432$$

Cumulative return against HWM \*

*Balance of the daily return against HWM since the last reset of the High-Water Mark (or, if not, since the Launch Date), which is calculated by adding the daily return against HWM of a Valuation Day and the cumulative daily return against HWM of the previous Valuation Day.*

In the case of a HWM reset, the value is set to 0; in all other cases, the accumulated return against HWM of the last valuation day of a Reference period is carried forward to the new Reference period.

2,432+2,000=4,432

**5 - Calculation: Accrued performance fee and NAV per share after deduction of the performance fee.**

The lower value of the outperformance against the benchmark and against HWM serves as the basis for the calculation.

Number of outstanding shares	1,200
Cumulative Outperformance against the Benchmark	2,240
Cumulative return against HWM	4,432
Minimum	2,240

Percentage rate of the performance fee	15%
<b>Accrued performance fee *</b>	<b>336</b>
<b>NAV per share after deduction of performance fee *</b>	<b>103.73</b>

Accrued performance fee \*

*Minimum (cumulative outperformance against benchmark, cumulative return against HWM) multiplied by performance fee rate*

*Minimum (2,240;4,432) x 15%=336*

*The balance of the accrued performance fee is added 336-150 (balance of the accrued performance fee of the previous valuation day)=186*

Net Asset Value per share after deduction of Performance Fee \*

Number of shares outstanding multiplied by NAV per share before performance fee adjustment, subtracting the accrued performance fee, and dividing the whole by the number of shares outstanding  $((1,200 \times 103.88) - 186) / 1,200 = 103.73$

At Valuation point C, the accrued performance fee is 336.

As there is an existing performance fee balance of 150, only 186 is accrued, resulting in a total accrued performance fee of 336.

The accrued performance fee of 336 is crystallised.

The net asset value per share after deduction of the performance fee is 103.73.

HWM for the next Reference period is 103.73.

The cumulative class performance, cumulative benchmark performance and cumulative return against High-Water Mark are reset to 0.

**INCENTIVES**

The Management Company, individual employees of the latter or external service providers may under certain circumstances receive or grant pecuniary or other advantages which could, as the case may be, be regarded as incentives. The main provisions of the relevant agreements on fees, commissions, and/or gratifications offered or granted in non-pecuniary form are available for inspection in summary form at the registered office of the Company. Details are available on request from the Management Company.

**INFORMATION ON THE COSTS WHEN BUYING TARGET FUNDS**

If a Subfund acquires Shares of another UCI or UCITS (“target funds”) that are managed directly or indirectly by the Management Company, or by a company to which the latter is linked by common management or control or by a significant direct or indirect holding (“related target fund”), for the scope of such investments, the Company may not debit the investing Subfund for any sales or redemption fees charged by the related target funds.

In connection with the acquisition of target funds it also should be noted that in addition to the costs, which are imposed on the assets of the Subfund in accordance with the provisions of this Prospectus and the articles of association, costs for the administration, the custodial bank fee, expenses of the auditors, taxes and other costs, commissions and fees may incur for the Subfunds, and therefore it is possible that the Subfunds are charged several times for similar costs.

## 24. TAXATION

The following summary is based on the law and the rules and regulations currently valid and applied in the Grand Duchy of Luxembourg, and which are subject to changes in the course of time.

### 23.1 COMPANY

#### LUXEMBOURG

The Company is subject to Luxembourg tax jurisdiction. Under Luxembourg law and the current practice, the Company is neither subject to income tax nor to any tax on capital gains in respect of realised or unrealised valuation profits, neither are distributions carried out by the Company currently subject to Luxembourg withholding tax. No taxes are payable in Luxembourg for the issue of Shares.

The Company is subject to an annual tax of 0.05% of the net asset value as valued at the end of each quarter, and which is payable quarterly. To the extent that parts of the Company's assets are invested in other Luxembourg UCITS and/or UCI which are subject to the tax, such parts are not taxed.

The net asset value corresponding to a Share Category for "institutional investors", as defined by Luxembourg tax legislation, is subject to a reduced tax rate of 0.01% per annum, on the basis that the Company classifies the shareholders in this Share Category as institutional investors within the meaning of the tax legislation. This classification is based on the Company's understanding of the current legal situation. This legal situation may change, even with retrospective effect, which may result in a duty of 0.05% p.a. being applied, even with retrospective effect.

The Company is subject to a net asset tax ("NAT") in Belgium for Subfunds that are registered for distribution with the local supervisory authority in that that country, the "Autorité des services et marchés financiers". The NAT is currently 0.0925% and is levied on the portion of the net asset value of the relevant Subfund which as at 31 December of each calendar year was actively being offered to Belgian residents by Belgian financial intermediaries.

#### IN GENERAL

Capital gains and income from dividends, interest and interest payments which the Company generates from its investments in other countries may be subject to a non-recoverable withholding tax or capital gains tax of different amounts in such countries. It is often not possible for the Company to take advantage of tax breaks due to existing double taxation agreements between Luxembourg and these countries or because of local regulations. Should this situation change in future and a lower tax rate result in tax refunds to the Company, the net asset value of the Company as at the original time the tax was withheld will not be recalculated; instead the repayments will be made indirectly pro rata to the existing shareholders at the time the refund is made.

### 23.2 SHAREHOLDERS

#### LUXEMBOURG

Under Luxembourg law and current practice, shareholders in Luxembourg are not subject to capital gains tax, income tax, gifts tax, inheritance tax or other taxes (with the exception of shareholders domiciled or resident or having their permanent establishment in Luxembourg, as well as former residents of Luxembourg, if they hold more than 10% of Company's shares).

#### **AUTOMATIC EXCHANGE OF FINANCIAL INFORMATION IN THE FIELD OF TAXATION**

Many countries, including Luxembourg and Switzerland, have already concluded agreements on the automatic exchange of information (AEOI) with regard to taxation or are considering concluding such agreements. To this end, a reporting standard has been coordinated within the OECD. This so-called common reporting standard (CRS) forms the framework for the exchange of financial information in the field of taxation between countries.

CRS obliges financial institutions to gather and, as the case may be, report information on financial assets which are kept under custody or administered across the border for taxpayers from countries and territories

which participate in the AEOI. This information will be exchanged between the participating countries' tax authorities. The member countries of the European Union have decided to implement the AEOI and CRS within the EU by means of Directive 2014/107/EU of the Council of 9 December 2014 amending Directive 2011/16/EU as regards mandatory automatic exchange of information in the field of taxation.

Luxembourg has implemented Directive 2014/107/EU by enacting the Law of 18<sup>th</sup> December 2015 on the automatic exchange of information regarding financial accounts (the "**Financial Accounts Information Exchange Law**") and substantiated by further regulations. Accordingly, from 2016 on, in-scope Luxembourg financial institutions will collect certain investor information relating to the holders of financial accounts (as well as, as the case may be, relating to persons controlling account holders) and, from 2017, will begin reporting this information relating to the reportable accounts to Luxembourg tax authorities. These reports will be transferred by the Luxembourg tax authorities to certain foreign tax authorities, in particular within the EU.

According to the assessment of the Board of Directors, the Company is subject to the Financial Accounts Information Exchange Law in Luxembourg. The Company has been classified as "reporting financial institute" (investment entity) according to the Financial Accounts Information Exchange Law. Therefore, the Company gathers and, as the case may be, reports information relating to account holders pursuant to the principles laid down above.

The Company reserves the right to refuse applications for the subscription of Shares or compulsorily redeem Shares if the information provided by the applicant respectively investors does not meet the requirements of Directive 2014/107/EU and, respectively, of the Financial Accounts Information Exchange Law. Moreover, to fulfil their obligations in Luxembourg under the Financial Accounts Information Exchange Law, respectively, under Directive 2014/107/EU, the Company, the Management Company or the nominees may require, depending on the circumstances, additional information of the investors in order to comply or dispense with their fiscal identification and, as the case may be, reporting duties.

Applicants and investors are made aware of the Company's duty to transmit information on reportable accounts and their holders as well as, as the case may be, of controlling individuals to the Luxembourg tax authorities, which, depending on the circumstances, may forward this information to certain tax authorities in other countries with which a treaty on the automatic exchange of information has been concluded.

The scope and application of the AEOI or CRS may vary from country to country and the applicable rules may change. It is the responsibility of investors to seek advice on taxes and other consequences (including on the exchange of tax information) which may result from the subscription, ownership, return (redemption), switching and transfer of Shares, as well as distributions, including any regulations regarding the control on the movement of capital.

### **23.3 FOREIGN ACCOUNT TAX COMPLIANCE ACT ("FATCA") OF THE UNITED STATES OF AMERICA ("US")**

The US have introduced FATCA to obtain information with respect to foreign financial accounts and investments beneficially owned by certain US taxpayers.

In regards to the implementation of FATCA in Luxembourg, the Grand Duchy of Luxembourg has signed a Model 1 intergovernmental agreement with the US on 28 March 2014 (the "Lux IGA"), which has been transposed into Luxembourg legislation according to the terms of the Law of 24<sup>th</sup> July 2015 ("Lux IGA Legislation"). Under the terms of the Lux IGA, a Luxembourg resident financial institution ("Lux FI") will be obliged to comply with the provisions of the Lux IGA Legislation, rather than directly complying with the US Treasury Regulations implementing FATCA. A Lux FI that complies with the requirements of the Lux IGA Legislation will be treated as compliant with FATCA and, as a result, will not be subject to withholding tax under FATCA ("FATCA Withholding"), provided the Lux FI properly certifies its FATCA status towards withholding agents.

The Board of Directors considered the Company to be a Lux FI that will need to comply with the requirements of the Lux IGA Legislation and classified the Company and its Subfunds as Sponsored Investment Entities under the Lux IGA. Sponsored Investment Entities qualify for a deemed-compliant status and constitute a Non-Reporting Lux FI under the Lux IGA.

For Sponsorship purposes under the Lux IGA, the Company appointed the Management Company as Sponsoring Entity, which registered in this capacity on the FATCA online registration portal of the US Internal Revenue Service ("IRS") and agreed to perform the due diligence, withholding, and reporting obligations on behalf of the Company ("Sponsoring Entity Service").

As determined in the Lux IGA, the Company retains the ultimately responsibility for ensuring that it complies with its obligations under the Lux IGA Legislation, notwithstanding the appointment of the Management Company to act as Sponsoring Entity to the Company.

In the performance of the Sponsoring Entity Service, the Management Company may use the assistance and contribution of sub-contractors, including the Company's Registrar and Transfer Agent.

Under the Lux IGA Legislation, the Management Company will be required to report to the Luxembourg Tax Authority certain holdings by and payments made to certain direct and indirect US investors in the Company, as well as investors that do not comply with the terms of FATCA or with an applicable Intergovernmental Agreement, on or after 1 July 2014 and under the terms of the Lux IGA, such information will be onward reported by the Luxembourg Tax Authority to the IRS.

Investors not holding investments in the Company directly as shareholders (i.e. legal holder of records) but via one or several nominees, including but not limited to distributors, platforms, depositaries and other financial intermediaries ("Nominees"), should inquire with such Nominees in regard to their FATCA compliance in order to avoid suffering from FATCA information reporting and/ or potentially withholding.

Additional information may be required by the Company, the Management Company or Nominees from investors in order to comply with their obligations under FATCA or under an applicable Intergovernmental Agreement with the US, e.g. to perform or refrain from information reporting and/ or potentially withholding, as applicable.

The Company reserves the right to refuse applications for the subscription of shares or to impose a compulsory redemption of shares if the information provided by the applicant or investor does not meet the requirements of the Company for the fulfilment of its obligations under the Lux IGA or the Lux IGA regulations.

The scope and application of FATCA Withholding and information reporting pursuant to the terms of FATCA and the applicable Intergovernmental Agreements may vary from country to country and is subject to review by the US, Luxembourg and other countries, and the applicable rules may change. Investors should contact their own tax or legal advisers regarding the application of FATCA to their particular circumstances.

## **25. GENERAL MEETING OF SHAREHOLDERS AND REPORTING**

The annual general meeting of shareholders of the Company takes place in Luxembourg every year at 11:00 on the 20th of October. If this day is not a bank business day in Luxembourg, the general meeting takes place on the following bank business day. Other extraordinary general meetings of shareholders of the Company or meetings of individual Subfunds or their Share Categories may be held in addition. Invitations to the general meeting of shareholders and other meetings are issued in accordance with Luxembourg law and the current Articles of Association. They contain information on the place and time of the general meeting of shareholders, the requirements for attending, the agenda and, if necessary, the quorum requirements and majority requirements for resolutions. Furthermore, the invitation to attend the meeting may provide that the quorum and majority requirements be established on the basis of the Shares which have been issued and are outstanding on the fifth day preceding the general meeting at 12.00 midnight (Luxembourg time). In this case, a shareholder's right to take part in and vote at a general meeting will be determined according to the number of shares he/she owns at that point in time.

The Company's financial year begins on 1 July and ends on 30 June of the following year. The annual financial report, which contains the Company's, respectively Subfund's, audited consolidated annual report, is available at the Company's registered office no later than fifteen (15) days before the annual general meeting. Un-audited semi-annual reports are available at the same place no later than two (2) months after the end of



the half year in question. Copies of these reports may be obtained from the national representatives and from SSB-LUX.

## **26. APPLICABLE LAW, JURISDICTION**

Any legal disputes between the Company, the shareholders, the custodian bank, the Management Company, the principal paying and administrative agent, the registrar and transfer agent, the Investment Advisers, the Investment Managers, the national representatives and any distribution agents will be subject to the relevant jurisdiction of the Grand Duchy of Luxembourg. The applicable law is Luxembourg law. However, the above entities may, in relation to claims from shareholders from other countries, accept the jurisdiction of those countries in which Shares are offered and sold.

## **27. REMUNERATION POLICY**

In accordance with Directive 2009/65/EC, as amended by Directive 2014/91/EU (together the „UCITS Directive“), the Management Company has implemented a remuneration policy pursuant to the principles laid down in Article 14(b) of the UCITS Directive. This remuneration policy shall be consistent with and shall promote sound and effective risk management and shall focus on the control of risk-taking behaviour of senior management, risk takers, employees with control functions and employees receiving total remuneration that falls within the remuneration bracket of senior management and risk takers whose professional activities have a material impact on the risk profiles of the Company and the Subfunds.

In line with the provisions of the UCITS Directive and the guidelines issued by ESMA, each of which may be amended from time to time, the Management Company applies its remuneration policy and practices in a manner which is proportionate to its size and that of the Company, its internal organisation and the nature, scope and complexity of its activities.

Entities to which investment management activities have been delegated in accordance with Article 13 of the UCITS Directive are also subject to the requirements on remuneration under the relevant ESMA guidelines unless such entities and their relevant staff are subject to regulatory requirements on remuneration that are equally as effective as those imposed under the relevant ESMA guidelines.

This remuneration system is established in a remuneration policy, which fulfils following requirements:

- a) The remuneration policy is consistent with and promotes sound and effective risk management and discourages risk-taking behaviour.
- b) The remuneration policy is in line with the Company's strategy, objectives, values and interests of the GAM Group (including the Management Company and the UCITS which it manages, as well as the UCITS' investors) and it comprises measures to prevent conflicts of interest.
- c) The assessment of performance is set in a multi-year framework.
- d) 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.

Further details relating to the current remuneration policy of the GAM Group are available on [www.funds.gam.com](http://www.funds.gam.com). This includes a description of how remuneration and benefits are calculated and the identity of persons responsible for awarding the remuneration and benefits as well as the identification of the members of the remuneration committee. A paper copy will be made available upon request and free of charge by the Management Company.

## 28. GENERAL CONFLICTS ASSOCIATED WITH THE COMPANY

GAM (which, for purposes of this “Conflicts of Interest” section, shall mean, collectively, GAM Holding AG, the GAM Investment Managers within the GAM Group and its affiliates, directors, partners, trustees, managers, members, executives and employees) provides investment services to institutions, intermediaries, private clients and charities from financial centres around the world. As such, GAM provides a wide range of financial services to a substantial and diversified client base. In those and other capacities, GAM advises clients in a wide variety of markets and transactions and purchases, sells, holds and recommends a broad array of investments (and may do so for its own accounts) and for the accounts of clients, through client accounts and the relationships and products it sponsors, manages and advises (such GAM or other client accounts (including the Company), relationships and products collectively, the “Accounts”). GAM’s activities and dealings may affect the Company in ways that may disadvantage or restrict the Subfund and/or benefit GAM or other Accounts.

The following are descriptions of certain conflicts of interest and potential conflicts of interest that may be associated with the financial or other interests that a GAM Investment Manager and GAM may have in transactions effected by, with, and on behalf of the Company.

The sale of shares and the allocation of investment opportunities, financial and other interests may incentivise GAM to promote the sale of shares

GAM and its personnel have interests in promoting sales of Shares in the Company, and the compensation from such sales may be greater than the compensation relating to sales of interests in other Accounts. Therefore, GAM and its personnel may have a financial interest in promoting Shares in the Subfund over interests in other Accounts.

The relevant GAM Investment Manager may simultaneously manage Accounts for which the GAM Investment Manager receives greater fees or other compensation (including performance-based fees or allocations) than they receive in respect of the Company. The simultaneous management of Accounts that pay greater fees or other compensation and the Company may create a conflict of interest as the GAM Investment Manager may have an incentive to favour Accounts with the potential to receive greater fees. For instance, the GAM Investment Manager may be faced with a conflict of interest when allocating scarce investment opportunities given the possibly greater fees from Accounts that pay performance-based fees. To address these types of conflicts, the GAM Investment Manager has adopted policies and procedures under which they will allocate investment opportunities in a manner that they believe is consistent with their regulatory and fiduciary obligations as a GAM Investment Manager.

### **CONFLICTS ARISING FROM GAM’S FINANCIAL AND OTHER RELATIONSHIPS WITH INTERMEDIARIES**

GAM and the Company may make payments to financial intermediaries and to salespersons to promote the Company. These payments may be made out of GAM assets or amounts payable to GAM. These payments may create an incentive for such persons to highlight, feature or recommend the Company.

### **ALLOCATION OF INVESTMENT OPPORTUNITIES AMONG THE COMPANY AND OTHER ACCOUNTS**

The relevant GAM Investment Manager may manage or advise multiple Accounts (including Accounts in which GAM and its personnel may have an interest) that have investment objectives that are similar to the Company and that may seek to make investments or sell investments in the same securities or other instruments, sectors or strategies as the Company. This may create potential conflicts, particularly in circumstances where the availability of such investment opportunities is limited (e.g., in local and emerging markets, high yield securities, fixed income securities, regulated industries, real estate assets, primary and secondary interests in alternative investment funds and initial public offerings/new issues) or where the liquidity of such investment opportunities is limited.

To address these potential conflicts, GAM has developed allocation policies and procedures that provide that GAM personnel making portfolio decisions for Accounts will make purchase and sale decisions for, and allocate investment opportunities among, Accounts consistent with the relevant GAM Investment Manager’s fiduciary obligations. These policies and procedures may result in the pro rata allocation (on a basis determined by the relevant GAM Investment Manager) of limited opportunities across eligible Accounts managed by a particular portfolio management team, but in other cases the allocations may reflect other

factors as described below. Accounts managed by different portfolio management teams may be viewed separately for allocation purposes. There will be cases where certain Accounts receive an allocation of an investment opportunity when the Company does not.

Allocation-related decisions for the Company and other Accounts may be made by reference to one or more factors, including without limitation: the Account's investment strategy or style, risk profile, objectives, guidelines and restrictions (including legal and regulatory restrictions affecting certain Accounts or affecting holdings across Accounts) and cash and liquidity considerations. The application of these considerations may cause differences in the performance of Accounts that have strategies similar to those of the Company. In addition, in some cases the GAM Investment Manager may make investment recommendations to Accounts where the Accounts make investments independently of the GAM Investment Manager. In circumstances in which there is limited availability of an investment opportunity, if such Accounts invest in the investment opportunity prior to a Subfund, the availability of the investment opportunity for the relevant Subfund will be reduced irrespective of the GAM policies regarding allocation of investments.

The relevant GAM Investment Manager may, from time to time, develop and implement new trading strategies or seek to participate in new trading strategies and investment opportunities. These strategies and opportunities may not be employed in all Accounts or employed pro rata among Accounts where they are employed, even if the strategy or opportunity is consistent with the objectives of such Accounts.

**GAM AND THE GAM INVESTMENT MANAGER' ACTIVITIES ON BEHALF OF OTHER ACCOUNTS**

The GAM Investment Manager's decisions and actions on behalf of the relevant Subfund may differ from those on behalf of other Accounts. Advice given to, or investment or voting decisions made for, one or more Accounts may compete with, affect, differ from, conflict with, or involve timing different from, advice given to or investment decisions made for the Company.

Transactions by such Accounts may involve the same or related securities or other instruments as those in which the Company invests, and may negatively affect the Company or the prices or terms at which a Subfund's transactions may be effected. A Subfund and Accounts may also vote differently on or take or refrain from taking different actions with respect to the same security, which may be disadvantageous to the Subfund.

GAM, on behalf of one or more Accounts and in accordance with its management of such Accounts, may implement an investment decision or strategy ahead of, or contemporaneously with, or behind similar investment decisions or strategies made for the relevant Subfund. The relative timing for the implementation of investment decisions or strategies for Accounts, on the one hand, and the Company, on the other hand, may disadvantage the relevant Subfund. Certain factors, for example, market impact, liquidity constraints, or other circumstances, could result in the relevant Subfund receiving less favourable trading results or incurring increased costs associated with implementing such investment decisions or strategies, or being otherwise disadvantaged.

Subject to applicable law, the GAM Investment Manager may cause a Subfund to invest in securities or other obligations of companies affiliated with or advised by GAM or in which GAM or Accounts have an equity, debt or other interest, or to engage in investment transactions that may result in other Accounts being relieved of obligations or otherwise divested of investments, which may enhance the profitability of GAM's or other Accounts' investment in and activities with respect to such companies.

**GAM MAY ACT IN A CAPACITY OTHER THAN GAM INVESTMENT MANAGER TO THE SUBFUND PRINCIPAL AND CROSS TRANSACTIONS**

When permitted by applicable law and the GAM Investment Manager's policies, the GAM Investment Manager, acting on behalf of the relevant Subfund, may enter into transactions in securities and other instruments with or through GAM or in Accounts managed by the relevant GAM Investment Manager, and may cause the Subfund to engage in transactions in which GAM acts as principal on their own behalf (principal transactions) or advise both sides of a transaction (cross transactions). There may be potential conflicts of interest or regulatory issues relating to these transactions which could limit the GAM Investment Manager's decision to engage in these transactions for the Company. GAM may have a potentially conflicting division of loyalties and responsibilities to the parties in such transactions, and has developed policies and

procedures in relation to such transactions and conflicts. Any principal, or cross transactions will be effected in accordance with fiduciary requirements and applicable law.

Subject to applicable law, GAM or Accounts may also invest in or alongside the Company. Unless provided otherwise by agreement to the contrary, GAM or Accounts may redeem interests in the Company at any time without notice to Shareholders or regard to the effect on the relevant Subfund's portfolio, which may be adverse.

**PROXY VOTING BY THE RELEVANT GAM INVESTMENT MANAGER**

The GAM Investment Manager has adopted policies and procedures designed to prevent conflicts of interest from influencing proxy voting decisions that it makes on behalf of advisory clients, including the Company, and to help ensure that such decisions are made in accordance with its fiduciary obligations to its clients. Notwithstanding such proxy voting policies and procedures, proxy voting decisions made by the relevant GAM Investment Manager with respect to securities held by the Subfund may benefit the interests of GAM and Accounts other than the Subfund.

**POTENTIAL LIMITATIONS AND RESTRICTIONS ON INVESTMENT OPPORTUNITIES AND ACTIVITIES OF GAM AND THE COMPANY**

The relevant GAM Investment Manager may restrict its investment decisions and activities on behalf of a Subfund in various circumstances, including as a result of applicable regulatory requirements, information held by GAM and GAM's internal policies. In addition, the GAM Investment Manager is not permitted to obtain or use material non-public information in effecting purchases and sales in public securities transactions for the relevant Subfund.

**AGGREGATION OF TRADES BY THE GAM INVESTMENT MANAGER**

The GAM Investment Manager follows policies and procedures pursuant to which they may combine or aggregate purchase or sale orders for the same security for multiple Accounts (including Accounts in which GAM has an interest) (sometimes called "bunching"), so that the orders can be executed at the same time. The GAM Investment Manager aggregates orders when it considers doing so appropriate and in the interests of its clients generally. In addition, under certain circumstances trades for the relevant Subfund may be aggregated with Accounts in which GAM has an interest.

When an aggregated order is completely filled, the GAM Investment Manager generally will allocate the securities purchased or proceeds of sale pro rata among the participating Accounts, based on the purchase or sale order. If the order at a particular broker is filled at several different prices, through multiple trades, generally all participating Accounts will receive the average price and pay the average commission, subject to odd lots, rounding, and market practice. There may be instances in which not all Accounts are charged the same commission or commission equivalent rates in a bunched or aggregated order.

Although it may do so in certain circumstances, the GAM Investment Manager generally does not bunch or aggregate orders for different Accounts (including the Company), or net buy and sell orders for the Company, if portfolio management decisions relating to the orders are made by separate portfolio management teams, if aggregating or netting is not appropriate or practicable from the relevant GAM Investment Manager's operational or other perspective, or if doing so would not be appropriate in light of applicable regulatory considerations.

The GAM Investment Manager may be able to negotiate a better price and lower commission rate on aggregated trades than on trades for Accounts that are not aggregated and incur lower transaction costs on netted trades than trades that are not netted. Where transactions for the relevant Subfund are not aggregated with other orders, or not netted against orders for the Subfund, that Subfund may not benefit from a better price and lower commission rate or lower transaction cost.

**OTHER CONFLICTS OF INTERESTS**

Each of the Manager, any GAM Investment Manager and any Delegate Investment Manager may in the course of their business have conflicts of interest with the Company in circumstances other than those referred to above. The Manager, the relevant GAM Investment Manager and relevant Delegate Investment Manager will, however, have regard in such event to its obligations to act in the best interests of Shareholders

when undertaking any investment where conflicts of interest may arise and will seek to resolve such conflicts fairly. In the event that a conflict arises in relation to the allocation of investment opportunities, the Manager, the relevant GAM Investment Manager or the relevant Delegate Investment Manager will ensure that it is resolved fairly.

## 29. DOCUMENTS FOR INSPECTION

Copies of the following documents may be inspected at the registered office of the Company in Luxembourg during normal business hours on business days in Luxembourg, and at the offices of the respective national representatives during their business days:

- 1a) the Investment Advisor's agreements, the Investment Manager's agreements, the fund administration agreement, the agreements with the custodian bank, the administrator and principal paying agent as well as the registrar and transfer agent. These agreements may be amended with the approval of both parties;
- 1b) the Information Sharing Agreement between the Master-Company and the Company;
- 1c) the articles of association of the Company.

The following documents may be obtained free of charge on request:

- 2a) the latest Key Investor Information Document and the Prospectus;
- 2b) the most recent annual and semi-annual reports.

The articles of association, the Key Investor Information Document, the full Prospectus, the Remuneration Policy of GAM Group ("Group Compensation Policy") and the full annual and semi-annual reports may also be obtained on the web site [www.funds.gam.com](http://www.funds.gam.com).

In the event of any contradictions between the documents mentioned in the German language and any translations, the German-language version shall apply. This shall be without prejudice to mandatory deviating regulations relating to distribution and marketing of jurisdictions in which Shares of the Company have been lawfully distributed.

## 30. DATA PROTECTION INFORMATION

Prospective investors should note that by completing the application form they are providing information to the Company, which may constitute personal data within the meaning of the Luxembourg Data Protection Act<sup>3</sup>. This data will be used for the purposes of client identification and the subscription process, administration, transfer agency, statistical analysis, market research and to comply with any applicable legal or regulatory requirements, disclosure to the Company (its delegates and agents) and, if an applicant's consent is given, for direct marketing purposes.

Data may be disclosed to third parties including:

- (a) regulatory bodies, tax authorities; and
- (b) delegates, advisers and service providers of the Company and their or the Company's duly authorised agents and any of their respective related, associated or affiliated companies wherever located (including outside the EEA which may not have the same data protection laws as in Luxembourg) for the purposes specified. For the avoidance of doubt, each service provider to the Company (including the Management Company, its delegates and its or their duly authorised agents and any of their respective related, associated or affiliated companies) may exchange the

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<sup>3</sup> "Data Protection Acts" - the Data Protection Act of 2 August 2002 in its amended or revised version, including the statutory provisions and regulations, which are issued and amended from time to time, as well as the General Data Protection Regulation (EU) 2016/679.

personal data, or information about the investors in the Company, which is held by it with another service provider to the Company.

Personal data will be obtained, held, used, disclosed and processed for any one of more of the purposes set out in the application form.

Investors have a right to obtain a copy of their personal data kept by the Company and the right to rectify any inaccuracies in personal data held by the Company. In accordance with the General Data Protection Regulation (EU 2016/679), investors will also have a right to be forgotten and a right to restrict or object to processing in a number of circumstances. In certain limited circumstances, a right to data portability may apply. Where investors give consent to the processing of personal data, this consent may be withdrawn at any time.

Personal data will not be kept longer than necessary for the purpose of the processing, subject to the applicable legal minimum retention periods.

#### **BENEFICIAL OWNERSHIP**

The Company may also request such information (including by means of statutory notices) as may be required for the maintenance of the Company's beneficial ownership register (the "RBE") in accordance with the law of 13 January 2019 establishing a Register of Beneficial Owners (the "RBE Law"), as well as the Grand-Ducal Regulations and the CSSF regulations and circulars thereon, as amended from time to time, and in accordance with the Luxembourg law of 12 November 2004 on the fight against money laundering. Such information includes, but is not limited to, first and last name, nationality, country of residence, home or business address, national identification number and information on the nature and extent of the Beneficial Ownership held by each Beneficial Owner in the Company. The Company is further required, inter alia, (i) to provide such information upon request to certain Luxembourg national authorities (including the CSSF, the *Commissariat aux Assurances*, the *Cellule de Renseignement Financier*, the Luxembourg tax authorities and other national authorities) and (ii) to register such information in a publicly accessible central RBE. Under the RBE Law, the Beneficial Owner is liable to prosecution if it fails to comply with its obligation to inform the Company of its status as Beneficial Owner. Further, the Company is liable to prosecution if it (i) fails to comply with the terms of a beneficial ownership notice or (ii) provides materially false information in response to such a notice or (iii) fails to keep the relevant information available at its registered office.

Further details on the purpose of this processing, the various functions of the receivers of the investor's personal data, the categories of personal data concerned and the rights of the investor in relation to these personal data and any other information required under the Data Protection Act can be found in the Privacy Policy, which can be found at the following link: <https://www.gam.com/de/legal/privacy-policy>.

**31. APPENDIX - ENVIRONMENTAL AND/OR SOCIAL CHARACTERISTICS**

**31.1. GAM MULTISTOCK - ASIA FOCUS EQUITY**

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: GAM MULTISTOCK - ASIA FOCUS EQUITY  
 Legal entity identifier: 54930073K70K5ZH1SM55

**Environmental and/or social characteristics**

Does this financial product have a sustainable investment objective?	
<input checked="" type="radio"/> <input checked="" type="radio"/> <input type="radio"/> <b>Yes</b>	<input checked="" type="radio"/> <input type="radio"/> <input checked="" type="checkbox"/> <b>No</b>
<input type="checkbox"/> It will make a minimum of sustainable investments with an environmental objective: ___% <ul style="list-style-type: none"> <li><input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy</li> <li><input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</li> </ul> <input type="checkbox"/> It will make a minimum of sustainable investments with a social objective: ___%	<input type="checkbox"/> It promotes Environmental/Social (E/S) characteristics and while it does not have as its objective a sustainable investment, it will have a minimum proportion of ___% of sustainable investments <ul style="list-style-type: none"> <li><input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy</li> <li><input type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</li> <li><input type="checkbox"/> with a social objective</li> </ul> <input checked="" type="checkbox"/> It promotes E/S characteristics, but <b>will not make any sustainable investments</b>

*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.*

*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.*

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

GAM MULTISTOCK - ASIA FOCUS EQUITY (the “Financial Product”) promotes the following environmental and social characteristics:

- 1) Exclusion of companies involved in specific activities considered to cause negative environmental and/or social impact, as described in the Sustainability Exclusion Criteria,
- 2) Adherence to generally accepted international norms and standards set by the United Nations Global Compact (UNGC),
- 3) Consideration of Principal Adverse Impacts on sustainability factors as detailed in Table 1 of the SFDR Delegated Act,
- 4) Investments in companies assessed to follow good governance practices, and
- 5) Engagement with investee companies on ESG issues in line with GAM Investment's Engagement Policy and Principal Adverse Impact Statement.

These characteristics are achieved through the Investment Strategy and binding characteristics set out in this Appendix. The Sustainability Exclusion Criteria and adherence to the UNGC are achieved through the binding elements (i.e. incorporating hard limits) of the investment strategy of the Financial Product, while the other characteristics are promoted as part of the investment process.

Investors with specific sustainability preferences or sustainability-related objectives should consider the relevant disclosures in the Prospectus and Appendix in detail to ensure that the sustainability profile of the Financial Product reflects such preferences or objectives, in addition to their financial objectives and risk tolerance. Any decision to invest in the Financial Product should take into account both the financial and non-financial characteristics of the Financial Product, as further described in the Prospectus.

Furthermore, investors' attention is drawn to the risk factors outlined in the relevant section of the Prospectus, which should be considered before investing in the Financial Product.

No reference benchmark has been designated for the purpose of attaining the environmental and social characteristics promoted by the Financial Product.

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

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

The following sustainability indicators are used to measure the environmental and/or social characteristics of the Financial Product. Additional indicators for adverse impact are reviewed as part of ongoing monitoring of the environmental and social characteristics of the Financial Product.

**Involvement in controversial weapons:** share of investments in investee companies involved in the manufacture or selling of controversial weapons.

**Involvement in weapons manufacturing or weapons component manufacturing:** share of investments in investee companies involved in the manufacture of military weapons systems, and/or tailor-made components of these weapons systems, and/or tailor-made products or services that support military weapons systems (above 10% revenue threshold).

**Involvement in assault weapons for civilian customers:** share of investments in investee companies involved in the manufacture and sale of assault weapons to civilian customers (above 10% revenue threshold).

**Involvement in tobacco manufacturing:** share of investments in investee companies involved in the manufacture of tobacco products (above 5% revenue threshold).

**Involvement in tobacco retail and distribution:** share of investments in investee companies involved in the distribution and/or retail sale of tobacco products. (above 25% revenue threshold).

**Involvement in oil sands extraction:** share of investments in companies involved in oil sands extraction (above 25% revenue threshold).

**Involvement in thermal coal:** Share of investments in companies involved in mining thermal coal or from generating electricity from thermal coal (above 25% revenue threshold).



**Violations of UN Global Compact principles:** share of investments in investee companies that have been involved in violations of the UNGC principles,

**Engagement activity:** Number of ESG-related engagement activities the Investment Manager was involved in relating to the Financial Product.

**Principal Adverse Impacts:** The following indicators for adverse impacts, from Tables 1, 2 and / or 3 of Annex I of the SFDR Delegated Act, will be reported on as a minimum. This list may be expanded over time. Additional indicators for adverse impact are reviewed as part of ongoing monitoring of the environmental and social characteristics of the Financial Product.

**Scope 1 & Scope 2 Greenhouse gas (GHG) emissions:** Absolute greenhouse gas emissions associated with a portfolio, expressed in tons CO2 equivalent

**Investments in companies active in fossil fuel sector:** share of investments in companies active in the fossil fuel sector.

**Gender diversity on the Board** (also included in good governance): percentage of board members who are female. For companies with a two-tier board, the calculation is based on members of the Supervisory Board only

**Good governance:** The following indicators will be reported on as a minimum. This list may be expanded over time. Additional indicators for good governance are reviewed as part of ongoing monitoring and voting decisions relating to holdings in the Financial Product.

**Board independence:** the percentage of board members that meet our independent of management criteria, as defined by a third-party data provider. For companies with a two-tier board, the calculation is based on members of the Supervisory Board only.

Reporting on the above indicators will rely on sustainability-related data. The quality, timeliness, completeness, and availability of sustainability-related data may still not be comparable with the general quality, timeliness, completeness, and availability of more standardised and traditional financial data. The Investment Manager may be required to use estimates, proxies or otherwise apply subjective judgements in assessing sustainability risk which, if incorrect, may result in the Financial Product suffering losses (including loss of opportunity). Investors' attention is drawn to the GAM Investments Sustainability Risks Statement for further details.

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

Not applicable (the Financial Product does not claim to make sustainable investments)

*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.*

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

Not applicable (the Financial Product does not claim to make sustainable investments)

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

*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.*

Yes, the Financial Product takes into account principal adverse impacts (PAIs), as detailed in Table 1, and noting the additional indicators in Tables 2 and 3 of Annex I of the SFDR Delegated Act, on sustainability factors in a qualitative and/or quantitative way dependent on the relevance of the specific indicator and the quality and availability of data. Additional details are provided in our Principal Adverse Impact statement. Where there are exclusions linked to PAIs, these are outlined in the Sustainability Exclusions. Specific sustainability indicators that will be reported on an annual basis are outlined as above.

**Greenhouse gas emissions** – a range of indicators in relation to company GHG emissions and carbon emission reduction initiatives are reviewed as part of the investment process, and are primarily addressed in a qualitative way, for example through engagement with selected companies on reduction targets and initiatives or voting on resolutions to support greater transparency on climate-related risks. Companies assessed to derive over 25% of revenue from thermal coal mining, electricity generation from thermal coal, or from oil sands extraction are excluded from the Fund.

**Biodiversity, water & waste** – indicators in relation to a companies impact on biodiversity, including deforestation, water and waste, are reviewed as part of the investment process and are primarily addressed in a qualitative way, for example through engagement with selected companies

**Social and employee matters** – a range of PAI indicators are reviewed as part of the investment process. Companies assessed as severely violating UN Global Compact principles or assessed as having exposure to controversial weapons are excluded from the Financial Product. Board gender diversity is considered primarily within our engagement and voting decisions.

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

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

Details of the investment process are provided in the section of the Prospectus relating to the Financial Product. The environmental and social characteristics of the Financial Product are integrated into the investment process and implemented on a continuous basis as follows:

**SUSTAINABILITY EXCLUSIONS**

Involvement by the issuer in the following activities, beyond the revenue threshold specified, would result in the investment being ineligible:

- Involvement in controversial weapons, including anti-personnel mines, biological and chemical weapons, cluster munitions, depleted uranium, nuclear weapons, and white phosphorus. Involvement means direct exposure to the core weapon system, or components/services of the core weapon system that are considered tailor-made and essential for the lethal use of the weapon.
- Derive over 10% of their annual revenue from the manufacture of military weapons systems, and/or tailor-made components of these weapons systems, and/or tailor-made products or services that support military weapons systems.
- Derive over 10% of their annual revenue from the manufacture and sale of assault weapons to civilian customers.
- Derive over 5% of their annual revenue from the manufacture of tobacco products.
- Derive over 25% of their annual revenue from the distribution and/or retail sale of tobacco products.
- Derive 25% of their annual revenue from the extraction of oil sands.
- Derive over 25% of their annual revenue from the mining of thermal coal or from generating electricity from thermal coal, unless the issuer has published a coal phase-out plan.

Exclusions are programmed, on a best-efforts basis, into the investment controls, drawing on information from independent ESG rating providers and recognised third party sources. Should an investment breach the Sustainability Exclusion Criteria detailed above once in the Financial Product, the Investment Manager will determine how best to either liquidate the position, if appropriate, or where applicable take action to remediate the situation through active engagement with the issuer. The Investment Manager will abstain from investing in similar investments until the identified ESG issue(s) is resolved and the relevant position is no longer considered in breach of the Financial Product's sustainability exclusion criteria detailed above.

#### **INTERNATIONAL NORMS AND STANDARDS**

Companies are expected to adhere to minimum international norms and standards as defined by the United Nations Global Compact (the "UN Global Compact"). Companies assessed as having seriously breached the UN Global Compact are excluded, unless the issuer is considered to have taken substantial and adequate steps to have addressed the allegations.

The UN Global Compact is a special initiative of the United Nations Secretary-General which calls companies worldwide to align their operations and strategies with ten principles in the areas of human rights, labour rights, the environment and anti-corruption. Further information is available at [www.unglobalcompact.org](http://www.unglobalcompact.org).

The Sustainability Exclusion Criteria and adherence international norms and standards incorporate hard investment limits and are, therefore, considered binding elements of the investment strategy of the Financial Product (see next section for more details).

The following characteristics are promoted as part of the investment process and do not have specific hard limits attached although these processes are integral to the environmental and social characteristics of the Financial Product:

- Consideration of principal adverse impacts on sustainability factors (see principal adverse impact on sustainability factors section above),
- Assessment of good governance (see good governance question below), and
- Engagement with investee companies in line with GAM Investment's Engagement Policy.

More information can be found in the "Responsible Investment Policy", "Engagement Policy", "Sustainability Exclusion Policy" and "Principal Adverse Impact Statement" at <https://www.gam.com/en/corporate-responsibility/responsible-investing>

#### **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?**

GAM views "binding" in this context to mean the incorporation of hard investment limits in the Financial Product. Additional characteristics are promoted as part of the investment process and do not have specific hard limits attached although these processes are integral to the environmental and social characteristics of the Financial Product:

The following elements contain hard investment limits:

**SUSTAINABILITY EXCLUSION CRITERIA AND INTERNATIONAL NORMS AND STANDARDS** – involvement by the issuer in the activities specified above (and within the specific limits) and companies assessed as having seriously breached the UN Global Compact, would result in the issuer being ineligible for investment. The exclusions are applied on a best-efforts basis drawing on information from independent ESG rating providers and recognised third party sources.

#### **The following investment processes are applied:**

- Integrating a systematic framework to review and take action to mitigate key negative impacts on sustainability factors (see section on key negative impacts on sustainability factors above),
- Assessing good governance (see good governance issue below), and

- Engagement with investee companies on environmental, social and governance issues as part of interaction with management, including engagement following sustainability controversies, PAI review and/or thematic engagement.

For further information, please refer to the "Responsible Investment Policy", the "GAM Sustainability Exclusions Policy" and the "Engagement Policy", which can be accessed via the link on the last page of this Appendix, provided in the answer to the question "Where can I find more product-specific information online?".

Should an investment breach the sustainability exclusion criteria once in the Financial Product, the Investment Manager will determine how best to either liquidate the position, if appropriate, or where applicable take action to remediate the situation through active engagement with the issuer. The Investment Manager will abstain from investing in similar investments going forward until the identified ESG issue(s) is resolved and the relevant position is no longer considered in breach of the Financial Product's sustainability exclusion criteria.

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

The reduction in the scope of the investments is directly linked to involvement in the activities outlined in the Sustainability Exclusions and will depend on the relevant investible universe. There is no minimum rate of reduction.

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

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

The investment strategy incorporates a principles-based approach when assessing good governance. The assessment informs pre-investment decisions and is used by the Investment Manager to satisfy themselves that good governance practices are in place when selecting investments for the Financial Product. In addition, the assessment is conducted on an ongoing basis to inform voting decisions and engagement activity. This includes consideration of board structure and independence, alignment of remuneration, transparency of ownership and control, audit and accounting. Good governance is assessed in a qualitative and/or quantitative way dependent on the relevance of the specific indicator. This includes:

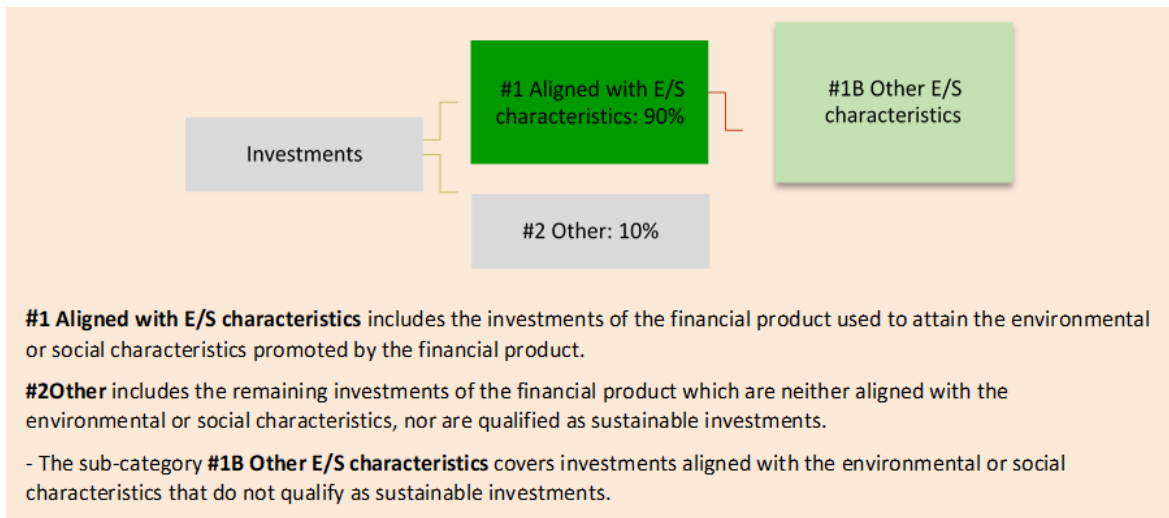
- Sound management structures - including Board independence, Board diversity and audit committee independence
- Employee relations - in particular any serious breaches of UN Global Compact principles are excluded
- Remuneration of staff
- Tax compliance – in particular any companies flagged for significant tax violations

Further details and definitions relating to governance practices are available in GAM Investment's Corporate Governance and Voting Principles and Engagement Policy.

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

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

All assets excluding cash /cash equivalent instruments and/or certain derivatives are aligned with environmental/social characteristics. A minimum of 90% of the Financial Product is expected to be aligned with environmental/social characteristics. We do not deem an assessment of minimum environmental and social safeguards to be relevant for cash and cash equivalents by nature of the asset class



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

While derivatives are permitted, their use is limited. Where the underlying exposure of a derivative is an ineligible issuer according to the binding characteristics, the derivative would not be eligible for inclusion in the Financial Product. Derivatives where the underlying exposure is an Index and other derivatives where the underlying exposure is not a company or sovereign are not aligned to the Financial Product’s E/S characteristics and are included in #2 Other.

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

*Taxonomy-compliant activities are expressed by the share of:*

- **Revenues**, which reflect the share of revenues from green activities of the companies invested in;
- **Capital expenditure (CapEx)**, which shows the environmentally friendly investments made by the enterprises invested in, e.g. for the transition to a green economy;
- **Operational expenditure (OpEx)**, which reflects the green operational activities of the companies being invested in.

While the Financial Product promotes environmental and social characteristics within the meaning of Article 8 of the SFDR, it does not currently commit to investing in a minimum level of any “sustainable investments” within the meaning of the SFDR and it does not currently commit to a minimum level of investments taking into account the EU criteria for environmentally sustainable economic activities within the meaning of the Taxonomy Regulation. As such, the Financial Product’s alignment with such Taxonomy Regulation is not calculated.

Given the recent introduction of the taxonomy, data and reporting on taxonomy alignment remains limited. As data quality and completeness improves, the Financial Product may decide to incorporate taxonomy alignment into the investment strategy and reporting in the future.

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

*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.  
 Not applicable.

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

Not applicable.

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

Not applicable.

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

No more than 10% of the Net Asset Value of the Financial Product may be allocated to cash / cash equivalents and / or certain derivatives for liquidity and efficient management of the Financial Product. We do not deem an assessment of minimum environmental and social safeguards to be relevant for cash and cash equivalents by nature of the asset class.

**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?**

**Benchmarks** are indices that measure whether the financial product achieves the advertised environmental or social characteristics.

No

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

More product-specific information can be found on the website:

<https://www.gam.com/en/corporate-responsibility/responsible-investing>

<https://www.gam.com/en/funds/featured-funds/>

**APPENDIX - ENVIRONMENTAL AND/OR SOCIAL CHARACTERISTICS**

**31.2. GAM MULTISTOCK - CHINA EVOLUTION EQUITY**

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: GAM MULTISTOCK - CHINA EVOLUTION EQUITY

Legal entity identifier: 549300O EZD0AVV79TZ08

**Environmental and/or social characteristics**

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

**Yes**
  **No**

<input type="checkbox"/> It will make a minimum of <b>sustainable investments with an environmental objective</b> : ___% <ul style="list-style-type: none"> <li><input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy</li> <li><input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</li> </ul> <input type="checkbox"/> It will make a minimum of <b>sustainable investments with a social objective</b> : ___%	<input 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 ___% of sustainable investments <ul style="list-style-type: none"> <li><input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy</li> <li><input type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</li> <li><input type="checkbox"/> with a social objective</li> </ul> <input checked="" type="checkbox"/> It promotes E/S characteristics, but <b>will not make any sustainable investments</b>
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*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.*

***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.*

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

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

The following sustainability indicators are used to measure the environmental and/or social characteristics of the Financial Product. Additional indicators for adverse impact are reviewed as part of ongoing monitoring of the environmental and social characteristics of the Financial Product.

**Involvement in controversial weapons:** share of investments in investee companies involved in the manufacture or selling of controversial weapons.

**Involvement in weapons manufacturing or weapons component manufacturing:** share of investments in investee companies involved in the manufacture of military weapons systems, and/or tailor-made components of these weapons systems, and/or tailor-made products or services that support military weapons systems (above 10% revenue threshold).

**Involvement in assault weapons for civilian customers:** share of investments in investee companies involved in the manufacture and sale of assault weapons to civilian customers (above 10% revenue threshold).

**Involvement in tobacco manufacturing:** share of investments in investee companies involved in the manufacture of tobacco products (above 5% revenue threshold).

**Involvement in tobacco retail and distribution:** share of investments in investee companies involved in the distribution and/or retail sale of tobacco products. (above 25% revenue threshold).

**Involvement in oil sands extraction:** share of investments in companies involved in oil sands extraction (above 25% revenue threshold).

**Involvement in thermal coal:** Share of investments in companies involved in mining thermal coal or from generating electricity from thermal coal (above 25% revenue threshold).

**Violations of UN Global Compact principles:** share of investments in investee companies that have been involved in violations of the UNGC principles,

**Engagement activity:** Number of ESG-related engagement activities the Investment Manager was involved in relating to the Financial Product.

**Principal Adverse Impacts:** The following indicators for adverse impacts, from Tables 1, 2 and / or 3 of Annex I of the SFDR Delegated Act, will be reported on as a minimum. This list may be expanded over time. Additional indicators for adverse impact are reviewed as part of ongoing monitoring of the environmental and social characteristics of the Financial Product.

**Scope 1 & Scope 2 Greenhouse gas (GHG) emissions:** Absolute greenhouse gas emissions associated with a portfolio, expressed in tons CO2 equivalent

**Investments in companies active in fossil fuel sector:** share of investments in companies active in the fossil fuel sector.

**Gender diversity on the Board** (also included in good governance): percentage of board members who are female. For companies with a two-tier board, the calculation is based on members of the Supervisory Board only

**Good governance:** The following indicators will be reported on as a minimum. This list may be expanded over time. Additional indicators for good governance are reviewed as part of ongoing monitoring and voting decisions relating to holdings in the Financial Product.

**Board independence:** the percentage of board members that meet our independent of management criteria, as defined by a third-party data provider. For companies with a two-tier board, the calculation is based on members of the Supervisory Board only.

Reporting on the above indicators will rely on sustainability-related data. The quality, timeliness, completeness, and availability of sustainability-related data may still not be comparable with the general quality, timeliness, completeness, and availability of more standardised and traditional financial data. The Investment Manager may be required to use estimates, proxies or otherwise apply subjective judgements in assessing sustainability risk which, if incorrect, may result in the Financial Product suffering losses (including



loss of opportunity). Investors' attention is drawn to the GAM Investments Sustainability Risks Statement for further details.

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

Not applicable (the Financial Product does not claim to make sustainable investments)

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

Not applicable (the Financial Product does not claim to make sustainable investments)

*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?**

*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.*

**Yes**, the Financial Product takes into account principal adverse impacts (PAIs), as detailed in Table 1, and noting the additional indicators in Tables 2 and 3 of Annex I of the SFDR Delegated Act, on sustainability factors in a qualitative and/or quantitative way dependent on the relevance of the specific indicator and the quality and availability of data. Additional details are provided in our Principal Adverse Impact statement. Where there are exclusions linked to PAIs, these are outlined in the Sustainability Exclusions. Specific sustainability indicators that will be reported on an annual basis are outlined as above.

**Greenhouse gas emissions** – a range of indicators in relation to company GHG emissions and carbon emission reduction initiatives are reviewed as part of the investment process, and are primarily addressed in a qualitative way, for example through engagement with selected companies on reduction targets and initiatives or voting on resolutions to support greater transparency on climate-related risks. Companies assessed to derive over 25% of revenue from thermal coal mining, electricity generation from thermal coal, or from oil sands extraction are excluded from the Fund.

**Biodiversity, water & waste** – indicators in relation to a companies impact on biodiversity, including deforestation, water and waste, are reviewed as part of the investment process and are primarily addressed in a qualitative way, for example through engagement with selected companies

**Social and employee matters** – a range of PAI indicators are reviewed as part of the investment process. Companies assessed as severely violating UN Global Compact principles or assessed as having exposure to controversial weapons are excluded from the Financial Product. Board gender diversity is considered primarily within our engagement and voting decisions.

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

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

Details of the investment process are provided in the section of the Prospectus relating to the Financial Product. The environmental and social characteristics of the Financial Product are integrated into the investment process and implemented on a continuous basis as follows:

#### **SUSTAINABILITY EXCLUSIONS**

Involvement by the issuer in the following activities, beyond the revenue threshold specified, would result in the investment being ineligible:

- Involvement in controversial weapons, including anti-personnel mines, biological and chemical weapons, cluster munitions, depleted uranium, nuclear weapons, and white phosphorus. Involvement means direct exposure to the core weapon system, or components/services of the core weapon system that are considered tailor-made and essential for the lethal use of the weapon.
- Derive over 10% of their annual revenue from the manufacture of military weapons systems, and/or tailor-made components of these weapons systems, and/or tailor-made products or services that support military weapons systems.
- Derive over 10% of their annual revenue from the manufacture and sale of assault weapons to civilian customers.
- Derive over 5% of their annual revenue from the manufacture of tobacco products.
- Derive over 25% of their annual revenue from the distribution and/or retail sale of tobacco products.
- Derive 25% of their annual revenue from the extraction of oil sands.
- Derive over 25% of their annual revenue from the mining of thermal coal or from generating electricity from thermal coal, unless the issuer has published a coal phase-out plan.

Exclusions are programmed, on a best-efforts basis, into the investment controls, drawing on information from independent ESG rating providers and recognised third party sources. Should an investment breach the Sustainability Exclusion Criteria detailed above once in the Financial Product, the Investment Manager will determine how best to either liquidate the position, if appropriate, or where applicable take action to remediate the situation through active engagement with the issuer. The Investment Manager will abstain from investing in similar investments until the identified ESG issue(s) is resolved and the relevant position is no longer considered in breach of the Financial Product's sustainability exclusion criteria detailed above.

#### **INTERNATIONAL NORMS AND STANDARDS**

Companies are expected to adhere to minimum international norms and standards as defined by the United Nations Global Compact (the "UN Global Compact"). Companies assessed as having seriously breached the UN Global Compact are excluded, unless the issuer is considered to have taken substantial and adequate steps to have addressed the allegations.

The UN Global Compact is a special initiative of the United Nations Secretary-General which calls companies worldwide to align their operations and strategies with ten principles in the areas of human rights, labour rights, the environment and anti-corruption. Further information is available at [www.unglobalcompact.org](http://www.unglobalcompact.org).

The Sustainability Exclusion Criteria and adherence international norms and standards incorporate hard investment limits and are, therefore, considered binding elements of the investment strategy of the Financial Product (see next section for more details).

The following characteristics are promoted as part of the investment process and do not have specific hard limits attached although these processes are integral to the environmental and social characteristics of the Financial Product:

- Consideration of principal adverse impacts on sustainability factors (see principal adverse impact on sustainability factors section above),
- Assessment of good governance (see good governance question below), and
- Engagement with investee companies in line with GAM Investment's Engagement Policy.

More information can be found in the "Responsible Investment Policy", "Engagement Policy", "Sustainability Exclusion Policy" and "Principal Adverse Impact Statement" at <https://www.gam.com/en/corporate-responsibility/responsible-investing>

**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?**

GAM views “binding” in this context to mean the incorporation of hard investment limits in the Financial Product. Additional characteristics are promoted as part of the investment process and do not have specific hard limits attached although these processes are integral to the environmental and social characteristics of the Financial Product:

The following elements contain hard investment limits:

**SUSTAINABILITY EXCLUSION CRITERIA AND INTERNATIONAL NORMS AND STANDARDS** – involvement by the issuer in the activities specified above (and within the specific limits) and companies assessed as having seriously breached the UN Global Compact, would result in the issuer being ineligible for investment. The exclusions are applied on a best-efforts basis drawing on information from independent ESG rating providers and recognised third party sources.

**The following investment processes are applied:**

- Integrating a systematic framework to review and take action to mitigate key negative impacts on sustainability factors (see section on key negative impacts on sustainability factors above),
- Assessing good governance (see good governance issue below), and
- Engagement with investee companies on environmental, social and governance issues as part of interaction with management, including engagement following sustainability controversies, PAI review and/or thematic engagement.

For further information, please refer to the "Responsible Investment Policy", the "GAM Sustainability Exclusions Policy" and the "Engagement Policy", which can be accessed via the link on the last page of this Appendix, provided in the answer to the question "Where can I find more product-specific information online?".

Should an investment breach the sustainability exclusion criteria once in the Financial Product, the Investment Manager will determine how best to either liquidate the position, if appropriate, or where applicable take action to remediate the situation through active engagement with the issuer. The Investment Manager will abstain from investing in similar investments going forward until the identified ESG issue(s) is resolved and the relevant position is no longer considered in breach of the Financial Product’s sustainability exclusion criteria.

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

The reduction in the scope of the investments is directly linked to involvement in the activities outlined in the Sustainability Exclusions and will depend on the relevant investible universe. There is no minimum rate of reduction.

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

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

The investment strategy incorporates a principles-based approach when assessing good governance. The assessment informs pre-investment decisions and is used by the Investment Manager to satisfy themselves that good governance practices are in place when selecting investments for the Financial Product. In addition, the assessment is conducted on an ongoing basis to inform voting decisions and engagement activity. This includes consideration of board structure and independence, alignment of remuneration, transparency of ownership and control, audit and accounting. Good governance is assessed in a qualitative and/or quantitative way dependent on the relevance of the specific indicator. This includes:

- Sound management structures - including Board independence, Board diversity and audit committee independence
- Employee relations - in particular any serious breaches of UN Global Compact principles are excluded

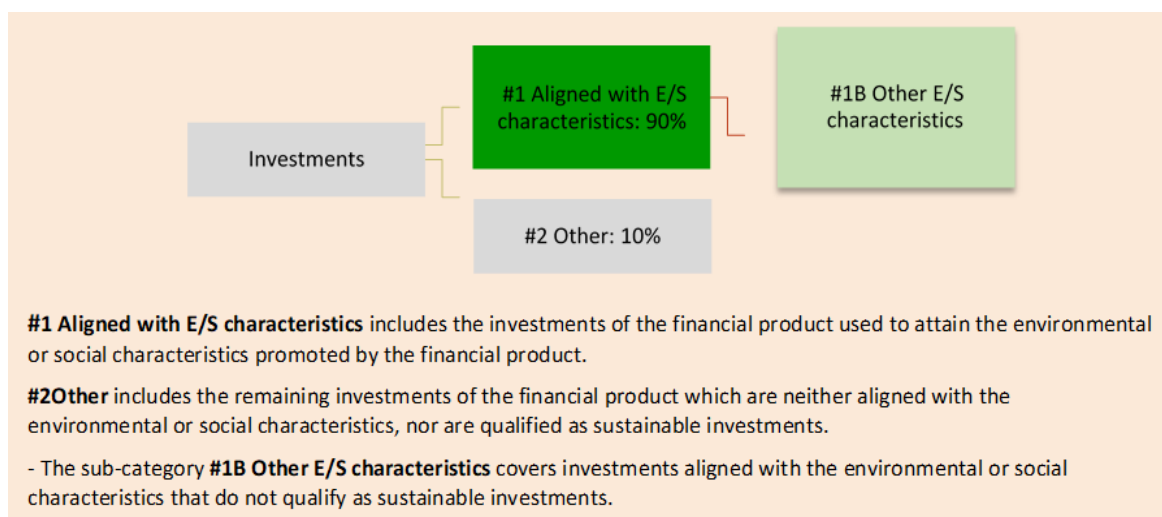
- Remuneration of staff
- Tax compliance – in particular any companies flagged for significant tax violations

Further details and definitions relating to governance practices are available in GAM Investment’s Corporate Governance and Voting Principles and Engagement Policy.

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

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

All assets excluding cash /cash equivalent instruments and/or certain derivatives are aligned with environmental/social characteristics. A minimum of 90% of the Financial Product is expected to be aligned with environmental/social characteristics. We do not deem an assessment of minimum environmental and social safeguards to be relevant for cash and cash equivalents by nature of the asset class



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

While derivatives are permitted, their use is limited. Where the underlying exposure of a derivative is an ineligible issuer according to the binding characteristics, the derivative would not be eligible for inclusion in the Financial Product. Derivatives where the underlying exposure is an Index and other derivatives where the underlying exposure is not a company or sovereign are not aligned to the Financial Product’s E/S characteristics and are included in #2 Other.

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

**Taxonomy-compliant activities** are expressed by the share of:

- **Revenues**, which reflect the share of revenues from green activities of the companies invested in;
- **Capital expenditure (CapEx)**, which shows the environmentally friendly investments made by the enterprises invested in, e.g. for the transition to a green economy;
- **Operational expenditure (OpEx)**, which reflects the green operational activities of the companies being invested in.

While the Financial Product promotes environmental and social characteristics within the meaning of Article 8 of the SFDR, it does not currently commit to investing in a minimum level of any “sustainable investments” within the meaning of the SFDR and it does not currently commit to a minimum level of investments taking into account the EU criteria for environmentally sustainable economic activities within the meaning of the Taxonomy Regulation. As such, the Financial Product’s alignment with such Taxonomy Regulation is not calculated.

Given the recent introduction of the taxonomy, data and reporting on taxonomy alignment remains limited. As data quality and completeness improves, the Financial Product may decide to incorporate taxonomy alignment into the investment strategy and reporting in the future.

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

***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.*

Not applicable.

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

Not applicable.

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

Not applicable.

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

No more than 10% of the Net Asset Value of the Financial Product may be allocated to cash / cash equivalents and / or certain derivatives for liquidity and efficient management of the Financial Product. We do not deem an assessment of minimum environmental and social safeguards to be relevant for cash and cash equivalents by nature of the asset class.

**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?**

***Benchmarks** are indices that measure whether the financial product achieves the advertised environmental or social characteristics.*

No

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

More product-specific information can be found on the website:

<https://www.gam.com/en/corporate-responsibility/responsible-investing>

<https://www.gam.com/en/funds/featured-funds/>

**APPENDIX - ENVIRONMENTAL AND/OR SOCIAL CHARACTERISTICS**

**31.3. GAM MULTISTOCK - EMERGING MARKETS EQUITY**

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: GAM MULTISTOCK - EMERGING MARKETS EQUITY

Legal entity identifier: 549300A511CMMCXTI756

**Environmental and/or social characteristics**

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

**Yes**
  **No**

<p><input type="checkbox"/> It will make a minimum of <b>sustainable investments with an environmental objective</b>: ___%</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy</li> <li><input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</li> </ul> <p><input type="checkbox"/> It will make a minimum of <b>sustainable investments with a social objective</b>: ___%</p>	<p><input 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 ___% of sustainable investments</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy</li> <li><input type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</li> <li><input type="checkbox"/> with a social objective</li> </ul> <p><input checked="" type="checkbox"/> It promotes E/S characteristics, but <b>will not make any sustainable investments</b></p>
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*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.*

***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.*

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

GAM MULTISTOCK - EMERGING MARKETS EQUITY (the “**Financial Product**”) promotes the following environmental and social characteristics:

- 1) Exclusion of companies involved in specific activities considered to cause negative environmental and/or social impact, as described in the Sustainability Exclusion Criteria,

- 2) Adherence to generally accepted international norms and standards set by the United Nations Global Compact (UNGC),
- 3) Consideration of Principal Adverse Impacts on sustainability factors as detailed in Table 1 of the SFDR Delegated Act,
- 4) Investments in companies assessed to follow good governance practices, and
- 5) Engagement with investee companies on ESG issues in line with GAM Investment's Engagement Policy and Principal Adverse Impact Statement.

These characteristics are achieved through the Investment Strategy and binding characteristics set out in this Appendix. The Sustainability Exclusion Criteria and adherence to the UNGC are achieved through the binding elements (i.e. incorporating hard limits) of the investment strategy of the Financial Product, while the other characteristics are promoted as part of the investment process.

Investors with specific sustainability preferences or sustainability-related objectives should consider the relevant disclosures in the Prospectus and Appendix in detail to ensure that the sustainability profile of the Financial Product reflects such preferences or objectives, in addition to their financial objectives and risk tolerance. Any decision to invest in the Financial Product should take into account both the financial and non-financial characteristics of the Financial Product, as further described in the Prospectus.

Furthermore, investors' attention is drawn to the risk factors outlined in the relevant section of the Prospectus, which should be considered before investing in the Financial Product.

No reference benchmark has been designated for the purpose of attaining the environmental and social characteristics promoted by the Financial Product.

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

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

The following sustainability indicators are used to measure the environmental and/or social characteristics of the Financial Product. Additional indicators for adverse impact are reviewed as part of ongoing monitoring of the environmental and social characteristics of the Financial Product.

**Involvement in controversial weapons:** share of investments in investee companies involved in the manufacture or selling of controversial weapons.

**Involvement in weapons manufacturing or weapons component manufacturing:** share of investments in investee companies involved in the manufacture of military weapons systems, and/or tailor-made components of these weapons systems, and/or tailor-made products or services that support military weapons systems (above 10% revenue threshold).

**Involvement in assault weapons for civilian customers:** share of investments in investee companies involved in the manufacture and sale of assault weapons to civilian customers (above 10% revenue threshold).

**Involvement in tobacco manufacturing:** share of investments in investee companies involved in the manufacture of tobacco products (above 5% revenue threshold).

**Involvement in tobacco retail and distribution:** share of investments in investee companies involved in the distribution and/or retail sale of tobacco products. (above 25% revenue threshold).

**Involvement in oil sands extraction:** share of investments in companies involved in oil sands extraction (above 25% revenue threshold).

**Involvement in thermal coal:** Share of investments in companies involved in mining thermal coal or from generating electricity from thermal coal (above 25% revenue threshold).

**Violations of UN Global Compact principles:** share of investments in investee companies that have been involved in violations of the UNGC principles,

**Engagement activity:** Number of ESG-related engagement activities the Investment Manager was involved in relating to the Financial Product.

**Principal Adverse Impacts:** The following indicators for adverse impacts, from Tables 1, 2 and / or 3 of Annex I of the SFDR Delegated Act, will be reported on as a minimum. This list may be expanded over time. Additional indicators for adverse impact are reviewed as part of ongoing monitoring of the environmental and social characteristics of the Financial Product.

**Scope 1 & Scope 2 Greenhouse gas (GHG) emissions:** Absolute greenhouse gas emissions associated with a portfolio, expressed in tons CO2 equivalent

**Investments in companies active in fossil fuel sector:** share of investments in companies active in the fossil fuel sector.

**Gender diversity on the Board** (also included in good governance): percentage of board members who are female. For companies with a two-tier board, the calculation is based on members of the Supervisory Board only

**Good governance:** The following indicators will be reported on as a minimum. This list may be expanded over time. Additional indicators for good governance are reviewed as part of ongoing monitoring and voting decisions relating to holdings in the Financial Product.

**Board independence:** the percentage of board members that meet our independent of management criteria, as defined by a third-party data provider. For companies with a two-tier board, the calculation is based on members of the Supervisory Board only.

Reporting on the above indicators will rely on sustainability-related data. The quality, timeliness, completeness, and availability of sustainability-related data may still not be comparable with the general quality, timeliness, completeness, and availability of more standardised and traditional financial data. The Investment Manager may be required to use estimates, proxies or otherwise apply subjective judgements in assessing sustainability risk which, if incorrect, may result in the Financial Product suffering losses (including loss of opportunity). Investors' attention is drawn to the GAM Investments Sustainability Risks Statement for further details.

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

Not applicable (the Financial Product does not claim to make sustainable investments)

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

Not applicable (the Financial Product does not claim to make sustainable investments)

*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?**

**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.



Yes, the Financial Product takes into account principal adverse impacts (PAIs), as detailed in Table 1, and noting the additional indicators in Tables 2 and 3 of Annex I of the SFDR Delegated Act, on sustainability factors in a qualitative and/or quantitative way dependent on the relevance of the specific indicator and the quality and availability of data. Additional details are provided in our Principal Adverse Impact statement. Where there are exclusions linked to PAIs, these are outlined in the Sustainability Exclusions. Specific sustainability indicators that will be reported on an annual basis are outlined as above.

**Greenhouse gas emissions** – a range of indicators in relation to company GHG emissions and carbon emission reduction initiatives are reviewed as part of the investment process, and are primarily addressed in a qualitative way, for example through engagement with selected companies on reduction targets and initiatives or voting on resolutions to support greater transparency on climate-related risks. Companies assessed to derive over 25% of revenue from thermal coal mining, electricity generation from thermal coal, or from oil sands extraction are excluded from the Fund.

**Biodiversity, water & waste** – indicators in relation to a companies impact on biodiversity, including deforestation, water and waste, are reviewed as part of the investment process and are primarily addressed in a qualitative way, for example through engagement with selected companies

**Social and employee matters** – a range of PAI indicators are reviewed as part of the investment process. Companies assessed as severely violating UN Global Compact principles or assessed as having exposure to controversial weapons are excluded from the Financial Product. Board gender diversity is considered primarily within our engagement and voting decisions.

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

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

Details of the investment process are provided in the section of the Prospectus relating to the Financial Product. The environmental and social characteristics of the Financial Product are integrated into the investment process and implemented on a continuous basis as follows:

#### SUSTAINABILITY EXCLUSIONS

Involvement by the issuer in the following activities, beyond the revenue threshold specified, would result in the investment being ineligible:

- Involvement in controversial weapons, including anti-personnel mines, biological and chemical weapons, cluster munitions, depleted uranium, nuclear weapons, and white phosphorus. Involvement means direct exposure to the core weapon system, or components/services of the core weapon system that are considered tailor-made and essential for the lethal use of the weapon.
- Derive over 10% of their annual revenue from the manufacture of military weapons systems, and/or tailor-made components of these weapons systems, and/or tailor-made products or services that support military weapons systems.
- Derive over 10% of their annual revenue from the manufacture and sale of assault weapons to civilian customers.
- Derive over 5% of their annual revenue from the manufacture of tobacco products.
- Derive over 25% of their annual revenue from the distribution and/or retail sale of tobacco products.
- Derive 25% of their annual revenue from the extraction of oil sands.
- Derive over 25% of their annual revenue from the mining of thermal coal or from generating electricity from thermal coal, unless the issuer has published a coal phase-out plan.

Exclusions are programmed, on a best-efforts basis, into the investment controls, drawing on information from independent ESG rating providers and recognised third party sources. Should an investment breach the Sustainability Exclusion Criteria detailed above once in the Financial Product, the Investment Manager will determine how best to either liquidate the position, if appropriate, or where applicable take action to remediate the situation through active engagement with the issuer. The Investment Manager will abstain from investing

in similar investments until the identified ESG issue(s) is resolved and the relevant position is no longer considered in breach of the Financial Product's sustainability exclusion criteria detailed above.

#### **INTERNATIONAL NORMS AND STANDARDS**

Companies are expected to adhere to minimum international norms and standards as defined by the United Nations Global Compact (the "UN Global Compact"). Companies assessed as having seriously breached the UN Global Compact are excluded, unless the issuer is considered to have taken substantial and adequate steps to have addressed the allegations.

The UN Global Compact is a special initiative of the United Nations Secretary-General which calls companies worldwide to align their operations and strategies with ten principles in the areas of human rights, labour rights, the environment and anti-corruption. Further information is available at [www.unglobalcompact.org](http://www.unglobalcompact.org).

The Sustainability Exclusion Criteria and adherence international norms and standards incorporate hard investment limits and are, therefore, considered binding elements of the investment strategy of the Financial Product (see next section for more details).

The following characteristics are promoted as part of the investment process and do not have specific hard limits attached although these processes are integral to the environmental and social characteristics of the Financial Product:

- Consideration of principal adverse impacts on sustainability factors (see principal adverse impact on sustainability factors section above),
- Assessment of good governance (see good governance question below), and
- Engagement with investee companies in line with GAM Investment's Engagement Policy.

More information can be found in the "Responsible Investment Policy", "Engagement Policy", "Sustainability Exclusion Policy" and "Principal Adverse Impact Statement" at <https://www.gam.com/en/corporate-responsibility/responsible-investing>

#### **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?**

GAM views "binding" in this context to mean the incorporation of hard investment limits in the Financial Product. Additional characteristics are promoted as part of the investment process and do not have specific hard limits attached although these processes are integral to the environmental and social characteristics of the Financial Product:

The following elements contain hard investment limits:

**SUSTAINABILITY EXCLUSION CRITERIA AND INTERNATIONAL NORMS AND STANDARDS** – involvement by the issuer in the activities specified above (and within the specific limits) and companies assessed as having seriously breached the UN Global Compact, would result in the issuer being ineligible for investment. The exclusions are applied on a best-efforts basis drawing on information from independent ESG rating providers and recognised third party sources.

#### **The following investment processes are applied:**

- Integrating a systematic framework to review and take action to mitigate key negative impacts on sustainability factors (see section on key negative impacts on sustainability factors above),
- Assessing good governance (see good governance issue below), and
- Engagement with investee companies on environmental, social and governance issues as part of interaction with management, including engagement following sustainability controversies, PAI review and/or thematic engagement.

For further information, please refer to the "Responsible Investment Policy", the "GAM Sustainability Exclusions Policy" and the "Engagement Policy", which can be accessed via the link on the last page of this Appendix, provided in the answer to the question "Where can I find more product-specific information online?".

Should an investment breach the sustainability exclusion criteria once in the Financial Product, the Investment Manager will determine how best to either liquidate the position, if appropriate, or where applicable take action to remediate the situation through active engagement with the issuer. The Investment Manager will abstain from investing in similar investments going forward until the identified ESG issue(s) is resolved and the relevant position is no longer considered in breach of the Financial Product’s sustainability exclusion criteria.

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

The reduction in the scope of the investments is directly linked to involvement in the activities outlined in the Sustainability Exclusions and will depend on the relevant investible universe. There is no minimum rate of reduction.

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

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

The investment strategy incorporates a principles-based approach when assessing good governance. The assessment informs pre-investment decisions and is used by the Investment Manager to satisfy themselves that good governance practices are in place when selecting investments for the Financial Product. In addition, the assessment is conducted on an ongoing basis to inform voting decisions and engagement activity. This includes consideration of board structure and independence, alignment of remuneration, transparency of ownership and control, audit and accounting. Good governance is assessed in a qualitative and/or quantitative way dependent on the relevance of the specific indicator. This includes:

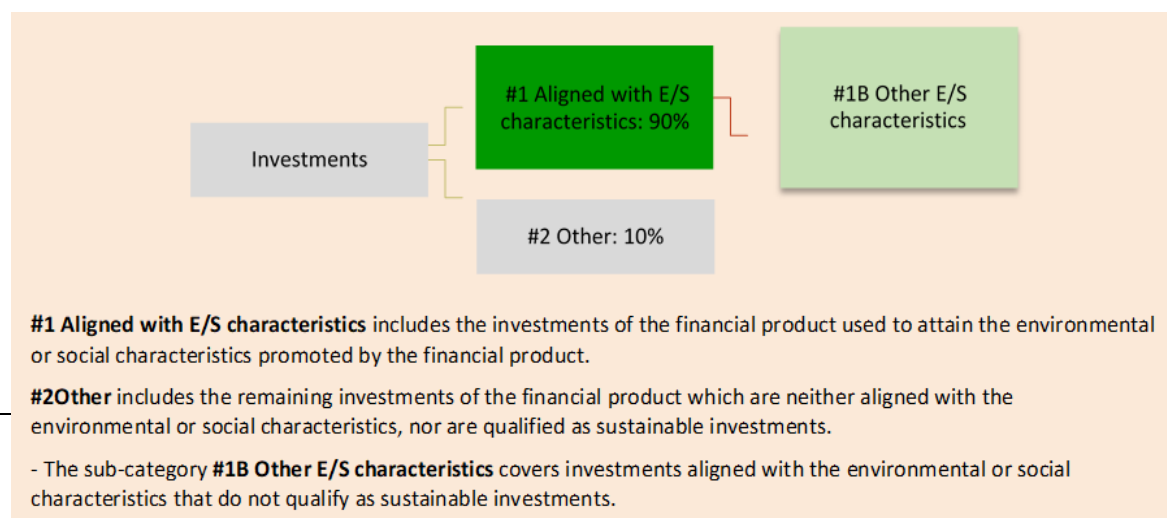
- Sound management structures - including Board independence, Board diversity and audit committee independence
- Employee relations - in particular any serious breaches of UN Global Compact principles are excluded
- Remuneration of staff
- Tax compliance – in particular any companies flagged for significant tax violations

Further details and definitions relating to governance practices are available in GAM Investment’s Corporate Governance and Voting Principles and Engagement Policy.

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

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

All assets excluding cash /cash equivalent instruments and/or certain derivatives are aligned with environmental/social characteristics. A minimum of 90% of the Financial Product is expected to be aligned with environmental/social characteristics. We do not deem an assessment of minimum environmental and social safeguards to be relevant for cash and cash equivalents by nature of the asset class



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

*Taxonomy-compliant activities are expressed by the share of:*

- **Revenues**, which reflect the share of revenues from green activities of the companies invested in;
- **Capital expenditure (CapEx)**, which shows the environmentally friendly investments made by the enterprises invested in, e.g. for the transition to a green economy;
- **Operational expenditure (OpEx)**, which reflects the green operational activities of the companies being invested in.

While the Financial Product promotes environmental and social characteristics within the meaning of Article 8 of the SFDR, it does not currently commit to investing in a minimum level of any “sustainable investments” within the meaning of the SFDR and it does not currently commit to a minimum level of investments taking into account the EU criteria for environmentally sustainable economic activities within the meaning of the Taxonomy Regulation. As such, the Financial Product’s alignment with such Taxonomy Regulation is not calculated.

Given the recent introduction of the taxonomy, data and reporting on taxonomy alignment remains limited. As data quality and completeness improves, the Financial Product may decide to incorporate taxonomy alignment into the investment strategy and reporting in the future.

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

*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.*

Not applicable.

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

Not applicable.

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

Not applicable.

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

No more than 10% of the Net Asset Value of the Financial Product may be allocated to cash / cash equivalents and / or certain derivatives for liquidity and efficient management of the Financial Product. We do not deem an assessment of minimum environmental and social safeguards to be relevant for cash and cash equivalents by nature of the asset class.

**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?**

*Benchmarks are indices that measure whether the financial product achieves the advertised environmental or social characteristics.*

No

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

More product-specific information can be found on the website:

<https://www.gam.com/en/corporate-responsibility/responsible-investing>

<https://www.gam.com/en/funds/featured-funds/>

## APPENDIX - ENVIRONMENTAL AND/OR SOCIAL CHARACTERISTICS

### 31.4. GAM MULTISTOCK - LUXURY BRANDS EQUITY

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: GAM MULTISTOCK - LUXURY BRANDS EQUITY

Legal entity identifier: 549300BC7B4GKUV42870

### Environmental and/or social characteristics

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

**Yes**
  **No**

<input type="checkbox"/> It will make a minimum of <b>sustainable investments with an environmental objective: ___%</b> <ul style="list-style-type: none"> <li><input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy</li> <li><input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</li> </ul> <input type="checkbox"/> It will make a minimum of <b>sustainable investments with a social objective: ___%</b>	<input 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 ___% of sustainable investments <ul style="list-style-type: none"> <li><input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy</li> <li><input type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</li> <li><input type="checkbox"/> with a social objective</li> </ul> <input checked="" type="checkbox"/> It promotes E/S characteristics, but <b>will not make any sustainable investments</b>
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*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.*

***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.*

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

GAM MULTISTOCK - LUXURY BRANDS EQUITY (the “**Financial Product**”) promotes the following environmental and social characteristics:

- 1) Exclusion of companies involved in specific activities considered to cause negative environmental and/or social impact, as described in the Sustainability Exclusion Criteria,
- 2) Adherence to generally accepted international norms and standards set by the United Nations Global

- Compact (UNGC),
- 3) Consideration of Principal Adverse Impacts on sustainability factors as detailed in Table 1 of the SFDR Delegated Act,
  - 4) Investments in companies assessed to follow good governance practices, and
  - 5) Engagement with investee companies on ESG issues in line with GAM Investment's Engagement Policy and Principal Adverse Impact Statement.

These characteristics are achieved through the Investment Strategy and binding characteristics set out in this Appendix. The Sustainability Exclusion Criteria and adherence to the UNGC are achieved through the binding elements (i.e. incorporating hard limits) of the investment strategy of the Financial Product, while the other characteristics are promoted as part of the investment process.

Investors with specific sustainability preferences or sustainability-related objectives should consider the relevant disclosures in the Prospectus and Appendix in detail to ensure that the sustainability profile of the Financial Product reflects such preferences or objectives, in addition to their financial objectives and risk tolerance. Any decision to invest in the Financial Product should take into account both the financial and non-financial characteristics of the Financial Product, as further described in the Prospectus.

Furthermore, investors' attention is drawn to the risk factors outlined in the relevant section of the Prospectus, which should be considered before investing in the Financial Product.

No reference benchmark has been designated for the purpose of attaining the environmental and social characteristics promoted by the Financial Product.

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

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

The following sustainability indicators are used to measure the environmental and/or social characteristics of the Financial Product. Additional indicators for adverse impact are reviewed as part of ongoing monitoring of the environmental and social characteristics of the Financial Product.

**Involvement in controversial weapons:** share of investments in investee companies involved in the manufacture or selling of controversial weapons.

**Involvement in weapons manufacturing or weapons component manufacturing:** share of investments in investee companies involved in the manufacture of military weapons systems, and/or tailor-made components of these weapons systems, and/or tailor-made products or services that support military weapons systems (above 10% revenue threshold).

**Involvement in assault weapons for civilian customers:** share of investments in investee companies involved in the manufacture and sale of assault weapons to civilian customers (above 10% revenue threshold).

**Involvement in tobacco manufacturing:** share of investments in investee companies involved in the manufacture of tobacco products (above 5% revenue threshold).

**Involvement in tobacco retail and distribution:** share of investments in investee companies involved in the distribution and/or retail sale of tobacco products. (above 25% revenue threshold).

**Involvement in oil sands extraction:** share of investments in companies involved in oil sands extraction (above 25% revenue threshold).

**Involvement in thermal coal:** Share of investments in companies involved in mining thermal coal or from generating electricity from thermal coal (above 25% revenue threshold).

**Violations of UN Global Compact principles:** share of investments in investee companies that have been involved in violations of the UNGC principles,

**Engagement activity:** Number of ESG-related engagement activities the Investment Manager was involved in relating to the Financial Product.

**Principal Adverse Impacts:** The following indicators for adverse impacts, from Tables 1, 2 and / or 3 of Annex I of the SFDR Delegated Act, will be reported on as a minimum. This list may be expanded over time. Additional indicators for adverse impact are reviewed as part of ongoing monitoring of the environmental and social characteristics of the Financial Product.

**Scope 1 & Scope 2 Greenhouse gas (GHG) emissions:** Absolute greenhouse gas emissions associated with a portfolio, expressed in tons CO2 equivalent

**Investments in companies active in fossil fuel sector:** share of investments in companies active in the fossil fuel sector.

**Gender diversity on the Board** (also included in good governance): percentage of board members who are female. For companies with a two-tier board, the calculation is based on members of the Supervisory Board only

**Good governance:** The following indicators will be reported on as a minimum. This list may be expanded over time. Additional indicators for good governance are reviewed as part of ongoing monitoring and voting decisions relating to holdings in the Financial Product.

**Board independence:** the percentage of board members that meet our independent of management criteria, as defined by a third-party data provider. For companies with a two-tier board, the calculation is based on members of the Supervisory Board only.

Reporting on the above indicators will rely on sustainability-related data. The quality, timeliness, completeness, and availability of sustainability-related data may still not be comparable with the general quality, timeliness, completeness, and availability of more standardised and traditional financial data. The Investment Manager may be required to use estimates, proxies or otherwise apply subjective judgements in assessing sustainability risk which, if incorrect, may result in the Financial Product suffering losses (including loss of opportunity). Investors' attention is drawn to the GAM Investments Sustainability Risks Statement for further details.

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

Not applicable (the Financial Product does not claim to make sustainable investments)

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

Not applicable (the Financial Product does not claim to make sustainable investments)

*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?**

**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.

**Yes**, the Financial Product takes into account principal adverse impacts (PAIs), as detailed in Table 1, and noting the additional indicators in Tables 2 and 3 of Annex I of the SFDR Delegated Act, on sustainability factors in a qualitative and/or quantitative way dependent on the relevance of the specific indicator and the quality and availability of data. Additional details are provided in our Principal Adverse Impact statement. Where there are exclusions linked to PAIs, these are outlined in the Sustainability Exclusions. Specific sustainability indicators that will be reported on an annual basis are outlined as above.

**Greenhouse gas emissions** – a range of indicators in relation to company GHG emissions and carbon emission reduction initiatives are reviewed as part of the investment process, and are primarily addressed in a qualitative way, for example through engagement with selected companies on reduction targets and initiatives or voting on resolutions to support greater transparency on climate-related risks. Companies assessed to derive over 25% of revenue from thermal coal mining, electricity generation from thermal coal, or from oil sands extraction are excluded from the Fund.

**Biodiversity, water & waste** – indicators in relation to a companies impact on biodiversity, including deforestation, water and waste, are reviewed as part of the investment process and are primarily addressed in a qualitative way, for example through engagement with selected companies

**Social and employee matters** – a range of PAI indicators are reviewed as part of the investment process. Companies assessed as severely violating UN Global Compact principles or assessed as having exposure to controversial weapons are excluded from the Financial Product. Board gender diversity is considered primarily within our engagement and voting decisions.

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

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

Details of the investment process are provided in the section of the Prospectus relating to the Financial Product. The environmental and social characteristics of the Financial Product are integrated into the investment process and implemented on a continuous basis as follows:

#### **SUSTAINABILITY EXCLUSIONS**

Involvement by the issuer in the following activities, beyond the revenue threshold specified, would result in the investment being ineligible:

- Involvement in controversial weapons, including anti-personnel mines, biological and chemical weapons, cluster munitions, depleted uranium, nuclear weapons, and white phosphorus. Involvement means direct exposure to the core weapon system, or components/services of the core weapon system that are considered tailor-made and essential for the lethal use of the weapon.
- Derive over 10% of their annual revenue from the manufacture of military weapons systems, and/or tailor-made components of these weapons systems, and/or tailor-made products or services that support military weapons systems.
- Derive over 10% of their annual revenue from the manufacture and sale of assault weapons to civilian customers.
- Derive over 5% of their annual revenue from the manufacture of tobacco products.
- Derive over 25% of their annual revenue from the distribution and/or retail sale of tobacco products.
- Derive 25% of their annual revenue from the extraction of oil sands.
- Derive over 25% of their annual revenue from the mining of thermal coal or from generating electricity from thermal coal, unless the issuer has published a coal phase-out plan.

Exclusions are programmed, on a best-efforts basis, into the investment controls, drawing on information from independent ESG rating providers and recognised third party sources. Should an investment breach the Sustainability Exclusion Criteria detailed above once in the Financial Product, the Investment Manager will determine how best to either liquidate the position, if appropriate, or where applicable take action to remediate the situation through active engagement with the issuer. The Investment Manager will abstain from investing



in similar investments until the identified ESG issue(s) is resolved and the relevant position is no longer considered in breach of the Financial Product's sustainability exclusion criteria detailed above.

**INTERNATIONAL NORMS AND STANDARDS**

Companies are expected to adhere to minimum international norms and standards as defined by the United Nations Global Compact (the "UN Global Compact"). Companies assessed as having seriously breached the UN Global Compact are excluded, unless the issuer is considered to have taken substantial and adequate steps to have addressed the allegations.

The UN Global Compact is a special initiative of the United Nations Secretary-General which calls companies worldwide to align their operations and strategies with ten principles in the areas of human rights, labour rights, the environment and anti-corruption. Further information is available at [www.unglobalcompact.org](http://www.unglobalcompact.org).

The Sustainability Exclusion Criteria and adherence international norms and standards incorporate hard investment limits and are, therefore, considered binding elements of the investment strategy of the Financial Product (see next section for more details).

The following characteristics are promoted as part of the investment process and do not have specific hard limits attached although these processes are integral to the environmental and social characteristics of the Financial Product:

- Consideration of principal adverse impacts on sustainability factors (see principal adverse impact on sustainability factors section above),
- Assessment of good governance (see good governance question below), and
- Engagement with investee companies in line with GAM Investment's Engagement Policy.

More information can be found in the "Responsible Investment Policy", "Engagement Policy", "Sustainability Exclusion Policy" and "Principal Adverse Impact Statement" at <https://www.gam.com/en/corporate-responsibility/responsible-investing>

**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?**

GAM views "binding" in this context to mean the incorporation of hard investment limits in the Financial Product. Additional characteristics are promoted as part of the investment process and do not have specific hard limits attached although these processes are integral to the environmental and social characteristics of the Financial Product:

The following elements contain hard investment limits:

**SUSTAINABILITY EXCLUSION CRITERIA AND INTERNATIONAL NORMS AND STANDARDS** – involvement by the issuer in the activities specified above (and within the specific limits) and companies assessed as having seriously breached the UN Global Compact, would result in the issuer being ineligible for investment. The exclusions are applied on a best-efforts basis drawing on information from independent ESG rating providers and recognised third party sources.

**The following investment processes are applied:**

- Integrating a systematic framework to review and take action to mitigate key negative impacts on sustainability factors (see section on key negative impacts on sustainability factors above),
- Assessing good governance (see good governance issue below), and
- Engagement with investee companies on environmental, social and governance issues as part of interaction with management, including engagement following sustainability controversies, PAI review and/or thematic engagement.

For further information, please refer to the "Responsible Investment Policy", the "GAM Sustainability Exclusions Policy" and the "Engagement Policy", which can be accessed via the link on the last page of this Appendix, provided in the answer to the question "Where can I find more product-specific information online?".

Should an investment breach the sustainability exclusion criteria once in the Financial Product, the Investment Manager will determine how best to either liquidate the position, if appropriate, or where applicable take action to remediate the situation through active engagement with the issuer. The Investment Manager will abstain from investing in similar investments going forward until the identified ESG issue(s) is resolved and the relevant position is no longer considered in breach of the Financial Product’s sustainability exclusion criteria.

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

The reduction in the scope of the investments is directly linked to involvement in the activities outlined in the Sustainability Exclusions and will depend on the relevant investible universe. There is no minimum rate of reduction.

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

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

The investment strategy incorporates a principles-based approach when assessing good governance. The assessment informs pre-investment decisions and is used by the Investment Manager to satisfy themselves that good governance practices are in place when selecting investments for the Financial Product. In addition, the assessment is conducted on an ongoing basis to inform voting decisions and engagement activity. This includes consideration of board structure and independence, alignment of remuneration, transparency of ownership and control, audit and accounting. Good governance is assessed in a qualitative and/or quantitative way dependent on the relevance of the specific indicator. This includes:

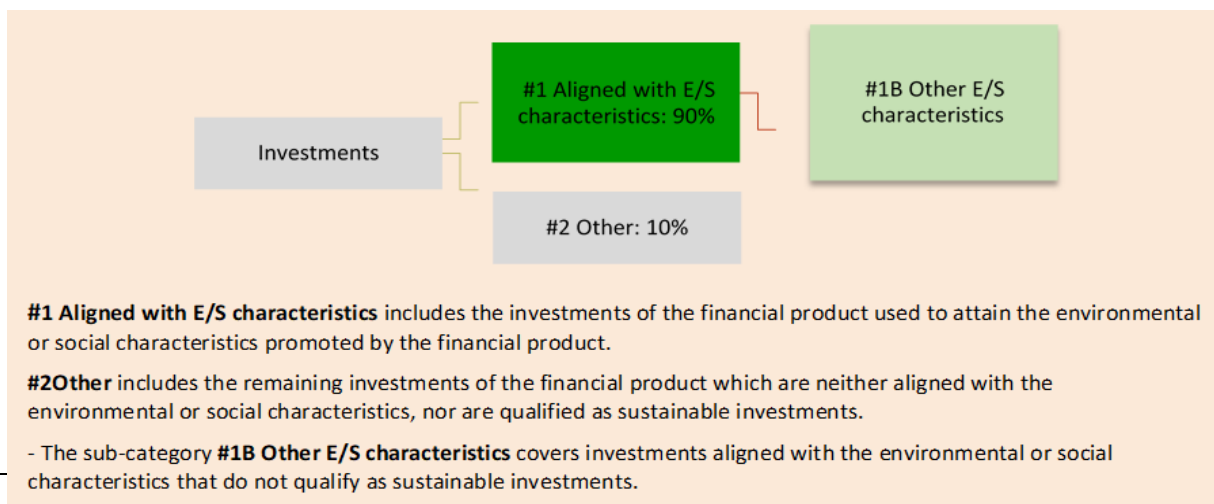
- Sound management structures - including Board independence, Board diversity and audit committee independence
- Employee relations - in particular any serious breaches of UN Global Compact principles are excluded
- Remuneration of staff
- Tax compliance – in particular any companies flagged for significant tax violations

Further details and definitions relating to governance practices are available in GAM Investment’s Corporate Governance and Voting Principles and Engagement Policy.

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

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

All assets excluding cash /cash equivalent instruments and/or certain derivatives are aligned with environmental/social characteristics. A minimum of 90% of the Financial Product is expected to be aligned with environmental/social characteristics. We do not deem an assessment of minimum environmental and social safeguards to be relevant for cash and cash equivalents by nature of the asset class



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

While derivatives are permitted, their use is limited. Where the underlying exposure of a derivative is an ineligible issuer according to the binding characteristics, the derivative would not be eligible for inclusion in the Financial Product. Derivatives where the underlying exposure is an Index and other derivatives where the underlying exposure is not a company or sovereign are not aligned to the Financial Product's E/S characteristics and are included in #2 Other.

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

*Taxonomy-compliant activities are expressed by the share of:*

- **Revenues**, which reflect the share of revenues from green activities of the companies invested in;
- **Capital expenditure (CapEx)**, which shows the environmentally friendly investments made by the enterprises invested in, e.g. for the transition to a green economy;
- **Operational expenditure (OpEx)**, which reflects the green operational activities of the companies being invested in.

While the Financial Product promotes environmental and social characteristics within the meaning of Article 8 of the SFDR, it does not currently commit to investing in a minimum level of any "sustainable investments" within the meaning of the SFDR and it does not currently commit to a minimum level of investments taking into account the EU criteria for environmentally sustainable economic activities within the meaning of the Taxonomy Regulation. As such, the Financial Product's alignment with such Taxonomy Regulation is not calculated.

Given the recent introduction of the taxonomy, data and reporting on taxonomy alignment remains limited. As data quality and completeness improves, the Financial Product may decide to incorporate taxonomy alignment into the investment strategy and reporting in the future.

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

*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.*

Not applicable.

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

Not applicable.

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

Not applicable.

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

No more than 10% of the Net Asset Value of the Financial Product may be allocated to cash / cash equivalents and / or certain derivatives for liquidity and efficient management of the Financial Product. We do not deem an assessment of minimum environmental and social safeguards to be relevant for cash and cash equivalents by nature of the asset class.

**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?**

**Benchmarks** are indices that measure whether the financial product achieves the advertised environmental or social characteristics.

No

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

More product-specific information can be found on the website:

<https://www.gam.com/en/corporate-responsibility/responsible-investing>

<https://www.gam.com/en/funds/featured-funds/>

**APPENDIX - ENVIRONMENTAL AND/OR SOCIAL CHARACTERISTICS**

**31.5. GAM MULTISTOCK - SWISS SMALL & MID CAP EQUITY**

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: GAM MULTISTOCK - SWISS SMALL & MID CAP EQUITY

Legal entity identifier: 549300Z1JPR983W28B98

**Environmental and/or social characteristics**

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

**Yes**
  **No**

<p><input type="checkbox"/> It will make a minimum of <b>sustainable investments with an environmental objective</b>: ___%</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy</li> <li><input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</li> </ul> <p><input type="checkbox"/> It will make a minimum of <b>sustainable investments with a social objective</b>: ___%</p>	<p><input 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 ___% of sustainable investments</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy</li> <li><input type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</li> <li><input type="checkbox"/> with a social objective</li> </ul> <p><input checked="" type="checkbox"/> It promotes E/S characteristics, but <b>will not make any sustainable investments</b></p>
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*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.*

***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.*

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

GAM MULTISTOCK - SWISS SMALL & MID CAP EQUITY (the “**Financial Product**”) promotes the following environmental and social characteristics:

- 1) Exclusion of companies involved in specific activities considered to cause negative environmental and/or social impact, as described in the Sustainability Exclusion Criteria,

- 2) Adherence to generally accepted international norms and standards set by the United Nations Global Compact (UNGC),
- 3) Consideration of Principal Adverse Impacts on sustainability factors as detailed in Table 1 of the SFDR Delegated Act,
- 4) Investments in companies assessed to follow good governance practices, and
- 5) Engagement with investee companies on ESG issues in line with GAM Investment's Engagement Policy and Principal Adverse Impact Statement.

These characteristics are achieved through the Investment Strategy and binding characteristics set out in this Appendix. The Sustainability Exclusion Criteria and adherence to the UNGC are achieved through the binding elements (i.e. incorporating hard limits) of the investment strategy of the Financial Product, while the other characteristics are promoted as part of the investment process.

Investors with specific sustainability preferences or sustainability-related objectives should consider the relevant disclosures in the Prospectus and Appendix in detail to ensure that the sustainability profile of the Financial Product reflects such preferences or objectives, in addition to their financial objectives and risk tolerance. Any decision to invest in the Financial Product should take into account both the financial and non-financial characteristics of the Financial Product, as further described in the Prospectus.

Furthermore, investors' attention is drawn to the risk factors outlined in the relevant section of the Prospectus, which should be considered before investing in the Financial Product.

No reference benchmark has been designated for the purpose of attaining the environmental and social characteristics promoted by the Financial Product.

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

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

The following sustainability indicators are used to measure the environmental and/or social characteristics of the Financial Product. Additional indicators for adverse impact are reviewed as part of ongoing monitoring of the environmental and social characteristics of the Financial Product.

**Involvement in controversial weapons:** share of investments in investee companies involved in the manufacture or selling of controversial weapons.

**Involvement in weapons manufacturing or weapons component manufacturing:** share of investments in investee companies involved in the manufacture of military weapons systems, and/or tailor-made components of these weapons systems, and/or tailor-made products or services that support military weapons systems (above 10% revenue threshold).

**Involvement in assault weapons for civilian customers:** share of investments in investee companies involved in the manufacture and sale of assault weapons to civilian customers (above 10% revenue threshold).

**Involvement in tobacco manufacturing:** share of investments in investee companies involved in the manufacture of tobacco products (above 5% revenue threshold).

**Involvement in tobacco retail and distribution:** share of investments in investee companies involved in the distribution and/or retail sale of tobacco products. (above 25% revenue threshold).

**Involvement in oil sands extraction:** share of investments in companies involved in oil sands extraction (above 25% revenue threshold).

**Involvement in thermal coal:** Share of investments in companies involved in mining thermal coal or from generating electricity from thermal coal (above 25% revenue threshold).

**Violations of UN Global Compact principles:** share of investments in investee companies that have been involved in violations of the UNGC principles,

**Engagement activity:** Number of ESG-related engagement activities the Investment Manager was involved in relating to the Financial Product.

**Principal Adverse Impacts:** The following indicators for adverse impacts, from Tables 1, 2 and / or 3 of Annex I of the SFDR Delegated Act, will be reported on as a minimum. This list may be expanded over time. Additional indicators for adverse impact are reviewed as part of ongoing monitoring of the environmental and social characteristics of the Financial Product.

**Scope 1 & Scope 2 Greenhouse gas (GHG) emissions:** Absolute greenhouse gas emissions associated with a portfolio, expressed in tons CO2 equivalent

**Investments in companies active in fossil fuel sector:** share of investments in companies active in the fossil fuel sector.

**Gender diversity on the Board** (also included in good governance): percentage of board members who are female. For companies with a two-tier board, the calculation is based on members of the Supervisory Board only

**Good governance:** The following indicators will be reported on as a minimum. This list may be expanded over time. Additional indicators for good governance are reviewed as part of ongoing monitoring and voting decisions relating to holdings in the Financial Product.

**Board independence:** the percentage of board members that meet our independent of management criteria, as defined by a third-party data provider. For companies with a two-tier board, the calculation is based on members of the Supervisory Board only.

Reporting on the above indicators will rely on sustainability-related data. The quality, timeliness, completeness, and availability of sustainability-related data may still not be comparable with the general quality, timeliness, completeness, and availability of more standardised and traditional financial data. The Investment Manager may be required to use estimates, proxies or otherwise apply subjective judgements in assessing sustainability risk which, if incorrect, may result in the Financial Product suffering losses (including loss of opportunity). Investors' attention is drawn to the GAM Investments Sustainability Risks Statement for further details.

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

Not applicable (the Financial Product does not claim to make sustainable investments)

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

Not applicable (the Financial Product does not claim to make sustainable investments)

*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?**

**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.

**Yes**, the Financial Product takes into account principal adverse impacts (PAIs), as detailed in Table 1, and noting the additional indicators in Tables 2 and 3 of Annex I of the SFDR Delegated Act, on sustainability factors in a qualitative and/or quantitative way dependent on the relevance of the specific indicator and the quality and availability of data. Additional details are provided in our Principal Adverse Impact statement. Where there are exclusions linked to PAIs, these are outlined in the Sustainability Exclusions. Specific sustainability indicators that will be reported on an annual basis are outlined as above.

**GREENHOUSE GAS EMISSIONS** – a range of indicators in relation to company GHG emissions and carbon emission reduction initiatives are reviewed as part of the investment process, and are primarily addressed in a qualitative way, for example through engagement with selected companies on reduction targets and initiatives or voting on resolutions to support greater transparency on climate-related risks. Companies assessed to derive over 25% of revenue from thermal coal mining, electricity generation from thermal coal, or from oil sands extraction are excluded from the Fund.

**BIODIVERSITY, WATER & WASTE** – indicators in relation to a companies impact on biodiversity, including deforestation, water and waste, are reviewed as part of the investment process and are primarily addressed in a qualitative way, for example through engagement with selected companies

**SOCIAL AND EMPLOYEE MATTERS** – a range of PAI indicators are reviewed as part of the investment process. Companies assessed as severely violating UN Global Compact principles or assessed as having exposure to controversial weapons are excluded from the Financial Product. Board gender diversity is considered primarily within our engagement and voting decisions.

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

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

Details of the investment process are provided in the section of the Prospectus relating to the Financial Product. The environmental and social characteristics of the Financial Product are integrated into the investment process and implemented on a continuous basis as follows:

#### **SUSTAINABILITY EXCLUSIONS**

Involvement by the issuer in the following activities, beyond the revenue threshold specified, would result in the investment being ineligible:

- Involvement in controversial weapons, including anti-personnel mines, biological and chemical weapons, cluster munitions, depleted uranium, nuclear weapons, and white phosphorus. Involvement means direct exposure to the core weapon system, or components/services of the core weapon system that are considered tailor-made and essential for the lethal use of the weapon.
- Derive over 10% of their annual revenue from the manufacture of military weapons systems, and/or tailor-made components of these weapons systems, and/or tailor-made products or services that support military weapons systems.
- Derive over 10% of their annual revenue from the manufacture and sale of assault weapons to civilian customers.
- Derive over 5% of their annual revenue from the manufacture of tobacco products.
- Derive over 25% of their annual revenue from the distribution and/or retail sale of tobacco products.
- Derive 25% of their annual revenue from the extraction of oil sands.
- Derive over 25% of their annual revenue from the mining of thermal coal or from generating electricity from thermal coal, unless the issuer has published a coal phase-out plan.
- 

Exclusions are programmed, on a best-efforts basis, into the investment controls, drawing on information from independent ESG rating providers and recognised third party sources. Should an investment breach the Sustainability Exclusion Criteria detailed above once in the Financial Product, the Investment Manager will determine how best to either liquidate the position, if appropriate, or where applicable take action to remediate the situation through active engagement with the issuer. The Investment Manager will abstain from investing



in similar investments until the identified ESG issue(s) is resolved and the relevant position is no longer considered in breach of the Financial Product's sustainability exclusion criteria detailed above.

**INTERNATIONAL NORMS AND STANDARDS**

Companies are expected to adhere to minimum international norms and standards as defined by the United Nations Global Compact (the "UN Global Compact"). Companies assessed as having seriously breached the UN Global Compact are excluded, unless the issuer is considered to have taken substantial and adequate steps to have addressed the allegations.

The UN Global Compact is a special initiative of the United Nations Secretary-General which calls companies worldwide to align their operations and strategies with ten principles in the areas of human rights, labour rights, the environment and anti-corruption. Further information is available at [www.unglobalcompact.org](http://www.unglobalcompact.org).

The Sustainability Exclusion Criteria and adherence international norms and standards incorporate hard investment limits and are, therefore, considered binding elements of the investment strategy of the Financial Product (see next section for more details).

The following characteristics are promoted as part of the investment process and do not have specific hard limits attached although these processes are integral to the environmental and social characteristics of the Financial Product:

- Consideration of principal adverse impacts on sustainability factors (see principal adverse impact on sustainability factors section above),
- Assessment of good governance (see good governance question below), and
- Engagement with investee companies in line with GAM Investment's Engagement Policy.

More information can be found in the "Responsible Investment Policy", "Engagement Policy", "Sustainability Exclusion Policy" and "Principal Adverse Impact Statement" at <https://www.gam.com/en/corporate-responsibility/responsible-investing>

**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?**

GAM views "binding" in this context to mean the incorporation of hard investment limits in the Financial Product. Additional characteristics are promoted as part of the investment process and do not have specific hard limits attached although these processes are integral to the environmental and social characteristics of the Financial Product:

The following elements contain hard investment limits:

**SUSTAINABILITY EXCLUSION CRITERIA AND INTERNATIONAL NORMS AND STANDARDS** – involvement by the issuer in the activities specified above (and within the specific limits) and companies assessed as having seriously breached the UN Global Compact, would result in the issuer being ineligible for investment. The exclusions are applied on a best-efforts basis drawing on information from independent ESG rating providers and recognised third party sources.

**The following investment processes are applied:**

- Integrating a systematic framework to review and take action to mitigate key negative impacts on sustainability factors (see section on key negative impacts on sustainability factors above),
- Assessing good governance (see good governance issue below), and
- Engagement with investee companies on environmental, social and governance issues as part of interaction with management, including engagement following sustainability controversies, PAI review and/or thematic engagement.

For further information, please refer to the "Responsible Investment Policy", the "GAM Sustainability Exclusions Policy" and the "Engagement Policy", which can be accessed via the link on the last page of this Appendix, provided in the answer to the question "Where can I find more product-specific information online?".

Should an investment breach the sustainability exclusion criteria once in the Financial Product, the Investment Manager will determine how best to either liquidate the position, if appropriate, or where applicable take action to remediate the situation through active engagement with the issuer. The Investment Manager will abstain from investing in similar investments going forward until the identified ESG issue(s) is resolved and the relevant position is no longer considered in breach of the Financial Product’s sustainability exclusion criteria.

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

The reduction in the scope of the investments is directly linked to involvement in the activities outlined in the Sustainability Exclusions and will depend on the relevant investible universe. There is no minimum rate of reduction.

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

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

The investment strategy incorporates a principles-based approach when assessing good governance. The assessment informs pre-investment decisions and is used by the Investment Manager to satisfy themselves that good governance practices are in place when selecting investments for the Financial Product. In addition, the assessment is conducted on an ongoing basis to inform voting decisions and engagement activity. This includes consideration of board structure and independence, alignment of remuneration, transparency of ownership and control, audit and accounting. Good governance is assessed in a qualitative and/or quantitative way dependent on the relevance of the specific indicator. This includes:

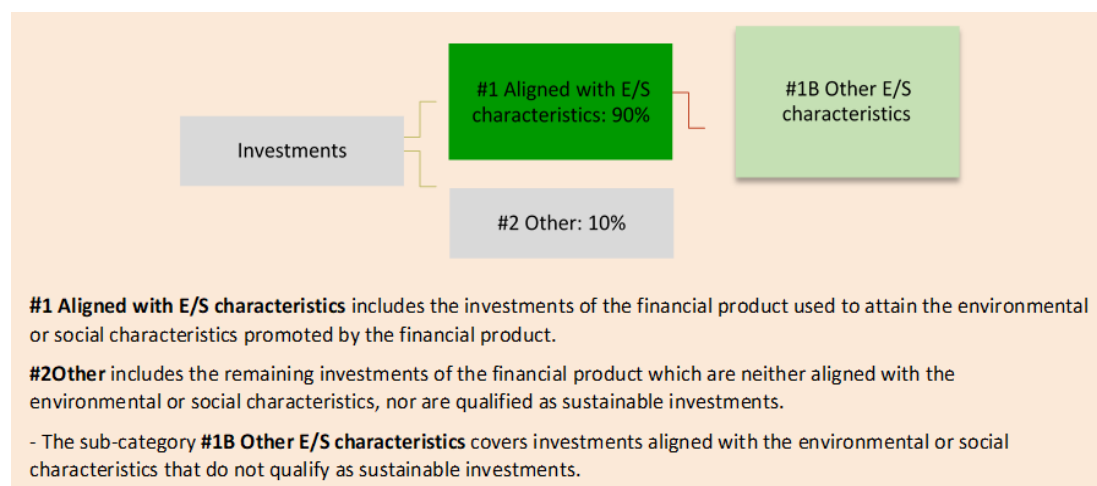
- Sound management structures - including Board independence, Board diversity and audit committee independence
- Employee relations - in particular any serious breaches of UN Global Compact principles are excluded
- Remuneration of staff
- Tax compliance – in particular any companies flagged for significant tax violations

Further details and definitions relating to governance practices are available in GAM Investment’s Corporate Governance and Voting Principles and Engagement Policy.

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

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

All assets excluding cash /cash equivalent instruments and/or certain derivatives are aligned with environmental/social characteristics. A minimum of 90% of the Financial Product is expected to be aligned with environmental/social characteristics. We do not deem an assessment of minimum environmental and social safeguards to be relevant for cash and cash equivalents by nature of the asset class



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

While derivatives are permitted, their use is limited. Where the underlying exposure of a derivative is an ineligible issuer according to the binding characteristics, the derivative would not be eligible for inclusion in the Financial Product. Derivatives where the underlying exposure is an Index and other derivatives where the underlying exposure is not a company or sovereign are not aligned to the Financial Product's E/S characteristics and are included in #2 Other.

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

*Taxonomy-compliant activities are expressed by the share of:*

- **Revenues**, which reflect the share of revenues from green activities of the companies invested in;
- **Capital expenditure (CapEx)**, which shows the environmentally friendly investments made by the enterprises invested in, e.g. for the transition to a green economy;
- **Operational expenditure (OpEx)**, which reflects the green operational activities of the companies being invested in.

While the Financial Product promotes environmental and social characteristics within the meaning of Article 8 of the SFDR, it does not currently commit to investing in a minimum level of any "sustainable investments" within the meaning of the SFDR and it does not currently commit to a minimum level of investments taking into account the EU criteria for environmentally sustainable economic activities within the meaning of the Taxonomy Regulation. As such, the Financial Product's alignment with such Taxonomy Regulation is not calculated.

Given the recent introduction of the taxonomy, data and reporting on taxonomy alignment remains limited. As data quality and completeness improves, the Financial Product may decide to incorporate taxonomy alignment into the investment strategy and reporting in the future.

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

*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.*

Not applicable.

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

Not applicable.

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

Not applicable.

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

No more than 10% of the Net Asset Value of the Financial Product may be allocated to cash / cash equivalents and / or certain derivatives for liquidity and efficient management of the Financial Product. We do not deem an assessment of minimum environmental and social safeguards to be relevant for cash and cash equivalents by nature of the asset class.

**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?**

**Benchmarks** are indices that measure whether the financial product achieves the advertised environmental or social characteristics.

No

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

More product-specific information can be found on the website:

<https://www.gam.com/en/corporate-responsibility/responsible-investing>

<https://www.gam.com/en/funds/featured-funds/>

**APPENDIX - ENVIRONMENTAL AND/OR SOCIAL CHARACTERISTICS**

**31.6. GAM MULTISTOCK - SWISS EQUITY**

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: GAM MULTISTOCK - SWISS EQUITY

Legal entity identifier: 5493007IGLESQODLTN80

**Environmental and/or social characteristics**

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

**Yes**
  **No**

<p><input type="checkbox"/> It will make a minimum of <b>sustainable investments with an environmental objective</b>: ___%</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy</li> <li><input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</li> </ul> <p><input type="checkbox"/> It will make a minimum of <b>sustainable investments with a social objective</b>: ___%</p>	<p><input 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 ___% of sustainable investments</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy</li> <li><input type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</li> <li><input type="checkbox"/> with a social objective</li> </ul> <p><input checked="" type="checkbox"/> It promotes E/S characteristics, but <b>will not make any sustainable investments</b></p>
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*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.*

***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.*

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

GAM MULTISTOCK - Swiss Equity (the “**Financial Product**”) promotes the following environmental and social characteristics:

- 1) Exclusion of companies involved in specific activities considered to cause negative environmental and/or social impact, as described in the Sustainability Exclusion Criteria,

- 2) Adherence to generally accepted international norms and standards set by the United Nations Global Compact (UNGC),
- 3) Consideration of Principal Adverse Impacts on sustainability factors as detailed in Table 1 of the SFDR Delegated Act,
- 4) Investments in companies assessed to follow good governance practices, and
- 5) Engagement with investee companies on ESG issues in line with GAM Investment's Engagement Policy and Principal Adverse Impact Statement.

These characteristics are achieved through the Investment Strategy and binding characteristics set out in this Appendix. The Sustainability Exclusion Criteria and adherence to the UNGC are achieved through the binding elements (i.e. incorporating hard limits) of the investment strategy of the Financial Product, while the other characteristics are promoted as part of the investment process.

Investors with specific sustainability preferences or sustainability-related objectives should consider the relevant disclosures in the Prospectus and Appendix in detail to ensure that the sustainability profile of the Financial Product reflects such preferences or objectives, in addition to their financial objectives and risk tolerance. Any decision to invest in the Financial Product should take into account both the financial and non-financial characteristics of the Financial Product, as further described in the Prospectus.

Furthermore, investors' attention is drawn to the risk factors outlined in the relevant section of the Prospectus, which should be considered before investing in the Financial Product.

No reference benchmark has been designated for the purpose of attaining the environmental and social characteristics promoted by the Financial Product.

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

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

The following sustainability indicators are used to measure the environmental and/or social characteristics of the Financial Product. Additional indicators for adverse impact are reviewed as part of ongoing monitoring of the environmental and social characteristics of the Financial Product.

**Involvement in controversial weapons:** share of investments in investee companies involved in the manufacture or selling of controversial weapons.

**Involvement in weapons manufacturing or weapons component manufacturing:** share of investments in investee companies involved in the manufacture of military weapons systems, and/or tailor-made components of these weapons systems, and/or tailor-made products or services that support military weapons systems (above 10% revenue threshold).

**Involvement in assault weapons for civilian customers:** share of investments in investee companies involved in the manufacture and sale of assault weapons to civilian customers (above 10% revenue threshold).

**Involvement in tobacco manufacturing:** share of investments in investee companies involved in the manufacture of tobacco products (above 5% revenue threshold).

**Involvement in tobacco retail and distribution:** share of investments in investee companies involved in the distribution and/or retail sale of tobacco products. (above 25% revenue threshold).

**Involvement in oil sands extraction:** share of investments in companies involved in oil sands extraction (above 25% revenue threshold).

**Involvement in thermal coal:** Share of investments in companies involved in mining thermal coal or from generating electricity from thermal coal (above 25% revenue threshold).

**Violations of UN Global Compact principles:** share of investments in investee companies that have been involved in violations of the UNGC principles,

**Engagement activity:** Number of ESG-related engagement activities the Investment Manager was involved in relating to the Financial Product.

**Principal Adverse Impacts:** The following indicators for adverse impacts, from Tables 1, 2 and / or 3 of Annex I of the SFDR Delegated Act, will be reported on as a minimum. This list may be expanded over time. Additional indicators for adverse impact are reviewed as part of ongoing monitoring of the environmental and social characteristics of the Financial Product.

**Scope 1 & Scope 2 Greenhouse gas (GHG) emissions:** Absolute greenhouse gas emissions associated with a portfolio, expressed in tons CO<sub>2</sub> equivalent

**Investments in companies active in fossil fuel sector:** share of investments in companies active in the fossil fuel sector.

**Gender diversity on the Board** (also included in good governance): percentage of board members who are female. For companies with a two-tier board, the calculation is based on members of the Supervisory Board only

**Good governance:** The following indicators will be reported on as a minimum. This list may be expanded over time. Additional indicators for good governance are reviewed as part of ongoing monitoring and voting decisions relating to holdings in the Financial Product.

**Board independence:** the percentage of board members that meet our independent of management criteria, as defined by a third-party data provider. For companies with a two-tier board, the calculation is based on members of the Supervisory Board only.

Reporting on the above indicators will rely on sustainability-related data. The quality, timeliness, completeness, and availability of sustainability-related data may still not be comparable with the general quality, timeliness, completeness, and availability of more standardised and traditional financial data. The Investment Manager may be required to use estimates, proxies or otherwise apply subjective judgements in assessing sustainability risk which, if incorrect, may result in the Financial Product suffering losses (including loss of opportunity). Investors' attention is drawn to the GAM Investments Sustainability Risks Statement for further details.

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

Not applicable (the Financial Product does not claim to make sustainable investments)

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

Not applicable (the Financial Product does not claim to make sustainable investments)

*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?**

**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.

**Yes**, the Financial Product takes into account principal adverse impacts (PAIs), as detailed in Table 1, and noting the additional indicators in Tables 2 and 3 of Annex I of the SFDR Delegated Act, on sustainability factors in a qualitative and/or quantitative way dependent on the relevance of the specific indicator and the quality and availability of data. Additional details are provided in our Principal Adverse Impact statement. Where there are exclusions linked to PAIs, these are outlined in the Sustainability Exclusions. Specific sustainability indicators that will be reported on an annual basis are outlined as above.

**Greenhouse gas emissions** – a range of indicators in relation to company GHG emissions and carbon emission reduction initiatives are reviewed as part of the investment process, and are primarily addressed in a qualitative way, for example through engagement with selected companies on reduction targets and initiatives or voting on resolutions to support greater transparency on climate-related risks. Companies assessed to derive over 25% of revenue from thermal coal mining, electricity generation from thermal coal, or from oil sands extraction are excluded from the Fund.

**Biodiversity, water & waste** – indicators in relation to a companies impact on biodiversity, including deforestation, water and waste, are reviewed as part of the investment process and are primarily addressed in a qualitative way, for example through engagement with selected companies

**Social and employee matters** – a range of PAI indicators are reviewed as part of the investment process. Companies assessed as severely violating UN Global Compact principles or assessed as having exposure to controversial weapons are excluded from the Financial Product. Board gender diversity is considered primarily within our engagement and voting decisions.

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

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

Details of the investment process are provided in the section of the Prospectus relating to the Financial Product. The environmental and social characteristics of the Financial Product are integrated into the investment process and implemented on a continuous basis as follows:

#### **SUSTAINABILITY EXCLUSIONS**

Involvement by the issuer in the following activities, beyond the revenue threshold specified, would result in the investment being ineligible:

- Involvement in controversial weapons, including anti-personnel mines, biological and chemical weapons, cluster munitions, depleted uranium, nuclear weapons, and white phosphorus. Involvement means direct exposure to the core weapon system, or components/services of the core weapon system that are considered tailor-made and essential for the lethal use of the weapon.
- Derive over 10% of their annual revenue from the manufacture of military weapons systems, and/or tailor-made components of these weapons systems, and/or tailor-made products or services that support military weapons systems.
- Derive over 10% of their annual revenue from the manufacture and sale of assault weapons to civilian customers.
- Derive over 5% of their annual revenue from the manufacture of tobacco products.
- Derive over 25% of their annual revenue from the distribution and/or retail sale of tobacco products.
- Derive 25% of their annual revenue from the extraction of oil sands.
- Derive over 25% of their annual revenue from the mining of thermal coal or from generating electricity from thermal coal, unless the issuer has published a coal phase-out plan.

Exclusions are programmed, on a best-efforts basis, into the investment controls, drawing on information from independent ESG rating providers and recognised third party sources. Should an investment breach the Sustainability Exclusion Criteria detailed above once in the Financial Product, the Investment Manager will determine how best to either liquidate the position, if appropriate, or where applicable take action to remediate the situation through active engagement with the issuer. The Investment Manager will abstain from investing in similar investments until the identified ESG issue(s) is resolved and the relevant position is no longer considered in breach of the Financial Product's sustainability exclusion criteria detailed above.



**INTERNATIONAL NORMS AND STANDARDS**

Companies are expected to adhere to minimum international norms and standards as defined by the United Nations Global Compact (the "UN Global Compact"). Companies assessed as having seriously breached the UN Global Compact are excluded, unless the issuer is considered to have taken substantial and adequate steps to have addressed the allegations.

The UN Global Compact is a special initiative of the United Nations Secretary-General which calls companies worldwide to align their operations and strategies with ten principles in the areas of human rights, labour rights, the environment and anti-corruption. Further information is available at [www.unglobalcompact.org](http://www.unglobalcompact.org).

The Sustainability Exclusion Criteria and adherence international norms and standards incorporate hard investment limits and are, therefore, considered binding elements of the investment strategy of the Financial Product (see next section for more details).

The following characteristics are promoted as part of the investment process and do not have specific hard limits attached although these processes are integral to the environmental and social characteristics of the Financial Product:

- Consideration of principal adverse impacts on sustainability factors (see principal adverse impact on sustainability factors section above),
- Assessment of good governance (see good governance question below), and
- Engagement with investee companies in line with GAM Investment's Engagement Policy.

More information can be found in the "Responsible Investment Policy", "Engagement Policy", "Sustainability Exclusion Policy" and "Principal Adverse Impact Statement" at <https://www.gam.com/en/corporate-responsibility/responsible-investing>

**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?**

GAM views "binding" in this context to mean the incorporation of hard investment limits in the Financial Product. Additional characteristics are promoted as part of the investment process and do not have specific hard limits attached although these processes are integral to the environmental and social characteristics of the Financial Product:

The following elements contain hard investment limits:

**Sustainability Exclusion Criteria and international norms and standards** – involvement by the issuer in the activities specified above (and within the specific limits) and companies assessed as having seriously breached the UN Global Compact, would result in the issuer being ineligible for investment. The exclusions are applied on a best-efforts basis drawing on information from independent ESG rating providers and recognised third party sources.

**The following investment processes are applied:**

- Integrating a systematic framework to review and take action to mitigate key negative impacts on sustainability factors (see section on key negative impacts on sustainability factors above),
- Assessing good governance (see good governance issue below), and
- Engagement with investee companies on environmental, social and governance issues as part of interaction with management, including engagement following sustainability controversies, PAI review and/or thematic engagement.

For further information, please refer to the "Responsible Investment Policy", the "GAM Sustainability Exclusions Policy" and the "Engagement Policy", which can be accessed via the link on the last page of this Appendix, provided in the answer to the question "Where can I find more product-specific information online?".

Should an investment breach the sustainability exclusion criteria once in the Financial Product, the Investment Manager will determine how best to either liquidate the position, if appropriate, or where applicable take action

to remediate the situation through active engagement with the issuer. The Investment Manager will abstain from investing in similar investments going forward until the identified ESG issue(s) is resolved and the relevant position is no longer considered in breach of the Financial Product’s sustainability exclusion criteria.

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

The reduction in the scope of the investments is directly linked to involvement in the activities outlined in the Sustainability Exclusions and will depend on the relevant investible universe. There is no minimum rate of reduction.

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

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

The investment strategy incorporates a principles-based approach when assessing good governance. The assessment informs pre-investment decisions and is used by the Investment Manager to satisfy themselves that good governance practices are in place when selecting investments for the Financial Product. In addition, the assessment is conducted on an ongoing basis to inform voting decisions and engagement activity. This includes consideration of board structure and independence, alignment of remuneration, transparency of ownership and control, audit and accounting. Good governance is assessed in a qualitative and/or quantitative way dependent on the relevance of the specific indicator. This includes:

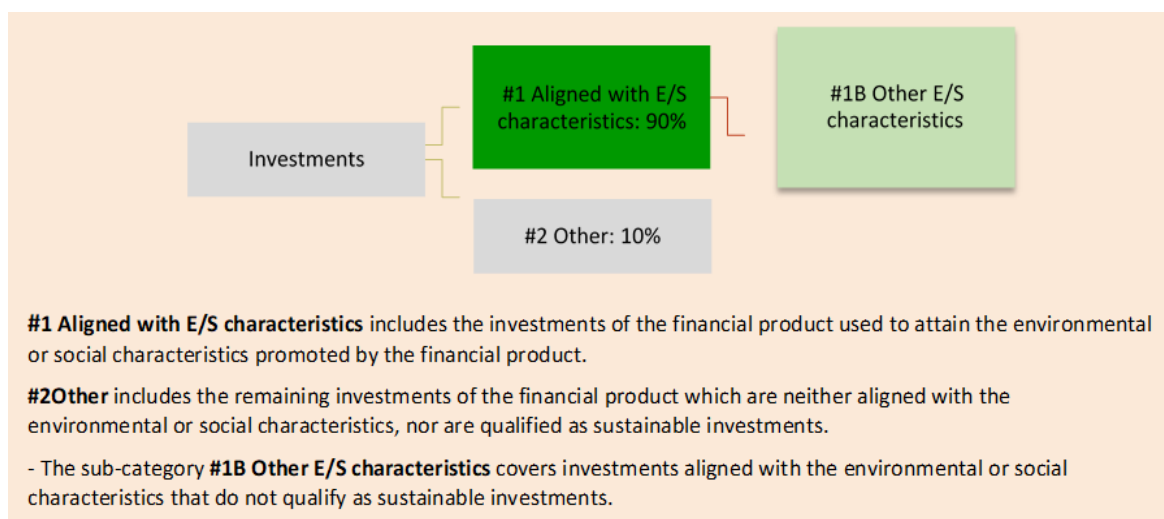
- Sound management structures - including Board independence, Board diversity and audit committee independence
- Employee relations - in particular any serious breaches of UN Global Compact principles are excluded
- Remuneration of staff
- Tax compliance – in particular any companies flagged for significant tax violations

Further details and definitions relating to governance practices are available in GAM Investment’s Corporate Governance and Voting Principles and Engagement Policy.

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

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

All assets excluding cash /cash equivalent instruments and/or certain derivatives are aligned with environmental/social characteristics. A minimum of 90% of the Financial Product is expected to be aligned with environmental/social characteristics. We do not deem an assessment of minimum environmental and social safeguards to be relevant for cash and cash equivalents by nature of the asset class



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

While derivatives are permitted, their use is limited. Where the underlying exposure of a derivative is an ineligible issuer according to the binding characteristics, the derivative would not be eligible for inclusion in the Financial Product. Derivatives where the underlying exposure is an Index and other derivatives where the underlying exposure is not a company or sovereign are not aligned to the Financial Product's E/S characteristics and are included in #2 Other.

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

*Taxonomy-compliant activities are expressed by the share of:*

- **Revenues**, which reflect the share of revenues from green activities of the companies invested in;
- **Capital expenditure (CapEx)**, which shows the environmentally friendly investments made by the enterprises invested in, e.g. for the transition to a green economy;
- **Operational expenditure (OpEx)**, which reflects the green operational activities of the companies being invested in.

While the Financial Product promotes environmental and social characteristics within the meaning of Article 8 of the SFDR, it does not currently commit to investing in a minimum level of any "sustainable investments" within the meaning of the SFDR and it does not currently commit to a minimum level of investments taking into account the EU criteria for environmentally sustainable economic activities within the meaning of the Taxonomy Regulation. As such, the Financial Product's alignment with such Taxonomy Regulation is not calculated.

Given the recent introduction of the taxonomy, data and reporting on taxonomy alignment remains limited. As data quality and completeness improves, the Financial Product may decide to incorporate taxonomy alignment into the investment strategy and reporting in the future.

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

*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.*

Not applicable.

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

Not applicable.

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

Not applicable.

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

No more than 10% of the Net Asset Value of the Financial Product may be allocated to cash / cash equivalents and / or certain derivatives for liquidity and efficient management of the Financial Product. We do not deem an assessment of minimum environmental and social safeguards to be relevant for cash and cash equivalents by nature of the asset class.

**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?**

**Benchmarks** are indices that measure whether the financial product achieves the advertised environmental or social characteristics.

No

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

More product-specific information can be found on the website:

<https://www.gam.com/en/corporate-responsibility/responsible-investing>

<https://www.gam.com/en/funds/featured-funds/>