

# TAMAC Qilin

*Société d'Investissement à Capital Variable*

Registered Office of the Company

15, rue de Flaxweiler  
L-6776 Grevenmacher  
Grand Duchy of Luxembourg

## PROSPECTUS

**March 2021**



## **IMPORTANT INFORMATION**

TAMAC Qilin (the “Company” or the “Fund”) has the structure of an umbrella fund and offers various classes of shares (the “Share Classes”) each relating to a separate portfolio (the “Sub-Funds”) as specified in the description of the relevant Sub-Fund in Appendix.

The distribution of this prospectus of the Company (the “Prospectus”) is not authorised unless accompanied by the Key Investor Information Document (“KIID”), the latest available annual report and accounts of the Company and by the latest semi-annual report if published thereafter.

No person is authorised to give any information or to make any representation other than those contained in this Prospectus, and any subscription and / or purchase made by any person on the basis of statements or representations not contained in or inconsistent with the information contained in this Prospectus shall be solely at the risk of the subscriber / purchaser.

Subscriptions can only be accepted if they are based on the Prospectus or on the KIID. No information other than that contained in this Prospectus or in the KIID may be given.

Distribution of this Prospectus and the offering of Shares may be subject to restrictions in certain jurisdictions. This Prospectus does not constitute an offer for sale or an invitation to purchase in a jurisdiction in which such an offer or invitation is not permitted, or in which the offer would be directed at persons to whom distributing such an offer or invitation would be prohibited by law, or in which the person making such offer or solicitation is not qualified to do so.

Statements made in this Prospectus are based on the law and practice currently in force in the Grand Duchy of Luxembourg and are subject to changes therein.

This Prospectus in its current version may be amended and updated in the future.

All decisions to subscribe or purchase Shares are deemed to be made solely on the basis of the information contained in this Prospectus and the KIID accompanied by the latest available annual report of the Company containing its audited accounts, and by the latest available semi-annual report, if published thereafter. All other information given or representations made by any person must be regarded as unauthorised.

The Management Company and the Company reserve the right to reject, at their sole discretion, any subscription request for Shares and to accept any application in part only. The Company and the Management Company do not permit practices related to market timing and late trading and reserve the right to reject subscription and conversion orders from investors who the Company or the Management Company suspect of using such practices and to take the appropriate measures to protect other investors of the Company.

### **US-Persons, Foreign Account Tax Compliance Act (FATCA) and Common Reporting Standard (CRS)**

The Company is not registered under the United States Investment Company Act of 1940, as amended, or any similar or analogous regulatory scheme enacted by any other jurisdiction except as described herein. In addition, the Company is not registered under the United States Securities Act of 1933, as amended, or under any similar or analogous provision of law enacted by any other jurisdiction except as described herein. Therefore, shares in the Company must not be offered, sold, transferred or delivered in the United States of America, its territories or possessions, neither for or on account of US persons (in the context of the definitions for the purposes of US federal laws on securities, goods and taxes, including Regulation S in relation to the United States Securities Act of 1933; together "US-Persons"), except in a transaction which does not violate the applicable legislation. Any documents related to the Company must not be circulated in the United States of America.

In Luxembourg, the US Foreign Account Tax Compliance Act (FATCA) is based on the Intergovernmental Agreement (IGA) between the United States and Luxembourg (hereinafter referred to as "IGA Luxembourg-USA") as implemented into Luxembourg law by the law of 24 July 2015 relating to FATCA (the "FATCA-Law"). According to the FATCA-Law, Luxembourg Financial Institutions may be required to collect and report information about financial accounts of certain US Persons to the competent tax authorities.

According to the current national Luxembourg FATCA legislation, the Company qualifies as a "Restricted Fund" in accordance with Annex II, Section IV (E) (5) of the IGA Luxembourg-USA. As per definition of the Annex II, Section IV (E) (5) of the IGA Luxembourg-USA, a Restricted Fund is a Non-Reporting Luxembourg Financial Institution and shall be treated as a deemed-compliant Foreign Financial Institution for purposes of section 1471 of the US Internal Revenue Code. Therefore, shares in the Company must not be offered, sold, transferred or delivered to:

- Specified U.S. Persons within the meaning of Article 1, Section 1 (ff) of the IGA Luxembourg-USA,
- Nonparticipating Financial Institutions within the meaning of Article 1, Section 1 (r) of the IGA Luxembourg-USA, and
- Passive Non-Financial Foreign Entities (passive NFFEs) with one or more substantial US Owners as defined in the relevant US Treasury Regulations.

In Luxembourg, the Common Reporting Standard (CRS) is based on the law of 18 December 2015 on the automatic exchange of financial account information in the field of taxation (the "CRS Law"). According to the current national Luxembourg CRS legislation, the Company qualifies as a Financial Institution (Investment Entity) and is obliged to collect and to report certain information about financial accounts held by certain Shareholders to the Luxembourg tax authorities which subsequently exchange this information with the competent foreign tax authorities.

Each Shareholder agrees to provide the Company with a Self-Certification form for purposes of FATCA and CRS and, if applicable, other documentation relating to or establishing such Shareholder's identity, jurisdiction of residence (or formation) and income tax status. The Shareholder has to undertake to advise the Company promptly and provide an updated Self-Certification form within 30 days where any change in circumstances occurs which causes any of the information contained in the form to be inaccurate or incomplete.

In the event the Company is required either to pay a withholding tax, or is forced to comply with reporting duties, or if it suffers any other damages, due to a Shareholder's non-compliance under FATCA or CRS, the Company reserves the right to claim damages from such Shareholder, without prejudice to any other rights.

Current and prospective investors are advised to direct any questions regarding FATCA/CRS and/or the FATCA classification and status of the Company toward their financial, tax, and/or legal advisors.

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## GENERAL PART

### INTRODUCTION

TAMAC Qilin (the “Company” or the “Fund”) is an investment company with variable capital (*société d'investissement à capital variable, SICAV*) established for an unlimited period of time on 18 November 2015 in the form of a public limited company (*société anonyme, S.A.*) under Luxembourg law in accordance with the provisions of the Luxembourg law of 10 August 1915 (the “1915 Law”) on commercial companies, as amended (the “1915 Law”), and Part I of the Luxembourg law of 17 December 2010 (the “2010 Law”). The Company qualifies as an undertaking for collective investment in transferable securities under article 1(2) of the Directive 2009/65/EC of the European Parliament and of the Council of 13 July 2009 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (the “UCITS Directive”) and may therefore be offered for sale in any EU Member State, subject to registration. The registration of the Company does not constitute a warranty by any supervisory authority as to the performance or the quality of the Shares issued by the Company. Any representation to the contrary is unauthorised and unlawful.

The capital of the Company consists of shares (the “Shares”) of no par value and is at any time equal to the total net assets of the Company. The Company is structured as an umbrella fund with the ability to provide investors with investment opportunities in a variety of investment portfolios (the “Sub-Funds”). The liabilities of each Sub-Fund shall be segregated on a Sub-Fund by Sub-Fund basis with third party creditors having recourse only to the assets of the Sub-Fund concerned.

Each Sub-Fund may offer one or several share classes (the “Share Classes”) for each Sub-Fund, each with different minimum subscription, dividend policies, fee structures or other characteristics and which may be denominated in various currencies. They shall be described in the relevant appendix. Currency-hedged share classes may also be introduced. These are designed to hedge the foreign currency exposure of the investment fund against the currency of the share class in question. A separate net asset value per share (the “Net Asset Value”) shall be calculated for each issued Share Class in relation to each Sub-Fund. Some of these Sub-Funds or Share Classes may however not be available to all investors. The Company retains the right to offer only one or more Share Classes for purchase by investors in any particular jurisdiction in order to conform to local law, customs or business practice or for fiscal or any other reason. The Company may further reserve one or more Sub-Funds or Share Classes respectively to institutional investors only. The different features of each Share Class and various conditions and restrictions on ownership of Shares are described in the relevant Sub-Fund Appendix.

Share Classes A and D are available to retail investors. Share Classes I, J and K are available to institutional as well as retail investors.

This Prospectus consists of a general part (the “General Part”), containing all provisions which are applicable to all Sub-Funds and appendices (“Appendices”), describing the Sub-Funds and containing any provisions applicable to them. The Prospectus contains the Appendices for all Sub-Funds, and is available for inspection at the registered office of the Company. Prospectuses containing only one or several Sub-Fund Appendices may be prepared. The Prospectus may be amended or supplemented from time to time. In that case, the investors will be informed accordingly.

In addition, a Key Investor Information Document (“KIID”) is made available at latest the launch date of each relevant Share Class. By subscribing for new Shares, the investors confirm having received the KIID.

The mechanism for the calculation of the Issue Price per Share, plus the imposition of a subscription charge (if any), is set out in each case in the description of the relevant Appendix.

Any Shareholder may request the redemption of all or some of his Shares by the Company on each dealing date (the “Dealing Date”, being the valuation date (the “Valuation Date”) on which a Shareholder may subscribe, redeem or convert Shares as specified in the description of the relevant Appendix) and, subject to certain guidelines (detailed in the section entitled “*Redemption of Shares by the Company*”), the Company is obliged to redeem the Shares. The redemption price of such Shares (the “Redemption Price”) shall be equal to the Net Asset Value per Share less a redemption charge (if any) as specified in the relevant Sub-Fund Appendix.

The articles of incorporation of the Company (the “Articles of Incorporation”) contain certain provisions granting to the board of directors of the Company (the “Board of Directors”) the power to impose restrictions on the holding and acquisition of Shares (see section entitled “*Restrictions on Ownership of Shares*”). If a person subsequently becomes the owner of Shares in a situation described in the Company’s Articles of Incorporation and if such fact comes to the attention of the Company, the Shares owned by that person may be compulsorily redeemed by the Company.

Prospective subscribers/purchasers of Shares must themselves obtain all necessary information as to the legal requirements, exchange control regulations and applicable taxes in the countries of their respective citizenship, residence or domicile.

## **MANAGEMENT AND ADMINISTRATION**

### **THE COMPANY**

#### **TAMAC Qilin**

15, rue de Flaxweiler  
L-6776 Grevenmacher  
Grand Duchy of Luxembourg

### **DIRECTORS OF THE COMPANY**

Dr. Christopher Thomé  
Chairman and Member of the Board  
Partner  
TAMAC Thomé Asset Management & Asset Controlling  
Salisbury / United Kingdom

Dr. Hubert Ernst Besner  
Member of the Board  
Partner  
m law group  
Munich / Germany

Sean O'Driscoll  
Member of the Board  
Executive Member of the Board of Directors  
Universal-Investment-Luxembourg S.A.  
Grevenmacher / Grand Duchy of Luxembourg

### **MANAGEMENT COMPANY**

Universal-Investment-Luxembourg S.A.  
15, rue de Flaxweiler  
L-6776 Grevenmacher  
Grand Duchy of Luxembourg

Equity capital: EUR 23.321.572,91 EUR (as at 30 September 2020\*)

### **MANAGEMENT BOARD OF THE MANAGEMENT COMPANY**

Sean O'Driscoll  
Chairman of the Management Board  
Universal-Investment-Luxembourg S.A.  
Grevenmacher

Matthias Müller  
Executive Member of the Administrative Board  
Managing Director  
Universal-Investment-Luxembourg S.A.  
Grevenmacher / Grand Duchy of Luxembourg

\*Up-to-date information on the equity capital of the Management Company is provided in the latest Annual and Semi-Annual Reports.)



**SUPERVISORY BOARD OF THE MANAGEMENT COMPANY**

Michael Reinhard  
Vorsitzender des Aufsichtsrats  
Universal-Investment Gesellschaft mbH  
Frankfurt

Frank Eggloff  
Mitglied des Aufsichtsrats  
Universal-Investment Gesellschaft mbH  
Frankfurt

Markus Neubauer  
Mitglied des Aufsichtsrats  
Universal-Investment Gesellschaft mbH  
Frankfurt

**DEPOSITARY**

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

**REGISTRAR AND TRANSFER AGENT, PAYING AGENT**

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

**CENTRAL ADMINISTRATION, DOMICILIARY AND CORPORATE AGENT**

Universal-Investment-Luxembourg S.A.  
15, rue de Flaxweiler  
L-6776 Grevenmacher  
Grand Duchy of Luxembourg

**AUDITOR**

KPMG Luxembourg, Société coopérative  
39, Avenue John F. Kennedy  
L-1855 Luxembourg  
Grand Duchy of Luxembourg

**PORTFOLIO MANAGER**

TAMAC Thomé Asset Management & Asset  
Controlling  
The Stables, Druids Lodge  
Salisbury SP3 4UN  
United Kingdom

**DISTRIBUTOR**

TAMAC Thomé Asset Management & Asset  
Controlling  
The Stables, Druids Lodge  
Salisbury SP3 4UN  
United Kingdom

## **THE COMPANY**

The Company was established in Luxembourg on 18 November 2015 and is registered at the Register of Commerce and Companies of Luxembourg under number B 201602. The Company's articles of incorporation have been published in the RESA, *Recueil électronique des sociétés et associations* (the "RESA") on 25 November 2015.

The minimum share capital of the Company is the equivalent of EUR 1,250,000, which shall be reached within six (6) months from its constitution.

The Company has its registered office at 15, rue de Flaxweiler, L-6776 Grevenmacher, Grand Duchy of Luxembourg.

The Company has adopted the status of an investment company with variable capital and qualifies as a collective investment undertaking under Part I of the Luxembourg Law of the 2010 Law.

The Company was established for an unlimited period of time. Its financial year begins on 1 May and closes 30 April of each year.

## **THE MANAGEMENT COMPANY**

The Company is managed by Universal-Investment-Luxembourg S.A., a management company pursuant to Chapter 15 of the 2010 Law and as alternative investment fund manager pursuant to Chapter 2 of the Luxembourg law of 12 July 2013 on alternative investment fund managers as amended.

Universal-Investment-Luxembourg S.A., a public limited company subject to the laws of the Grand Duchy of Luxembourg was established on 17 March 2000 in Luxembourg for an unlimited period of time. It has its registered office at 15, rue de Flaxweiler, L-6776 Grevenmacher.

The Company's articles of incorporation have been filed with the commercial register of the District Court of Luxembourg and were published in the RESA on 3 June 2000. The last amendment to the articles of incorporation was published in RESA on 2 October 2014.

The object of the Management Company is the formation and management of investment funds subject to Luxembourg law and the performance of all activities associated with the launch and management of these funds.

The tasks assigned to the Management Company include portfolio management, risk management, administrative tasks and sales and marketing. These tasks may be partially or wholly delegated to third parties.

The Company can perform any other transactions and take any other measures that promote its interests or promote or are in any other way useful for its object, and are in accordance with Chapter 15 of the 2010 Law.

The names and sales documentation for all of the funds managed by the Management Company are available at the Company's registered office.

Furthermore, the Management Company can obtain advice from one or more investment advisers and/or may appoint one or more portfolio managers that receive a fee from the assets of the Company in return.

Universal-Investment-Luxembourg S.A. is subject to the applicable regulatory provisions governing the establishment of remuneration systems in accordance with Chapter 15 of the Law of 2010. Universal-Investment has set out the detailed arrangements in its remuneration policy. The remuneration policy is consistent with and promotes sound and effective risk management and does not encourage risk taking which is inconsistent with the risk profiles, rules or instruments of incorporation of the UCITS that the Universal-Investment-Luxembourg S.A. manages. The remuneration policy is in line with the business strategy, objectives, values and interests of Universal-Investment-Luxembourg S.A. and the UCITS that it manages and of the investors in such UCITS, and includes measures to avoid conflicts of interest.

At least once a year, a remuneration committee of the Universal-Investment Group checks the remuneration system of Universal-Investment for its adequacy and compliance with all legal provisions. It covers fixed and variable remuneration aspects.

The payment of performance-based remuneration is set in a multi-year framework in order to ensure that the payment of such remuneration is based on the long-term performance of the UCITS and its investment risks. Establishing ranges for the entire remuneration ensures that there is no significant dependence on the receipt

of variable remuneration and that the relationship between the fixed and variable remuneration is appropriate. In addition to the aforementioned remuneration elements, employees of the Management Company can obtain voluntary employer benefits-in-kind as well as material and retirement benefits.

Further details on the Management Company's current remuneration policy have been published online at [www.universal-investment.com/en/Remuneration-system-Luxemburg](http://www.universal-investment.com/en/Remuneration-system-Luxemburg). They include a description of the valuation methods for remunerations and payments to certain employee groups, as well as details of the persons responsible for allocation, including the composition of the remuneration committee. On request, the Management Company will provide information in hard copy free of charge.

## **THE PORTFOLIO MANAGERS**

The Management Company may appoint different portfolio managers (each a "Portfolio Manager") for one or several Sub-Funds as shall be indicated in the relevant Sub-Fund Appendix. Each Portfolio Manager will, subject to the overall responsibility and control of the Management Company, make investment decisions and take responsibility for the day-to-day discretionary management of the assets of the relevant Sub-Funds.

A description of each Portfolio Manager is set forth in the relevant Appendix of each Sub-Fund. Upon new appointment or removal of a Portfolio Manager notice will be given to the investors concerned and the Prospectus will be updated accordingly.

Pursuant to the portfolio management agreements (the "Portfolio Management Agreements"), each Portfolio Manager, in accordance with the investment objective and policies of the relevant Sub-Fund adopted by the Company, manages the investment and reinvestment of the assets of such Sub-Fund and is responsible for placing orders for the purchase and sale of investments with brokers, dealers and counterparties selected by it at its discretion.

Under the Portfolio Management Agreements, each of the Portfolio Managers is entitled to receive a management fee calculated and payable as set out in the Appendix of the relevant Sub-Fund. A performance fee may also become payable on the terms set out in the description of the Sub-Fund in the relevant Appendix.

## **INVESTMENT ADVISERS**

The Management Company may appoint different investment advisers (each an "Investment Adviser") for one or several Sub-Funds as shall be indicated in the relevant Sub-Fund Appendix.

A Portfolio Manager may also appoint one or several Investment Advisers at its own cost and under its own responsibility, supervision, diligence and care.

The Investment Adviser monitors the security markets and analyses the composition of securities portfolios and other investment of Sub-Fund's assets. The Investment Adviser provides the Management Company/Portfolio Manager with investment recommendations taking into account the principles of the investment policy and investment limits described in the relevant Sub-Fund Appendix. However, the responsibility for all investment decisions remains with the Management Company/Portfolio Manager. The remuneration of the Investment Adviser appointed by the Management Company is paid from the respective Sub-Fund's assets.

## **THE DEPOSITARY**

The Fund has appointed State Street Bank International GmbH, acting through its Luxembourg Branch as its Depositary within the meaning of the 2010 Law pursuant to the Depositary Agreement. State Street Bank International GmbH is a limited liability company organized under the laws of Germany, having its registered office at Brienner Str. 59, 80333 München, Germany and registered with the commercial register court, Munich under number HRB 42872. It is a credit institution supervised by the European Central Bank (ECB), the German Federal Financial Services Supervisory Authority (BaFin) and the German Central Bank. State Street Bank International GmbH, Luxembourg Branch is authorized by the CSSF in Luxembourg to act as depositary and is specialized in depositary, fund administration, and related services. State Street Bank International GmbH, Luxembourg Branch is registered in the Luxembourg Commercial and Companies' Register (RCS) under number B 148 186. State Street Bank International GmbH is a member of the State Street group of companies having as their ultimate parent State Street Corporation, a US publicly listed company.

### **Depositary's functions**

The relationship between the Fund and the Depositary is subject to the terms of the Depositary Agreement. Under the terms of the Depositary Agreement, the Depositary is entrusted with following main functions:

- ensuring that the sale, issue, repurchase, redemption and cancellation of Shares/Units are carried out in accordance with applicable law and the management regulations/articles of incorporation.

- ensuring that the value of the Shares/Units is calculated in accordance with applicable law and the management regulations/articles of incorporation.
- carrying out the instructions of the Management Company/the Fund unless they conflict with applicable law and the management regulations/articles of incorporation.
- ensuring that in transactions involving the assets of the Fund any consideration is remitted within the usual time limits.
- ensuring that the income of the UCITS is applied in accordance with applicable law and the management regulations/articles of incorporation.
- monitoring of the Fund's cash and cash flows
- safe-keeping of the Fund's assets, including the safekeeping of financial instruments to be held in custody and ownership verification and record keeping in relation to other assets.

#### **Depository's liability**

In the event of a loss of a financial instrument held in custody, determined in accordance with the UCITS Directive, and in particular Article 18 of the UCITS Regulation, the Depository shall return financial instruments of identical type or the corresponding amount to the Fund acting on behalf of the Fund without undue delay.

The Depository shall not be liable if it can prove that the loss of a financial instrument held in custody has arisen as a result of an external event beyond its reasonable control, the consequences of which would have been unavoidable despite all reasonable efforts to the contrary pursuant to the UCITS Directive.

In case of a loss of financial instruments held in custody, the shareholders may invoke the liability of the Depository directly or indirectly through the Fund provided that this does not lead to a duplication of redress or to unequal treatment of the shareholders.

The Depository will be liable to the Fund for all other losses suffered by the Fund as a result of the Depository's negligent or intentional failure to properly fulfil its obligations pursuant to the UCITS Directive.

The Depository shall not be liable for consequential or indirect or special damages or losses, arising out of or in connection with the performance or non-performance by the Depository of its duties and obligations.

#### **Delegation**

The Depository has full power to delegate the whole or any part of its safe-keeping functions but its liability will not be affected by the fact that it has entrusted to a third party some or all of the assets in its safekeeping. The Depository's liability shall not be affected by any delegation of its safe-keeping functions under the Depository Agreement.

The Depository has delegated those safekeeping duties set out in Article 22(5)(a) of the UCITS Directive to State Street Bank and Trust Company with registered office at Copley Place 100, Huntington Avenue, Boston, Massachusetts 02116, USA, whom it has appointed as its global sub-custodian. State Street Bank and Trust Company as global sub-custodian has appointed local sub-custodians within the State Street Global Custody Network.

Information about the safe-keeping functions which have been delegated and the identification of the relevant delegates and sub-delegates are available at the registered office of the Fund or at the following internet site: <http://www.statestreet.com/about/office-locations/luxembourg/subcustodians.html>.

#### **Conflicts of Interest**

The Depository 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 Depository or its affiliates engage in activities under the depository agreement or under separate contractual or other arrangements. Such activities may include:

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

In connection with the above activities the Depository 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 Fund, 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 Fund;
- iv) may provide the same or similar services to other clients including competitors of the Fund;

- v) may be granted creditors' rights by the Fund which it may exercise.

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

Where cash belonging to the Fund 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 Management Company may also be a client or counterparty of the Depositary or its affiliates.

Potential conflicts that may arise in the Depositary's use of sub-custodians include four broad categories:

- i) conflicts from sub-custodian selection and asset allocation among multiple sub-custodians influenced by (a) cost factors, including lowest fees charged, fee rebates or similar incentives and (b) broad two-way commercial relationships in which the Depositary may act based on the economic value of the broader relationship, in addition to objective evaluation criteria;
- ii) sub-custodians, both affiliated and non-affiliated, act for other clients and in their own proprietary interest, which might conflict with clients' interests;
- iii) sub-custodians, both affiliated and non-affiliated, have only indirect relationships with clients and look to the Depositary as its counterparty, which might create incentive for the Depositary to act in its self-interest, or other clients' interests to the detriment of clients; and
- iv) sub-custodians may have market-based creditors' rights against client assets that they have an interest in enforcing if not paid for securities transactions.

In carrying out its duties the Depositary shall act honestly, fairly, professionally, independently and solely in the interests of the Fund and its shareholders.

The Depositary has functionally and hierarchically separated the performance of its depositary tasks from its other potentially conflicting tasks. The system of internal controls, the different reporting lines, the allocation of tasks and the management reporting allow potential conflicts of interest and the depositary issues to be properly identified, managed and monitored. Additionally, in the context of the Depositary's use of sub-custodians, the Depositary imposes contractual restrictions to address some of the potential conflicts and maintains due diligence and oversight of sub-custodians to ensure a high level of client service by those agents. The Depositary further provides frequent reporting on clients' activity and holdings, with the underlying functions subject to internal and external control audits. Finally, the Depositary internally separates the performance of its custodial tasks from its proprietary activity and follows a Standard of Conduct that requires employees to act ethically, fairly and transparently with clients.

Up-to-date information on the Depositary, its duties, any conflicts that may arise, the safe-keeping functions delegated by the depositary, the list of delegates and sub-delegates and any conflicts of interest that may arise from such a delegation will be made available to shareholders on request.

#### **THE REGISTRAR AND TRANSFER AND AGENT AND PAYING AGENT**

With the consent of the Fund, the Management Company has appointed State Street Bank International GmbH, acting through its Luxembourg Branch also as registrar and transfer agent and as paying agent of the Fund.

#### **THE DOMICILIARY AND CORPORATE AGENT**

Universal-Investment-Luxembourg S.A. has been appointed as the Company as Domiciliary and Corporate Agent as of 18 November 2015.

#### **THE INDEPENDENT AUDITOR**

KPMG Luxembourg, *Société coopérative*, as appointed Auditor, having its registered office in the Grand Duchy of Luxembourg at 39, Avenue John F. Kennedy, L-1855 Luxembourg, registered with the Luxembourg register of commerce and companies under number B.149.133.

#### **INVESTOR PROFILE**

The investor profile of each Sub-Fund is described in the relevant Appendix of this Prospectus.

## GENERAL INVESTMENT OBJECTIVES AND POLICY

The Sub-Fund's assets can be invested in all types of assets authorised under the 2010 Law while observing the principle of risk spreading. The respective investment objective and policy of each Sub-Fund is set forth in the description of the relevant Appendix.

**Although the Company will do its utmost to achieve the investment objectives of each Sub-Fund, there can be no guarantee to which extent these objectives will be reached. Consequently, the net asset values of the Shares may increase or decrease and positive or negative returns of different levels may arise.**

## GENERAL INVESTMENT PRINCIPLES AND RESTRICTIONS

The Company and its Sub-Funds are subject to the following general investment principles and restrictions for undertakings for collective investment in transferable securities, in accordance with the 2010 Law.

### 1. Eligible investments

(a) The Company will invest only in:

(i) Eligible Transferable Securities and Money Market Instruments, which consists in:

- transferable securities and money market instruments admitted to or dealt in on a stock exchange in an eligible state (within the meaning of Directive 2004/39/EG) (the "Eligible State", being any member of the Organisation for Economic Co-operation and Development ("OECD") and any other country of Europe, North and South America, Africa, Asia and the Pacific Basin);
- transferable securities and money market instruments dealt in on another regulated market (the "Regulated Market") in an Eligible State, which operates regularly and is recognised and open to the public;

(ii) recently issued Eligible Transferable Securities and Money Market Instruments PROVIDED THAT:

- the terms of issue include an undertaking that application will be made for admission to official listing on a stock exchange or to another regulated market which operates regularly and is recognised and open to the public, provided that the choice of the stock exchange or the market has been provided for in the constitutional documents of the Company; and
- such admission is secured within one year of issue;

PROVIDED THAT the Company may also invest in transferable securities and money market instruments which are not Eligible Transferable Securities and Money Market Instruments provided that the total of such investments other than Eligible Transferable Securities and Money Market Instruments shall not exceed 10 per cent of the net assets of the relevant Sub-Fund;

(iii) UCITS authorised according to Directive 2009/65/EC, as may be amended from time to time and/or other UCIs within the meaning of Article 1, paragraph (2) first and second indents of said Directive, should they be situated in an EU Member State or not, PROVIDED THAT:

- such other UCIs are authorised under laws which provide that they are subject to supervision considered by the CSSF to be equivalent to that laid down in EU Community law, and that co-operation between authorities is sufficiently ensured;
- the level of protection for shareholders in the other UCIs is equivalent to that provided for shareholders in a UCITS and in particular that the rules on asset segregation, borrowing, lending, uncovered sales of transferable securities and money market instruments are equivalent to the requirements of Directive 2009/65/EC, as may be amended from time to time;
- the business of the other UCIs is reported in semi-annual and annual reports to enable an assessment to be made of the assets and liabilities, income and operations over the reporting period;

- no more than 10 per cent of the UCITS's or the other UCI's assets, whose acquisition is contemplated, can, according to their constitutional documents, be invested in aggregate in units of other UCITS or other UCIs;

A Sub-Fund can, under the conditions provided for in article 181 paragraph 8 of the 2010 Law, invest in Shares issued by one or several other Sub-Funds of the Company.

(iv) deposits with credit institutions which are repayable on demand or have the right to be withdrawn, and maturing in no more than twelve months, provided that the credit institution has its registered office in an EU Member State or, if the registered office of the credit institution is situated in a non-EU Member State, provided that it is subject to prudential rules considered by the *Commission de Surveillance du Secteur Financier* ("CSSF") as equivalent to those laid down in EU law.

(v) financial derivative instruments, including equivalent cash-settled instruments, dealt in on a Regulated Market; and/or financial derivative instruments dealt in over the counter ("OTC Derivatives"), PROVIDED THAT:

- the underlying consists of instruments covered by Article 41, paragraph (1) of the 2010 Law, financial indices, interest rates, foreign exchange rates or currencies, in which the Company may invest according to its investment objectives as stated in the constitutive documents of the Company;
- the counterparties to OTC Derivative transactions are financial institutions subject to prudential supervision, and belonging to the categories approved by the 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 their fair value at the Company's initiative;

(vi) money market instruments other than those dealt in on a Regulated Market, which are liquid and whose value can be determined with precision at any time, if the issue or issuer of such instruments is itself regulated for the purpose of protecting investors and savings, and PROVIDED THAT they are:

- issued or guaranteed by a central, regional or local authority or central bank of an EU Member State, the European Central Bank, the European Union or the European Investment Bank, a non-EU Member State or, in the case of a federal state, by one of the members making up the federation, or by a public international body to which one or more EU Member States belong; or
- issued by a company any securities of which are dealt in on a Regulated Market; or
- issued or guaranteed by an establishment subject to prudential supervision, in accordance with criteria defined by EU Law, or by an establishment which is subject to and complies with prudential rules considered by the CSSF to be at least as stringent as those laid down by EU Law; or
- issued by other bodies belonging to the categories approved by the CSSF provided that investments in such instruments are subject to investor protection equivalent to that laid down in the first, the second and the third indents above in this paragraph (vi) and provided that the issuer is a company whose capital and reserves amount to at least ten million Euros (Euro 10,000,000) and which presents and publishes its annual accounts in accordance with the fourth Directive 78/660/EU, is an entity which, within a group of companies which includes one or several listed companies, is dedicated to the financing of the group or is an entity which is dedicated to the financing of securitisation vehicles which benefit from a banking liquidity line.

(b) However, the Company may acquire movable and immovable property which is essential for the direct pursuit of its business.

(c) the Company may invest up to 10% of its net assets in securities and money market instruments other than those named in 1 (a).

(d) The Company may hold ancillary liquid assets.

## 2. Investment restrictions

- (a) The Company may invest no more than 10 per cent of the net assets of the relevant Sub-Fund in transferable securities and money market instruments issued by the same issuing body. The Company may not invest more than 20 per cent of the net assets of the relevant Sub-Fund in deposits made with the same body.

The risk exposure to a counterparty of the Company in an OTC Derivative transaction, a security lending transaction or a repurchase agreement (or reverse repurchase agreement) may not exceed 10 per cent of the net assets of the relevant Sub-Fund when the counterparty is a credit institution referred to in paragraph (1) (a) (iv) above or 5 per cent of the net assets of the relevant Sub-Fund in other cases.

- (b) The total value of the transferable securities and money market instruments held by the Company in the issuing bodies in each of which it invests more than 5 per cent of the net assets of the relevant Sub-Fund must not exceed 40 per cent of the net assets of the relevant Sub-Fund. This limitation does not apply to deposits made with financial institutions subject to prudential supervision and to OTC Derivatives with such institutions. Notwithstanding the individual limits laid down in paragraph 2(a) above, the Company may not combine:

- investments in transferable securities or money market instruments issued by a single body;
- deposits made with a single body; and/or
- exposure arising from OTC Derivative transactions undertaken with a single body,

in excess of 20 per cent of the net assets of the relevant Sub-Fund.

- (c) The limit laid down in paragraph 2 (a), first sentence is increased to a maximum of 35 per cent if the transferable securities and money market instruments are issued or guaranteed by an EU Member State, its local authorities, by a non EU Member State or by public international bodies of which one or more EU Member States are members.
- (d) The limit laid down in paragraph 2 (a), first sentence is raised to a maximum of 25 per cent for certain Transferable Debt Securities if they are issued by a credit institution having its registered office in an EU Member State and which is subject, by law, to special public supervision designed to protect the holders of Transferable Debt Securities. In particular, sums deriving from the issue of such Transferable Debt Securities must be invested pursuant to the 2010 Law in assets which, during the whole period of validity of such Transferable Debt Securities, are capable of covering claims attaching to the Transferable Debt Securities and which, in the event of bankruptcy of the issuer, would be used on a priority basis for the reimbursement of the principal and payment of the accrued interest.

When the Company invests more than 5 per cent of its net assets in such Transferable Debt Securities as referred to in the preceding paragraph and issued by one issuer, the total value of these investments may not exceed 80 per cent of the value of the relevant Sub-Fund's net assets.

- (e) The transferable securities and money market instruments referred to in paragraphs 2 (c) and 2 (d) are not taken into account for the purpose of applying the limit of 40 per cent referred to in paragraph 2 (b).

The limits set out in paragraphs 2 (a), (b), (c) and (d) may not be combined; thus investments in transferable securities or money market instruments issued by the same body, in deposits or derivative instruments made with this body carried out in accordance with paragraphs 2 (a), (b), (c) and (d) shall under no circumstances exceed in total 35 per cent of the net assets of the relevant Sub-Fund.

Companies which are included in the same group for the purposes of consolidated accounts, as defined in Directive 83/349/EU, as amended, or in accordance with recognised international accounting rules are regarded as a single body for the purpose of calculating the limits contained in paragraphs 2 (a) to (e).

The Company may invest in aggregate up to 20 per cent of the net assets of the relevant Sub-Fund in transferable securities and money market instruments within the same group.

- (f) **Notwithstanding paragraphs 2 (a) to (e) above, the Company is authorised to invest in accordance with the principle of risk spreading up to 100 per cent of the net assets of the**



**relevant Sub-Fund in transferable securities and money market instruments issued or guaranteed by an EU Member State, by its local authorities, by another member of the OECD, the G20 as well as Hong-Kong and Singapore or by public international bodies of which one or more EU Member States are members, provided that the Company holds transferable securities from at least six different issues and transferable securities from one issue do not account for more than 30 per cent of the total net assets of the relevant Sub-Fund.**

(g)

(i) The Company or the Management Company may not acquire any Shares carrying voting rights which would enable it to exercise significant influence over the management of an issuing body.

(ii) Moreover, the Company may acquire no more than:

10 per cent of the non-voting Shares of the same issuer;

10 per cent of the Transferable Debt Securities of the same issuer;

25 per cent of the units of the same UCITS and/or other UCI;

10 per cent of the money market instruments issued by the same issuer.

(iii) 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 Transferable Debt Securities or money market instruments or the net amount of the transferable securities in issue cannot be calculated.

(iv) The limits contained in paragraphs (g) (i) and (g) (ii) are waived as regards

- transferable securities and money market instruments issued or guaranteed by a EU Member State or its local authorities;
- transferable securities and money market instruments issued or guaranteed by a non-Member State of the European Union;
- transferable securities and money market instruments issued by public international bodies of which one or more EU Member States are members;
- Shares held by UCITS in the capital of a company incorporated in a non-Member State of the European Union which invests its assets mainly in the transferable securities of issuing bodies having their registered office in that State, where under the legislation of that State, such a holding represents for the UCITS the only way in which it can invest in the transferable securities of issuing bodies of that State. This derogation, however, shall apply only if in its investment policy the company from the non-Member State of the European Union complies with the limits laid down in Articles 43 and 46 and Article 48, paragraphs (1) and (2) of the 2010 Law. Where the limits set in Articles 43 and 46 of the 2010 Law are exceeded, Article 49 of the 2010 Law shall apply *mutatis mutandis*;
- Shares held by one or several investment companies in the capital of subsidiary companies carrying on only the business of management, advice or marketing in the country where the subsidiary is located, in regard to the repurchase of units at unit-holders' request exclusively on its or their behalf.

(h)

(i) The Company shall not acquire securities which entail unlimited liability;

(ii) The Company's assets must not be invested in real estate, precious metals, precious metal contracts, commodities or commodities contracts;

(iii) The Company shall not acquire Shares or units of UCITS and/or other UCIs for more than 10% of a single Sub-Fund's assets.

The investment policy of a Sub-Fund may derogate from the preceding restriction, provided that in such event the Company shall not invest more than 20 per cent of the net assets of the relevant Sub-Fund in a single UCITS or UCI as defined in point 1 (a) (iii) above. For the purposes of applying this investment limit, each compartment of a UCITS or UCI with multiple compartments shall be considered as a separate issuer, provided that the principle of segregation of liabilities of the different compartments is ensured in relation to third parties.

Investments in other UCIs may not exceed in aggregate 30 per cent of the net assets of the relevant Sub-Fund. When the Company has acquired units of UCITS and/or other UCIs, the assets of the respective UCITS or other UCIs do not have to be combined for the purposes of the limits laid down in paragraphs 2 (a) to (e) above.

Notwithstanding the above, the Board of Directors may decide, under the conditions provided for in Chapter 9 of the 2010 Law, that a Sub-Fund ("Feeder") may invest 85% or more of its assets in units of another UCITS ("Master") authorised according to Directive 2009/65/EC (or a Sub-Fund of such UCI).

No subscription or redemption fees may be charged to the Company if the Company invests in the units of UCITS and/or other UCIs that are managed, directly or by delegation, by the Management Company or the Portfolio Manager (the "Portfolio Manager", as further defined in the relevant Appendix) or by any other company with which the Management Company or the Portfolio Manager is linked by common management or control, or by a substantial direct or indirect holding. If the Company invests a substantial proportion of its net assets in other UCITS and/or UCIs then it shall disclose in its prospectus the maximum level of the management fees that may be charged both to the Company and to the other UCITS and/or UCIs in which it intends to invest. In its annual report the Company shall indicate the maximum percentage of management fees charged both to the Company itself and to the UCITS and/or other UCI in which it invests;

- (iv) the company may not purchase any Eligible Transferable Securities or Money Market Instruments on margin or make short sales of Eligible Transferable Securities or Money Market Instruments or maintain a short position. Deposits or other accounts in connection with derivative contracts such as option, forward or financial futures contracts, permitted within the limits described above, are not considered margins for this purpose;
- (v) the company may not borrow amounts in excess of 10 per cent of the net assets of the relevant Sub-Fund, taken at market value at the time of the borrowing provided that the borrowing is on a temporary basis; provided however that the Company may borrow amounts in excess of 10 per cent of the net assets of the Company, provided that the borrowing is to make possible the acquisition of immovable property essential for the direct pursuit of the Company's business; in such latter case these borrowings may not in any case exceed in total 15 per cent of the net assets of the Company;
- (vi) the company may not mortgage, pledge, hypothecate or in any manner encumber as security for indebtedness any securities owned or held by the Company, except as may be necessary in connection with the borrowings permitted by paragraph (e) above, on terms that the total market value of the securities so mortgaged, pledged, hypothecated or transferred shall not exceed that proportion of the Company's assets necessary to secure such borrowings; the deposit of securities or other assets in a separate account in connection with repurchase, reverse purchase agreements and derivative contracts such as option, forward or financial futures transactions shall not be considered to be mortgage, pledge, hypothecation or encumbrance for this purpose;
- (vii) The Management Company and the Company may not, without prejudice to the application of Articles 41 and 42 of the 2010 Law, grant loans or act as a guarantor on behalf of third parties; the above paragraph shall not prevent the Company from acquiring transferable securities, money market instruments or other financial instruments referred to in Article 41, paragraph (1), items e), g) and h) of the 2010 Law which are not fully paid;
- (viii) The Management Company and the Company may not carry out uncovered sales of transferable securities, money market instruments or other financial instruments referred to in Article 41, paragraph (1), items e), g) and h) of the 2010 Law;
  - make investments in any assets involving the assumption of unlimited liability;
  - underwrite transferable securities of other issuers;

- enter into securities lending transactions, repurchase agreements or reverse repurchase agreements except if and to the extent the Company complies with provisions of CSSF Circular 08/356 on rules applicable to undertakings for collective investment when they employ certain techniques and instruments relating to transferable securities and money market instruments.

The Company does not necessarily need to comply with the limits laid down in this section when exercising subscription rights attaching to transferable securities or money market instruments which form part of its assets. While ensuring observance of the principle of risk-spreading, the Company may derogate from Articles 43, 44, 45 and 46 of the 2010 Law for a period of six months following the date of its authorisation.

If the limits referred to in the paragraph above are exceeded for reasons beyond the control of the Company 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.

## **EFFICIENT PORTFOLIO MANAGEMENT TECHNIQUES**

In accordance with the amended CSSF Circular 08/356, CSSF circular 13/559, amended with CSSF circular 14/592 and the "ESMA Guidelines on ETFs and other UCITS issues (ESMA/2014/937)" (the "ESMA Guidelines") techniques may be used for the respective Sub-Fund in order to efficiently manage the portfolio. This includes, inter alia, any form of derivative transactions as well as securities lending transactions or repos.

All income arising from the use of techniques and instruments for efficient portfolio management, less direct and indirect operational costs, accrue to the respective Sub-Fund in order to be reinvested in line with the Sub-Fund's investment policy. The counterparties to the agreements on the use of techniques and instruments for efficient portfolio management will be selected according to the Management Company's principles for executing orders for financial instruments (the "best execution policy"). These counterparties will essentially comprise recipients of the direct and indirect costs and fees incurred in this connection. The costs and fees to be paid to the respective counterparty or other third party will be negotiated on market terms.

In principle, the counterparties are not affiliated companies of the Management Company.

The use of derivatives or other techniques and instruments for efficient portfolio management must not, under any circumstances, cause the Company to deviate from its investment policy as described in this Prospectus, or expose the Company to additional significant risks that are not outlined in this Prospectus.

The Company may reinvest cash which it receives as collateral in connection with the use of techniques and instruments for efficient portfolio management, pursuant to the provisions of the applicable laws and regulations, including CSSF Circular 08/356, as amended by CSSF Circular 11/512, and the ESMA Guidelines.

### **1. Use of derivatives**

Subject to a suitable risk management system, the Company may invest in any derivatives that are derived from assets that may be acquired for the respective Sub-Fund, or from financial indices, interest rates, exchange rates or currencies. This includes, in particular, options, financial futures and swaps as well as combinations thereof. They may also be used as part of the investment strategy, in addition to hedging.

Trading in derivatives shall be conducted within the investment limits and provides for the efficient management of the Company's assets while also regulating investment maturities and risks.

### **2. Securities lending transactions and repos**

The Company is permitted to transfer securities from its own assets to a counterparty in return for remuneration at the market rate for a specific period. The Company will ensure that all securities transferred for securities lending purposes may be returned at any time and that any securities lending agreements entered into may be terminated at any time.

#### **(a) Securities lending transactions**

Unless the Company's investment guidelines include any other restrictions in the Special Part below, the Company may enter into securities lending transactions. The respective restrictions can be found in the latest valid version of CSSF circular 08/356.

These transactions may be entered into for one or several of the following purposes: (i) risk reduction, (ii) cost reduction (iii) capital or income increase at a risk rate that corresponds to the risk profile of the Company as

well as to the provisions applicable thereto regarding risk spreading. These transactions can be conducted in respect of 100% of the respective Sub-Fund, provided that (i) the volume of transactions are always kept within a reasonable value or the return of the loaned securities can be requested in such a way that the Company can meet its redemption obligations at any time, and (ii) the transactions do not endanger the administration of the Company assets in accordance with the investment policy of the respective Sub-Fund. The risks of these transactions will be controlled as part of the Management Company's risk management process.

The Company may only enter into securities lending transactions subject to the following provisions:

- (i) the Company may only lend securities through a standardised system run by a recognised clearing house or a securities lending program operated by a first-class financial institution, provided that said financial institution specialises in such transactions and is subject to supervisory provisions which, in the opinion of the CSSF, are comparable to the provisions under EU law.
- (ii) the borrower must be subject to supervisory provisions which, in the opinion of the CSSF, are comparable to the provisions under EU law.
- (iii) the counterparty risk from one or several securities lending transactions associated with an individual counterparty (this risk can be reduced by using collateral) — in the case of financial institutions defined under Article 41(1) (f) of the 2010 Law — may not exceed 10% of the assets of the respective Sub-Fund or, in all other cases, 5% of its assets.

The Company will disclose the full value of the loaned securities in the annual and semi-annual reports of the Company.

Securities lending transactions may be conducted in respect of individual unit classes, taking into consideration their respective specific characteristics and/or investor profiles. All income and collateral in connection with such securities lending transactions is accumulated within the respective unit class.

**(b) Repos** Unless otherwise stipulated in the Articles of Incorporation, the Prospectus or the relevant Sub-Fund Appendix, the Company may (i) carry out repos consisting of the purchase and sale of securities and the right or obligation of the seller to buy back the sold securities from the buyer at a price and under conditions contractually agreed by both parties, and it may (ii) firstly enter into reverse repos which consist of futures transactions which, upon maturity, the seller (counterparty) is required to purchase back the sold securities and the Fund is required to return securities received in the transaction (collectively: "repos").

The respective Sub-Fund may act as the buyer or the seller of individual repo or a series of ongoing repos. Participation in such transactions is, however, subject to the following terms:

- (i) The Sub-Fund may only buy or sell securities as part of a repo if the counterparty of said transaction is subject to supervisory provisions which, in the opinion of the CSSF, are comparable to the provisions under EU law.
- (ii) The counterparty risk from one or several repos associated with an individual counterparty (this risk can be reduced by using collateral) — in the case of financial institutions defined under Article 41(1)(f) of the 2010 Law — may not exceed 10% of the assets of the respective Sub-Fund or, in all other cases, 5% of its assets.
- (iii) Throughout the duration of a repo in which the Sub-Fund acts as the purchaser, it may not buy the security contained in the contract until the counterparty has exercised its right to repurchase this security or the period for repurchase has expired, unless the Sub-Fund has other means of coverage.
- (iv) The securities acquired by the Sub-Fund in connection with a repo must comply with its investment policy and investment restrictions and be limited to:
  - short-term bank certificates or money market instruments pursuant to the definition in Directive 2007/16/EC of 19 March 2007.
  - These may be non-sovereign issuers which provide adequate liquidity, or
  - assets which are referred to the above (b) Repos).
- (v) The Management Company shall disclose the full value of open repos on the date of its annual and semi-annual reports.

Repos may be conducted in respect of individual unit classes, taking into consideration their respective specific characteristics and/or investor profiles. All income and collateral in connection with repos is accumulated within the respective unit class.

### **3. Management of collateral for transactions with OTC derivatives and efficient portfolio management techniques**

The Company may contain collateral for transactions with OTC derivatives and reverse repos in order to reduce counterparty risk. As part of its securities lending transactions, the respective Sub-Fund must receive collateral whose value for the term of the agreement is equal to at least 90% of the total value of the loaned securities, taking into account interest, dividends, other possible rights and any agreed discounts or minimum transfer amounts.

In order to secure obligations, the Company may accept all collateral which corresponds to the rules of CSSF circulars 08/356, 11/512 and 14/592.

This collateral must be received prior to or at the time of the transfer of the loaned securities in the case of securities lending. If the securities are lent through intermediaries, the transfer of the securities prior to receipt of the collateral is permitted if the respective intermediary guarantees the proper completion of the transaction. Said intermediaries may provide collateral instead of the borrower.

In principle, the collateral for securities lending transactions, reverse repos and transactions with OTC derivatives, excluding currency futures transactions, must be provided in one of the following forms:

- liquid assets such as cash, short-term bank deposits, money market instruments pursuant to the definition in Directive 2007/16/EC of 19 March 2007, letters of credit and guarantees payable on first demand, which are issued by first-class credit institutions not connected to the counterparty, e.g. bonds issued by an OECD Member State or its regional bodies or by supranational institutions and authorities at community, regional or international level, or
- bonds which are issued or guaranteed by first-class issuers and are reasonably liquid.

Collateral which is not in the form of cash must be issued by a legal entity which is not connected to the counterparty.

If collateral is provided in the form of cash and, as a result, a credit risk arises for the respective Sub-Fund in connection with the administrator of said collateral, this is subject to the 20% restriction as stipulated in Article 43(1) of the 2010 Law. In addition, such cash collateral may not be held in custody by the counterparty unless said collateral is protected from the consequences of a payment default by the counterparty.

Non-cash collateral may not be held in custody by the counterparty unless it is properly separated from the counterparty's own assets.

If collateral meets a series of criteria such as the standards for liquidity, valuation, the credit rating of the issuer, correlation and diversification, it may be offset against the gross commitment of the counterparty. If collateral is offset, its value may be reduced by a percentage rate as a result of the price volatility of the collateral (a "discount") which may trigger, amongst other things, short-term fluctuations in the value of the commitment and the collateral.

The criteria for reasonable diversification with respect to the issuer concentration shall be considered to be met if the Sub-Fund receives a collateral basket for the efficient management of the portfolio or for transactions with OTC derivatives of which the maximum total value of the open positions in relation to a specific issuer does not exceed 20% of the net asset value. If the Sub-Fund has various counterparties, the various collateral baskets should be aggregated in order to calculate the 20% limit for the total value of the open positions in relation to a single issuer.

The discounts applied to collateral are influenced either by:

- the credit rating of the counterparty;
- the liquidity of the collateral;
- the collateral's price volatility;
- the credit rating of the issuer; and/or
- the country or the market on which the collateral is traded.

In order to adequately take into account the risks associated with the respective collateral, the Management Company determines whether the value of the collateral to be requested should be increased, or whether this value should be depreciated by a suitable conservative discount (haircut). The more volatile the value of the collateral is, the higher the discount will be.

The Administrative Board of the Management Company determines an internal regulation that defines the details on the above-mentioned requirements and values, particularly regarding the types of collateral accepted, the amounts to be added to and subtracted from the respective collateral, as well as the investment policy for liquid funds that are deposited as collateral.

The discounts applied will be examined at regular intervals and at least once a year to ensure that they are reasonable and, if necessary, shall be adjusted accordingly. Currently, the Management Company has determined the following requirements as well as applicable discounts and mark-ups in relation to the respective collateral:

**(a) Permitted collateral**

- Cash, call money with daily availability in EUR, USD, GBP or in the respective Sub-Fund currency. The delegee-bank shall be rated A or higher;
- government bonds, supra national bonds, government guaranteed bonds and bonds of German Federal States (“Bundesländer”);
- corporate bonds;
- covered bonds pursuant to the regulations of Germany (German “Pfandbriefe”) Denmark, Finland, France, Italy, Luxembourg, Norway, Sweden;”);
- bonds in general: unlimited maturity, but higher haircuts (see below);
- ordinary Shares and preference Shares from a permitted index (s. Appendix A of the internal regulation)

Transferable securities shall have one of the following currencies: EUR, USD, DKK or GBP.

The counterparty and issuer of the collateral shall not belong to the same group.

**(b) Forbidden collateral**

Structured products (e.g. embedded options, coupon or notional depending from a reference asset or trigger, stripped bonds, convertible bonds);

- securitizations (e.g. ABS, CDO);
- GDRs (Global Depositary Receipts) and ADRs (American Depositary Receipts);

**(c) Quality requirements**

The emission-rating (lowest of S&P, Moody’s or Fitch) of bonds respectively the issuer-rating in case of Shares has to be of investment grade. Often, stricter requirements apply, e.g. AA rating, exemptions for determined funds are possible:

With respect to funds, for which no collateral with a minimum rating of AA is available, a downgrade of the minimum rating within the range of investment-grade (at least equivalent to BBB-) is authorized. In this case higher haircuts have to be applied.

Collateral shall be rateable and liquid. Indicators for liquidity are:

- bid-ask-spread;
- existence of broker quotes;

- trade volume;
- time stamps respectively actuality of quotes.

The abovementioned indicators shall be evident on Bloomberg-pages with free access.

The issuer shall be legally independent from the counterparty.

**(d) Quantity requirements**

(1) Concentration risk in relation to the collateral portfolio should be avoided respectively limited by the following measures/limits:

- the proportion of sector and country (outside the EURO zone) per fund with respect to a counterparty shall be of a maximum of 30 % of the overall collateral;
- the nominal of bonds per fund shall with respect to all counterparties shall be of a maximum of 10 % of the overall issue volume;
- the volume with respect to Shares shall not exceed 50 % of the average daily volume (on the basis of the last 30 days on the main stock exchange) and 1 % of the market capitalization.

AAA-rated government bonds are not subject to the abovementioned limits.

(2) haircut

With respect to the fact that CSSF Circular 11/512 requires the implementation of points 2 and 3 of Box 26 of the ESMA Guidelines 10-788 whereupon “for the valuation of the collateral presenting a significant risk of value fluctuation, UCITS should apply prudent discount rates”, the Management Company has determined discounts with respect to the different asset classes.

The current haircuts are as follows:

- in case of Shares 25 %;
- in case of cash in a foreign currency 4 %;
- in case of government bonds and covered bonds depending on the residual maturity:

| <b>residual maturity</b> | <b>haircut</b> |
|--------------------------|----------------|
| 0 – 2 years              | 1 %            |
| 2 - 5 years              | 2 %            |
| 5 - 10 years             | 3 %            |
| > 10 years               | 5 %            |

The Management Company will examine the determined haircuts on a regular basis in order to identify if these values are still appropriate or if a revaluation is necessary given the current market conditions.

The Management Company (or its representatives) value(s) the collateral received on behalf of the Sub-Fund. If the value of the collateral already granted appears to be insufficient in relation to the amount to be covered, the counterparty must very quickly provide additional collateral. If the value is adequate, the exchange rate or market risks associated with the assets accepted as collateral will be taken into consideration by collateral margins.

The Company will ensure that its collateral rights can be enforced if an event requires the exercise thereof, i.e. the collateral must be available in such a form, either directly or via an intermediary of a first-class financial institution, or a wholly-owned subsidiary of said institution that allows the Company to acquire or value assets provided as collateral if the counterparty fails to meet its obligations to return the loaned securities.

Throughout the duration of the agreement, collateral may not be disposed of, provided as collateral in another form or pledged unless the respective Sub-Fund has other means of coverage.

If a Sub-Fund accepts collateral for at least 30% of its assets, it will check the associated risk including by way of regular stress tests, the effects of changes in the market value and the liquidity of the collateral under normal and exceptional conditions.

The description of each Sub-Fund in the relevant Appendix may contain additional parameters in this respect. In order to achieve the investment objective, the relevant Portfolio Manager may use (without limitation) the derivative instruments if and as provided in the relevant Sub-Fund Appendix.

The Company's annual report will contain information on income from efficient portfolio-management techniques for the Sub-Funds' entire reporting period, together with details of the Sub-Funds' direct (e.g. transaction fees for securities, etc.) and indirect (e.g. general costs incurred for legal advice) operational costs and fees, insofar as they are associated with the management of the corresponding Fund/Sub-Fund.

Universal-Investment-Luxembourg S.A., as Management Company of the Company, does not act as securities lending agent. If Universal-Investment-Luxembourg S.A. takes over this function and activity, the Prospectus will be updated accordingly.

The Company's annual report will provide details on the identity of Companies associated with Universal-Investment-Luxembourg S.A. or the Depositary of the Company, provided they receive direct and indirect operational costs and fees.

In principle, the counterparties are not affiliated companies of the Management Company.

## **RISK MANAGEMENT PROCEDURE**

The Management Company has issued a risk management procedure describing all of the framework conditions, processes, measures, activities and structures that are relevant to the efficient and effective implementation and improvement of the risk management and risk reporting system. Pursuant to the 2010 Law and applicable regulatory circulars issued by the CSSF, the Management Company regularly sends a report to the CSSF about the risk management procedure that is applied. The regulatory circulars issued by the CSSF describe the code of conduct that undertakings for collective investment in transferable securities have to comply with as regards the application of a risk management procedure and the use of derivative financial instruments. In the regulatory circular of the CSSF, funds which are subject to Part 1 of the 2010 Law are referred to supplementary information on the use of a risk management procedure as defined in Article 42 (1) of the 2010 Law and on the use of derivative financial instruments as defined in Article 41 (1) g of that law.

The risk management policies mentioned in the regulatory circular must enable, among other things, the measurement of the market risk (including the overall risk), which could be significant for the fund in view of its investment objectives and strategies, the management style and methods used for the management of the fund and the valuation processes and which could therefore have a direct impact on the interests of the shareholders of the fund being managed.

To this end, the Management Company employs the following methods provided for in accordance with the legal requirements:

### *Commitment Approach:*

In the "Commitment Approach", the positions from derivative financial instruments are converted into their equivalent positions in the underlying assets using the delta approach (in the case of options). Netting and hedging effects between derivative financial instruments and their underlying assets are taken into account in the process. The total of these equivalent positions in the underlying assets may not exceed the total net value of the fund's portfolio.

### *VaR Approach:*

The Value-at-Risk (VaR) ratio is a mathematical and statistical concept, which is used as a standard measure of risk in the financial sector. The VaR indicates a portfolio's possible loss during a certain period of time (called the holding period), where there is a specific probability (called the confidence level) that it will not be exceeded.

### *Relative VaR Approach:*

In the relative VaR approach, the VaR (confidence level 99%, 1 day holding period, 1 year observation period) of the fund may not exceed the VaR of a reference portfolio by more than double in relation to the market risk potential of derivative-free reference assets. With this approach, the reference portfolio is strictly a representation of the fund's investment policy.



*Absolute VaR Approach:*

In the absolute VaR approach, the VaR (99% confidence level, 1 day holding period, 1 year observation period) of the fund may not exceed 4.4% of the fund's assets.

*Leverage:*

The use of derivatives can have a positive or negative major impact on the value of the fund's assets which could be higher compared to the direct investment into the asset. Due to these circumstances the investment into derivatives is connected to special risks.

Please note the leverage effect can turn out to be higher as the legal market risk limit from the VaR determination (max. 200%) since its calculation is based on the total nominal values of the derivatives (Sum of Notional) held by the fund. Any possible reinvestment effects arising from securities in repurchase agreements are also taken into account. The actual leverage, on the other hand, is subject to fluctuations on the security markets over the course of time and can therefore also turn out to be higher as expected as a result of exceptional market conditions.

As a result of the sum of notional calculation rules this, the leverage can be significant (in certain cases) and may not necessarily represent the exact leverage risk that the investor sees himself as facing. The expected leverage is therefore not a target value, but an expected value that may, as an average estimate, consist of lower and higher leverages. Consequently, the leverage is not an investment restriction and no compensation can be claimed in events of disregard.

Specific Information of the Risk Management Procedure for each Sub-Fund will be described in the description of the Appendix relating to the relevant Sub-Fund.

## **RISK FACTORS**

The following statements are intended to inform Shareholders of the uncertainties and risks associated with investments and transactions in transferable securities, money market instruments, structured financial instruments and other financial derivative instruments. Shareholders should remember that the price of Shares and any income from them may fall as well as rise and that Shareholders may not get back the full amount invested. **Past performance is not necessarily a guide to future performance and Shares should be regarded as a medium to long-term investment.** Where the currency of the relevant Sub-Fund varies from the investor's currencies, or where the currency of the relevant Sub-Fund varies from the currencies of the markets in which the Sub-Fund invests, the prospect of additional loss (or the prospect of additional gain) to the investor is greater than the usual risks of investment.

Investment objectives express an intended result but there is **no guarantee** that such a result will be achieved. Depending on market conditions and the macro- economic environment, investment objectives may become more difficult or even impossible to achieve. **There is no express or implied assurance as to the likelihood of achieving the investment objective for a Sub-Fund.**

The investment performance of each Sub-Fund is directly related to the investment performance of the underlying investments held by such Sub-Fund. The ability of a Sub-Fund to meet its investment objective depends upon the allocation of the Sub-Fund's assets among the underlying investments and the ability of an underlying investment to meet its own investment objective. It is possible that an underlying investment will fail to execute its investment strategies effectively. As a result, an underlying investment may not meet its investment objective, which would affect the Sub-Fund's investment performance.

### **Risks associated with Shares of the Company**

The investment in fund Shares is a form of investment that is characterised by the principle of risk spreading. It cannot, however, be ruled out that the risks associated with an investment in fund Shares, which result in particular from the investment policy of the fund, the value of assets contained in the fund and the share business, might exist. Fund Shares are comparable with securities as regards their opportunities and risks and in particular also in combination with instruments and techniques, where applicable. In the case of funds Shares denominated in foreign currencies, there are exchange rate opportunities and risks. It must also be considered that such Shares are subject to a transfer risk. The purchaser of Shares will only achieve a profit on the sale of his Shares if their growth in value exceeds the front-end load paid on their purchase, taking into account the redemption commission. The front-end load can reduce the performance for the investor or even lead to losses in the case of only short periods of investment. A loss risk can be associated with the custody of assets, especially abroad, which can result from the insolvency, breaches of the duty of care or abusive conduct of the Depository or a sub-delegate (custodial risks). The Fund may become the victim of fraud or other criminal activities. It may sustain losses through misunderstandings or errors by employees of the Management Company or external third parties or be damaged by external events such as natural disasters (operational risks).

## **Risks associated with the assets of the Company**

### Counterparty Risk

The Company will be subject to the risk of the inability of any counterparty to perform with respect to transactions, whether due to insolvency, bankruptcy or other causes.

### Counterparty Default

In general, there is less regulation and supervision of transactions in the OTC markets (in which forward and option contracts, credit default swaps, total return swaps and certain options on currencies and other financial derivative instruments are generally traded) than of transactions entered into on organized stock exchanges. In addition, many of the protections afforded to participants on some organized exchanges, such as the performance guarantee of an exchange clearinghouse, may not be available in connection with OTC transactions. Therefore, a Sub-Fund entering into OTC transactions will be subject to the risk that its direct counterparty will not perform its obligations under the transactions and that the Sub-Fund will sustain losses. The Sub-Fund will only enter into transactions with counterparties which it believes to be creditworthy, and may reduce the exposure incurred in connection with such transactions through the receipt of letters of credit or collateral from certain counterparties. In addition, as the OTC market may be illiquid, it might not be possible to execute a transaction or liquidate a position at the price it may be valued in the Sub-Fund.

### Concentration risk

A risk can arise from a concentration of investment in certain assets or markets. Then the Fund is particularly heavily dependent on the performance of these assets or markets.

### General security risks

When selecting the assets the expected performance of the assets is in the foreground. At the same time it must be considered that securities also bear risks as well as the opportunities of price gains and revenue, since the prices can fall below acquisition prices. Among the general conditions are especially the inflation rate, the level of base rates, fiscal and legal conditions and the general market psychology. It can be observed over and over again that individual securities or whole stock markets are subject to considerable price fluctuations and evaluation fluctuations without the general conditions changing.

### Company-specific risks

Company-specific risks describe the risks, which have directly and indirectly to do with the company itself. This means in particular the situation of the company in the market environment, management decisions and similar circumstances that directly concern the company.

### Special features of Shares

Shares and securities with share-like character (e.g. index certificates) are subject to large price fluctuations from experience. Therefore they offer opportunities of considerable price gains, which are nevertheless set against comparable risks. Influencing factors on share prices are primarily the profit performance of individual companies and sectors as well as whole-economy developments and political perspectives, which determine the expectations on the security markets and thereby the formation of rates.

### Special features of fixed interest securities

Influencing factors on price changes of fixed interest securities are primarily the interest rate developments on the capital markets, which in turn are influenced by whole-economy factors. When capital market interest rates rise, fixed interest securities can suffer falls in prices, while they can report price increases when capital market interest rates fall. The price changes are also dependent on the term or remaining term of the fixed interest securities. As a rule, fixed interest securities with shorter terms exhibit lower price risks than fixed interest securities with longer terms. On the other hand, however, lower yields and higher reinvestment costs have to be taken into account due to the more frequent maturities of the security portfolio.

### The creditworthiness risk

Even with the careful selection of the securities to be purchased, the creditworthiness risk, i.e. the loss risk through inability of issuers to pay (issuer risk), cannot be ruled out.

#### The credit risk

The Fund can invest part of its assets in government and company bonds. The issuers of these bonds can become insolvent in some circumstances, whereby the value of the bonds can be lost wholly or partly. Because of the dependence on the creditworthiness of the issuer and the general market liquidity there can be increased volatility.

#### Country risk

To the extent that the fund focuses on certain countries within the context of its investment, this also reduces the spread of risks. As a result of this the fund is dependent to a particular extent on the development of single or related countries or on the companies registered or active in these countries.

#### Risks in Investing in Emerging Markets

The political and economic situation in countries with emerging markets can be subject to significant and rapid changes. Such countries may be less stable politically and economically in comparison to more developed countries and be subject to a considerable risk of price fluctuations. This instability is caused among other things by authoritarian governments, military involvement in political and economic decision making, hostile relations with neighbouring states, ethnic and religious problems and racial conflicts, etc. These, as well as unexpected political and social developments, can have an effect on the value of the investments of the Fund in these countries and also affect the availability of the investments. Moreover, the payment of earnings from the redemption of Shares of the Fund investing in the emerging market can be delayed in some circumstances. Due to the fact that the security markets are very inexperienced in some of these countries and that the number of the tradable volumes can possibly be limited, there may be increased illiquidity of the Fund as well as an increased amount of administration that must be carried out before the acquisition of an investment.

Investments issued by companies domiciled in countries with emerging markets can be affected by the fiscal policy. At the same time, it must be noted that no provision is made to safeguard existing standards. This means that fiscal provisions especially can be changed at any time and without prior notice, and in particular retroactively. Such revisions can have negative effects for the investors in certain circumstances.

#### Special features of structured products

When investing in certificates and structured products, the risk characteristics of derivatives and other special investment techniques and financial instruments must be considered as well as the risk characteristics of securities. Generally, they are also exposed to the risks of their underlying markets and/or underlying instruments and therefore often entail increased risks. Potential risks of such instruments can arise for example from the complexity, non-linearity, high volatilities, low liquidity, limited means for valuation, risk of absence of income, or even total loss of the invested capital or from the counterparty risk.

#### Currency risks

When investing in foreign currencies and in transactions in foreign currencies there are chances and risks of changes in exchange rates. It must also be borne in mind that investments in foreign currencies are subject to a transfer risk.

#### Currency hedging transactions

Currency hedging transactions serve to reduce exchange rate risks. Because these hedging transactions can occasionally only partially protect the Fund's assets or protect against exchange rate losses to a limited extent it can, however, not be ruled out that exchange rate changes can negatively influence the performance of the Fund's assets.

#### Forward exchange contracts

The costs and possibly losses arising from forward exchange contracts and/or the acquisition of corresponding option rights and warrants, reduce the performance of the Fund. Transactions with forwards, particularly those traded over the counter, bear an increased counterparty risk. In the event that its counterparty fails it is possible that the Fund will not receive the expected payments or counter values. This can lead to a loss.

#### Risk associated with the use of securities lending transactions and repos

In the event of default by the counterparty of a securities lending transaction or repo, the Fund may suffer a loss to the extent that the income from the sale of collateral held by the Fund in connection with the securities lending transaction or repo is less than the securities handed over. In addition, the Fund may also suffer losses as a result of the bankruptcy or other corresponding similar proceedings against the counterparty of the securities lending transaction or repo or any other form of failure to comply with the return of securities, such as the loss of interest or loss of the respective security as well as default and enforcement costs in connection with the securities lending transaction or repo. It is to be assumed that the use of an acquisition with a repurchase option or a reverse repurchase agreement and securities lending agreement will have no significant effect on the performance of the respective Sub-Fund. However, this use may have a significant effect — which may be either positive or negative — on the net asset value of the Sub-Fund.

#### Note on borrowing by the Fund

The interest accrued for borrowing reduces the performance of the Fund. These burdens are, however, set against the opportunity of increasing the income of the Fund by raising credit.

#### Measures for risk reduction and risk avoidance

The Management Company and/or Investment Adviser and/or Portfolio Manager try to optimise the opportunity/risk ratio of a security investment using modern analysis methods. At the same time the Fund's liquid funds serve the goal of the investment policy by reducing the influence of possible price reductions in the security investments within a framework of shifting and temporarily higher cash balances. Nevertheless, no assurance can be given that the goals of the investment policy will be achieved.

#### Credit Default Swaps

Credit Default Swaps (CDS) normally serve to protect from creditworthiness risks, which arise for an investor or a fund from the purchase of bonds and from lending. These are agreements between two parties, whereby the secured party makes premium payments to the security provider over the term of the cover so that he will be compensated for losses in the future (credit default payment), if the creditworthiness of the issuer should deteriorate or the issuer fails (credit event). The counterparties are first class financial institutions, which are specialised in such transactions.

#### Legal and Tax Risk

The legal and tax treatment of funds can change unpredictably and in ways that cannot be influenced.

Under the version of the German Investment Tax Act in force until the end of 2017, taxes are levied at investor level only, not at fund level. This will change once the Investment Tax Reform comes into force on 1 January 2018.

As of that date, certain income generated in Germany (in particular income from dividends, rent, and capital gains from the sale of real property) will be taxed at fund level. Exceptions are possible only in the event the fund shares are held by investors entitled to tax relief or held by certain retirement or pension plans (Riester/Rürup pension plans). In addition, it will no longer be possible to deduct at investor level the withholding tax collected on the basis of the income generated by the fund.

The foregoing notwithstanding, investors may, subject to certain conditions, be entitled to receive a fixed sum of the fund-generated income tax-free (referred to as "partial relief"). However, as the partial relief is granted as a fixed-sum basis, this mechanism does not guarantee the taxes will be fully offset in each case.

**Specific risks inherent with investing in the Sub-Funds are described in the relevant Appendix of this Prospectus.**

#### DETERMINATION OF NET ASSET VALUE

The Net Asset Value per Sub-fund, Net Asset Value per Share, Net Asset Value per Class, the Redemption Price of Shares and the Issue Price of Shares shall be determined on each Valuation Date, at least twice a month. The Valuation Dates for each Sub-Fund are indicated in the relevant Appendix.

The Net Asset Value of each Sub-Fund and the Net Asset Value of the relevant Class shall be expressed in the currency of each Sub-Fund as described in the relevant Appendix. Whilst the reporting currency of the

Company is the Euro, the Net Asset Value is made available in the currency of each Sub-Fund as described in the relevant Appendix. The Net Asset Value shall be determined on each Valuation Date separately for each Share of each Sub-Fund and for each Class dividing the total Net Asset Value of the relevant Sub-Fund and of the relevant Class by the number of outstanding Shares of such Sub-Fund and of the relevant Class.

The Net Asset Value shall be determined by subtracting the total liabilities of the Sub-Fund or Class from the total assets of such Sub-Fund or Class in accordance with the principles laid down in the Company's Articles of Incorporation and in such further valuation regulations as may be adopted from time to time by the Board of Directors.

### **Valuation of Investments**

Investments shall be valued as follows:

- (1) The value of any cash in hand or on deposit, discount notes, bills and demand notes and accounts receivable, prepaid expenses, cash dividends and interest declared or accrued and not yet received shall be deemed to be the full amount thereof, unless in any case the same is unlikely to be paid or received in full, in which case the value thereof shall be arrived at after making such provision as the Company may consider appropriate in such case to reflect the true value thereof.
- (2) The value of all securities which are listed on an official stock exchange is determined on the basis of the last available prices. If there is more than one stock exchange on which the securities are listed, the Board of Directors may in its discretion select the stock exchange which shall be the principal stock exchange for such purposes.
- (3) Securities traded on a regulated market are valued in the same manner as listed securities.
- (4) Securities which are not listed on an official stock exchange or traded on a regulated market shall be valued by the Company in accordance with valuation principles decided by the Board of Directors, at a price no lower than the bid price and no higher than the ask price on the relevant Valuation Date.
- (5) Derivatives and repurchase agreements which are not listed on an official stock exchange or traded on a regulated market shall be valued by the Company in accordance with valuation principles decided by the Directors on the basis of their marked-to-market price.
- (6) Term deposits shall be valued at their present value.
- (7) Traded options and futures contracts to which the Company is a party which are traded on a stock, financial futures or other exchange shall be valued by reference to the profit or loss which would arise on closing out the relevant contract at or immediately before the close of the relevant market.

All securities or other assets for which the valuation in accordance with the above sub-paragraphs would not be possible or practicable, or would not be representative of their fair realisation value, will be valued at their fair realisation value, as determined in good faith and prudently pursuant to the procedures established by the Board of Directors.

Amounts determined in accordance with such valuation principles shall be translated into the currency of the Sub-Fund's accounts at the respective exchange rates, using the relevant rates quoted by a bank or another first class financial institution.

### **Valuation of Liabilities**

The liabilities of the Company shall be deemed to include:

- (1) all borrowings, bills and other amounts due;
- (2) all administrative expenses due or accrued including (but not limited to) the costs of its constitution and registration with regulatory authorities, as well as legal and audit fees and expenses, the costs of legal publications, the cost of listing, prospectus, financial reports and other documents made available to Shareholders, translation expenses and generally any other expenses arising from the administration of the Company;
- (3) all known liabilities, due or not yet due including all matured contractual obligations for payments of money or property, including the amount of all dividends declared by the Company which remain unpaid until the day these dividends revert to the Company by prescription;
- (4) any appropriate amount set aside for taxes due on the date of the valuation of the Net Asset Value and any other provision of reserves authorised and approved by the Board; and
- (5) any other liabilities of the Company of whatever kind towards third parties.

For the purposes of valuation of its liabilities, the Company may duly take into account all ongoing or periodic administrative and other expenses by valuing them for the entire year or any other period and by dividing the amount concerned proportionately for the relevant fractions of such period.

Amounts determined in accordance with such valuation principles shall be translated into the currency of the Sub-Fund's accounts at the respective exchange rates, using the relevant rates quoted by a bank or another first class financial institution.

#### **ISSUE OF SHARES BY THE COMPANY**

All the Shares are issued and redeemed at an unknown Net Asset Value.

Whenever the Company issues Shares, the issue price per Share shall (the "Issue Price") be based on the Net Asset Value per Share for the relevant Sub-Fund calculated in the manner set out under "*Determination of the Net Asset Value*".

The latest Issue and Redemption Prices are made public at the registered office of the Company.

The Company or the Management Company may fix a minimum subscription amount for each Sub-Fund which, if applicable, is indicated in the description of the relevant Appendix.

The Company or the Management Company reserve the right from time to time to waive any requirements relating to the minimum subscription amount as and when it determines in its reasonable discretion and by taking into consideration the equal treatment of Shareholders.

The mechanism for the calculation of the Issue Price, plus the imposition of a subscription charge (if any), is set out in each case in the description of the relevant Appendix. The subscription charge(s) goes to the relevant Sub-Fund and/or to the distributor (as determined in the relevant Sub-Fund Appendix) and it can be waived, provided that all investors having filed a subscription request for the same Dealing Date in the same circumstances are treated equally. Subject as set out in the relevant Appendix, the Issue Price shall be rounded to 2 decimals and any related subscription amounts will be rounded to the next currency unit. No issue of Shares shall be effected by the Company unless the price for the relevant Shares has been received by the Registrar and Transfer Agent. Payment of Shares must in principle be made in the currency of each Sub-Fund, as described in the relevant Appendix. The Company or the Management Company may, in their discretion, decide to accept payment by contribution of assets in compliance with the investment policy and the investment objective of the relevant Sub-Fund. The valuation of any such subscription in kind will be confirmed in a report prepared by the Company's auditor, to the extent required by Luxembourg law and any cost of such subscription in kind will have to be borne by the investor.

Save as set out in the relevant Appendix, duly completed and irrevocable application must be received by the Registrar and Transfer Agent no later than 3 p.m. (Luxembourg time) on the Business Day prior to the relevant Dealing Date. The Management Company may decide that applications to subscribe may be made by electronic file transfer. Any application form received after this cut-off time will be processed on the next Dealing Date subject to the reception of cleared subscription monies in accordance with the following paragraph. Order confirmation notices will be sent to Shareholders at the latest the first Business Day following the execution of the subscription order.

As a result of Luxembourg anti-money laundering laws the Registrar and Transfer Agent shall require that an application to subscribe Shares be accompanied by appropriate documents, as defined in the appendix to the subscription form, enabling the Registrar and Transfer Agent to check the identity of the investors. The Registrar and Transfer Agent reserves the right to delay the processing of an application until receipt of satisfactory documentary evidence or information for the purpose of compliance with applicable laws.

Save as set out in the relevant Appendix, the Subscription Price, payable in the Reference Currency of the relevant Class, must be paid by the investor and received by the Registrar and Transfer Agent within three (3) Business Days after the Valuation Day.

The Company and the Management Company may at their entire discretion refuse subscription requests and any acceptance of a subscription request is conditional upon receipt of cleared subscription funds. Persons the subscription of which has been refused and that have already paid will be reimbursed by money transfer (without interest) made at the entire risk of the relevant person.

## SHAREHOLDER CONFIRMATIONS

Shares will be issued in registered form. The Shares are evidenced by entries in the Company's register of Shareholders. Confirmations of shareholdings will be issued and delivered at the latest the first business day (the "**Business Day**", being a day (other than a Saturday or Sunday) on which commercial banks and stock exchange markets simultaneously settle payments in Luxembourg and Frankfurt am Main, or as specified in the description of the relevant Appendix) following the execution of the subscription order. Shares may be issued with fractions of up to three (3) decimals (0,001) or such other fractions as specified in the description of the relevant Appendix.

### **No share certificates will be delivered.**

Shares may further be issued in global certificated form and shall be traded via Euroclear and Clearstream or any other approved clearing system.

## REDEMPTION OF SHARES BY THE COMPANY

All the Shares are redeemed at an Net Asset Value.

Any Shareholder may request the redemption of Shares on every Dealing Date of the relevant Sub-Fund provided that such request must be received in writing by fax or letter by the Company, a distributor (as detailed in the description of the relevant Appendix) or the Registrar and Transfer Agent accompanied by the relevant Share certificates, if any, and the documents evidencing any transfer of Shares within the time limit applicable to the relevant Sub-Fund (and Class) as specified in the relevant Appendix. The Management Company may decide that applications for redemptions may be made by electronic file transfer. If the request is received outside this time limit, the Registrar and Transfer Agent shall defer the redemption until the following Dealing Date. The Company must accept such request and redeem the Shares so tendered, provided that the Company shall not be bound to redeem more than 10 per cent of the total number of Shares of the relevant Sub-Fund or Class of Shares then in issue and outstanding. Requests for the redemption of Shares received by the Company or by the Registrar and Transfer Agent are irrevocable. Any Shares redeemed by the Company will be cancelled.

A redemption charge as described in the relevant Appendix (if any) can be levied. The redemption charge may be allocated to the relevant Sub-Fund and/or the distributor, as shall be set forth in the description of the relevant Appendix. It may be waived provided that all Shareholders who have filed a redemption request for the same Dealing Date under the same circumstances are treated equally.

Save as set out in the relevant Appendix, redemption requests must be received by the Registrar and Transfer Agent or the Company no later than 3 p.m. (Luxembourg time) on Business Day prior to the relevant Dealing Date. Redemption proceeds will be paid not later than the Payment Date. Order confirmation notices will be sent to Shareholders at the latest the first Business Day following the execution of the redemption request.

Save as set out in the relevant Appendix, redemption requests should state the number, form, Class and the name of the Sub-Fund of the Shares to be redeemed as well as the necessary references enabling the payment of the redemption proceeds. Order confirmation notices will be sent to the Shareholders at the latest the first Business Day following the execution of the redemption request.

The company is not obliged to redeem more than 10% of the Shares issued to date on a valuation day. If redemption applications for a larger number of Shares than stated is received by the company on a valuation day, the company reserves the right to postpone the redemption of Shares, which exceed 10% of the Shares issued to date, until the fourth (4) valuation day following that one. On such following Dealing Dates such requests shall be complied with in priority to later requests.

The Redemption Price to be paid by the Company for the redemption of its Shares shall be equal to the Net Asset Value per Share (see the section entitled "*Determination of Net Asset Value*") on the Dealing Date in respect of which redemption is made, less a redemption charge (if any) as specified in relevant Appendix. Subject as set out in the relevant Appendix, the Redemption Price will be rounded to two decimals and redemption proceeds will be rounded to the next currency unit. The Redemption Price shall be payable in the currency of Sub-Funds indicated in the relevant Appendix.

The Redemption Price may be higher or lower than the subscription price paid by the Shareholder at the time of subscription/purchase depending on whether the Net Asset Value per Share has appreciated or depreciated.

The Redemption Price shall be paid within such period after the relevant Dealing Date or after the date by which the Share certificates (if issued) have been received by the Company as shall be set forth in the description of the relevant Appendix.

The Management Company shall use its best efforts to maintain an appropriate level of liquidity in its assets so that the redemption of the Shares can, under normal circumstances, be made without delay upon request by the Shareholders.

If, however, in exceptional circumstances which are outside the control of the Management Company or of the Company the liquidity of the portfolio of each Sub-Fund's assets is not sufficient to enable the payment to be made within the normal period, such payment shall be made as soon as reasonably practicable thereafter.

Shareholders should note that if an application for redemption relates to a partial redemption of an existing holding and the remaining balance within the existing holding is below the minimum holding requirement, the Company may redeem all the existing holding. The minimum holding requirement for any Class is indicated in the relevant Appendix.

As a result of the Luxembourg anti-money laundering laws, the Registrar and Transfer Agent shall require that a request for the redemption of Shares be accompanied by appropriate documents enabling the Registrar and Transfer Agent to check the identity of Shareholders and to complete the investors AML and KYC documentation as detailed in the subscription form. The Registrar and Transfer Agent reserves the right to delay the processing of a request until receipt of satisfactory documentary evidence or information for the purpose of compliance with applicable laws.

The Redemption Price may, upon demand by a Shareholder, and if the Company agrees, also be satisfied by allocation of securities equal in value of the Redemption Price. The securities vested by the Company in a Shareholder in lieu of the Redemption Price shall be determined as concerns their nature and type on an equitable basis and without prejudicing the interests of the other Shareholders. The value of any securities vested by the Company or contributed to the Company shall be confirmed in a valuation report by the independent auditor of the Company.

**Unless the redeeming Shareholder is registered in the Company's register, proper evidence of transfer or assignment must be sent with the redemption request, to the Company or the Registrar and Transfer Agent or the relevant distributor (as detailed in the relevant Appendix).**

## **CONVERSION OF SHARES**

In principle, any Shareholder may request the conversion of all or part of his Shares of any Sub-Fund into Shares of any other existing Sub-Fund, as detailed in the relevant Appendix. Conversions into other Classes are possible if so specified in the relevant Appendix, it being noted that any conversion into another Sub-Fund or Class may only take place provided all conditions for the holding of the new Sub-Fund or Class are fulfilled by the relevant Shareholder. Prior to converting any Shares, Shareholders should consult with their tax and financial advisers in relation to the legal, tax, financial or other consequences of converting such Shares.

### **Application for Conversions**

Conversion applications shall be made in writing by fax or letter to the Registrar and Transfer Agent, a distributor (as detailed in the relevant Appendix) or the Company stating which Shares are to be converted. The Management Company may also decide that applications for conversion may be made by electronic file transfer.

The application for conversion must include (i) the monetary amount the Shareholder wishes to convert or (ii) the number of Shares the Shareholder wishes to convert, together with the Shareholder's personal details and Shareholder's account number. Failure to provide any of the above information may result in delay of the application for conversion while verification is being sought from the Shareholder. The period of notice is the same as for applications for redemption save as otherwise set out in the relevant Appendix.

Conversions may result in the application of a conversion charge as shall be detailed in the Appendix, which will be based on the Net Asset Value per Share of the Shares the Shareholder wishes to convert from and, unless otherwise provided in the Appendix relating to the relevant Sub-Fund, goes to the Sub-Fund and/or Class from which they are converted. No redemption charge will be due upon the conversion of Shares. The Company may waive the conversion charge, provided that all investors having filed a conversion request for the same Dealing Date and for the same circumstances are treated equally.



Shareholders should note that if an application for conversion relates to a partial conversion of an existing holding and the remaining balance within the existing holding is below the minimum holding requirement, the Company will convert all the existing holding.

Applications for conversion on any Dealing Date received by the Registrar and Transfer Agent by the deadline specified in the relevant Appendix prior to a day that is a Dealing Date for both Sub-Funds concerned will be processed on that Dealing Date based on the Net Asset Value per Share calculated on the Valuation Date relevant for such Dealing Date. Any applications received after the deadline will be processed on the next day that is a Dealing Date for both Sub-Funds concerned on the basis of the Net Asset Value per Share calculated on such Dealing Date.

### **Conversion Formula**

The rate at which all or part of the Shares in relation to a given original Sub-Fund are converted into Shares relating to a new Sub-Fund, or all or part of the original Shares of a particular Class are converted into a new Class in relation to the same Sub-Fund, is determined in accordance with the following formula:

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

where:

A is the number of Shares to be allocated or issued by the Company in relation to the new Sub-Fund or new Class;

B is the number of Shares relating to the original Sub-Fund or to the original Class which is to be converted;

C is the Net Asset Value per Share (minus the relevant conversion charge, where applicable) of the original Sub-Fund or the relevant Class within the original Sub-Fund at the relevant Dealing Date;

D is the Net Asset Value per Share of the new Sub-Fund or the relevant Class within the new Sub-Fund at the relevant Dealing Date; and

E is the exchange rate between the currency of the original Sub-Fund or Class and currency of the new Sub-Fund or Class.

After conversion of the Shares, the Registrar and Transfer Agent will inform the Shareholder of the number of Shares in relation to the new Sub-Fund or new Class obtained by conversion and the price thereof.

If "A" is not an integral number, fractions of Shares will be allotted in the new Sub-Fund or Class.

If the minimum holding requirement for any Class, as described in the relevant Appendix, is not maintained due to a conversion of Shares, the Company will compulsorily convert the remaining Shares at their current Net Asset Value per Share.

### **SUSPENSION OF ISSUE, REDEMPTION AND CONVERSION OF SHARES AND OF CALCULATION OF NET ASSET VALUE**

The Company may temporarily suspend all calculations in relation to the Net Asset Value and/or the sale, redemption and conversion of Shares in any Sub-Fund on the occurrence of any of the following events:

- (a) during any period in which any of the principal stock exchanges or other markets on which a substantial portion of the assets of a Sub-Fund from time to time are quoted or traded is closed otherwise than for ordinary holidays, or during which transactions therein are restricted, limited or suspended, provided that such restriction, limitation or suspension affects the valuation of such assets;
- (b) where the existence of any state of affairs which, in the opinion of the Board of Directors, constitutes an emergency or renders impracticable a disposal or valuation of the assets attributable to a Sub-Fund;
- (c) during any breakdown of the means of communication or computation normally employed in determining the price or value of any of the assets attributable to a Sub-Fund;

- (d) when for any other reason the prices of any constituents of the assets of a Sub-Fund cannot promptly or accurately be ascertained;
- (e) where, in the opinion of the Board of Directors, circumstances which are beyond the control of the Board of Directors make it impracticable or unfair *vis-à-vis* the Shareholders to continue trading the Shares;
- (f) during any period in which the Company is unable to repatriate monies for the purpose of making payments on the redemption of Shares or during which any transfer of monies involved in the realisation or acquisition of investments or payments due on redemption of Shares cannot, in the opinion of the Board of Directors, be effected at normal rates of exchange;
- (g) in case of the Company's liquidation or in the case a notice of termination has been issued in connection with the liquidation of a Sub-Fund or a Class of Shares;
- (h) in case of a feeder Sub-Fund, if the net asset calculation of the Master UCITS is suspended; or
- (i) in case of a merger of a Sub-Fund with another Sub-Fund of the Company or of another UCITS (or a sub-fund thereof), provided such suspension is in the interest of the Shareholders.

The Company shall suspend the sale, redemption and conversion of Shares forthwith upon the occurrence of an event causing it to enter into liquidation or upon the order of the CSSF.

Shareholders having requested redemption or conversion of their Shares or having applied to the Company for the issue of Shares shall be notified in writing of any such suspension within seven days of their request and shall be promptly notified of the termination of such suspension.

A suspension of any Sub-Fund or Class shall have no effect on the determination of the Net Asset Value, the issue, redemption and conversion of the Shares of any other Sub-Fund or Class if the circumstances referred to above do not exist in respect of the other Sub-Funds or Classes.

#### **RESTRICTIONS ON OWNERSHIP OF SHARES**

Investors should note however that some Sub-Funds or Share Classes may not be available to all investors.

The Fund retains the right to offer only one or more Share Classes for purchase by investors in any particular jurisdiction in order to conform to local law, customs or business practice or for fiscal or any other reason.

The Fund may further reserve one or more Sub-Funds or Classes to Institutional Investors (within the meaning of article 174 of the 2010 Law as interpreted from time to time by the CSSF) only.

The Restriction on Ownership of Shares is described in the relevant Appendix and with regard to U.S. Persons, FATCA and CRS in the section entitled "*US-Persons, Foreign Account Tax Compliance Act (FATCA) and Common Reporting Standard (CRS)*".

Where it appears to the Company that any person who is or becomes precluded from holding Shares in the Company, either alone or with any other person, is a beneficial or registered owner of Shares, it may compulsorily redeem such Shares.

#### **DIVIDENDS**

The Board of Directors proposes to the general meeting of shareholders a reasonable annual dividend payment for the distributing Shares in the Sub-Fund, ensuring that the Net Asset Value does not fall below the minimum capital of the Company. Subject to the same limitation, 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 are reinvested for the benefit of the investors holding them.

The dividend policy of each Sub-Fund and Class is described in the relevant Appendix.

#### **CREATION OF ADDITIONAL SUB-FUNDS AND CLASSES**

The Board of Directors may create at any time additional Sub-Funds and/or Classes. In such case, the Prospectus will be up-dated and if different Classes are issued within a Sub-Fund, the details of each Class will be described in the description of the Appendix relating to the relevant Sub-Fund.

## **LIQUIDATION, COMPULSORY REDEMPTION AND MERGERS**

### **Liquidation**

The Company or the Sub-Fund may at any time be dissolved by resolution passed at a general meeting of Shareholders of the Company or the Sub-Fund respectively. In that event, liquidation shall be carried out by one or several liquidators who may be physical persons or legal entities appointed by the general meeting of Shareholders deciding such liquidation, which shall determine their powers and compensation.

A resolution to dissolve and liquidate the Company must be passed at a general meeting of Shareholders in accordance with the provisions of the law of 10 August 1915 on commercial companies as amended.

The Board of Directors must forthwith convene an extraordinary general meeting of Shareholders for the purpose of deliberating on the dissolution and liquidation of the Company in case the net assets of the Company fall below two thirds of the minimum capital required by law; the decision to dissolve and liquidate the Company is validly passed without a quorum of presence by a simple majority of the Shares present or represented at the meeting. If the net assets of the Company fall below a quarter of the minimum capital required by law, the decision to dissolve and liquidate the Company is validly passed without a quorum of presence by a vote representing one quarter of the Shares present or represented at the meeting.

The liquidator(s) shall realise the assets of the Company in the best interest of the Shareholders and shall distribute the net proceeds of liquidation, after deduction of liquidation fees and expenses, to the holders of Shares in proportion to their holding of Shares on the basis of the respective Net Asset Value per Share of the relevant classes or categories of Shares.

Any amount remaining unclaimed at the close of liquidation shall be converted, to the extent legally required at that time, into Euros and deposited by the liquidator(s) for the account of those entitled thereto at the "*Caisse de Consignation*" in Luxembourg, where it shall be forfeited if unclaimed after a period of thirty (30) years.

### **Compulsory Redemption**

In the event that the net value of the total assets of any Sub-Fund or Class of Shares on a given Dealing Date is for one (1) month less than the minimum net value of the total assets for the relevant Sub-Fund as specified in the relevant Appendix, or if, in the Directors' opinion, a change in the economic or political situation may be detrimental to a Sub-Fund or Class and the interest of the relevant Shareholders, the Board of Directors may decide to compulsorily redeem without a redemption charge all the Shares relating to the relevant Sub-Fund at the Net Asset Value per Share (taking into account actual realisation prices of investments and realisation expenses), calculated on the Dealing Date specified as the effective date for such redemption. The Company shall serve a notice to the Shareholders of the relevant Sub-Fund in writing and/or by way of publication in newspapers in accordance with the Articles of Incorporation. Such notice to Shareholders will indicate the reasons for the redemption operation. In addition, the general meeting of Shareholders of a Sub-Fund may, upon a proposal from the Board of Directors, resolve to close a Sub-Fund by way of liquidation or to redeem all the Shares relating to the relevant Sub-Fund or Class of Shares issued by a Sub-Fund and refund to the Shareholders the Net Asset Value of their Shares (taking into account actual realisation prices of investments and realisation expenses) calculated on the Dealing Date at which such decision shall take effect. There shall be no quorum requirements for such general meeting of Shareholders which shall be validly passed by resolution by a simple majority of those Shares present or represented.

All redeemed Shares shall be cancelled and will become null and void. Upon compulsory redemptions, the relevant Sub-Fund will be closed. The last remaining Sub-Fund and/or Class of Shares may however only be liquidated and not be closed by way of a compulsory redemption.

Liquidation or redemption proceeds which may not be distributed to the relevant Shareholders upon termination will be deposited with the *Caisse de Consignation* on behalf of the persons entitled thereto. If not claimed, they shall be forfeited after thirty (30) years.

### **Merger**

In addition, the Board of Directors may decide, in compliance with the procedures laid down in Chapter 8 of the law of the 2010 Law, to merge any Sub-Fund with another UCITS or a sub-fund within such UCITS (whether established in Luxembourg or another Member State or whether such UCITS is incorporated as a company or is a contractual type fund) under the provisions of Directive 2009/65/EC.

Such merger will be binding on the Shareholders of the relevant Sub-Fund upon thirty days' prior written notice thereof given to them, during which Shareholders may redeem their Shares, it being understood that the merger will take place five Business Days after the expiry of such notice period.

The request for redemption of a Shareholder during the above mentioned period will be treated without any cost, other than the cost of disinvestment.

A merger that has as a result that the Company ceases to exist needs to be decided at a general meeting of shareholders and certified by a notary. There shall be no quorum requirements for such general meeting of shareholders which shall decide by resolution taken by simple majority of those present or represented and voting at such meeting.

## **USE OF INCOME**

The associated income adjustment is taken into account.

## **TAX CONSIDERATIONS**

The following is a general description of the law and practice currently in force in the Grand Duchy of Luxembourg in respect of the Company and the Shares as at the date of this Prospectus. It does not purport to be a comprehensive discussion of the tax treatment of the Shares. Prospective investors should consult their own professional advisers on the implications of making an investment in, holding or disposing of Shares and the receipt of interest with respect to such Shares under the laws of the countries in which they may be liable to taxation. Tax rates and bases may be liable to change.

The following summary is based on the Company's understanding of the law and practice currently in force in the Grand Duchy of Luxembourg and is subject to changes therein.

### **The Company**

The Company is subject to the Luxembourg tax provisions. Without prejudice to the levy of registration and transcription taxes and the application of national legislation on value added tax, no other tax shall be payable by the Company with the exception of the subscription tax (taxe d'abonnement) referred to in Articles 174 to 176 of the 2010 Law. Though the Company is exempt from income tax and from trade tax in Luxembourg, income and gains of the company may be subject to a non-recoverable withholding tax or other tax in the respective state of source.

According to article 174 of the 2010 Law, the Company is subject to a subscription tax i) at a standard rate of 0.05% or ii) at a reduced rate of 0.01% in case of sub-funds or share classes which are exclusively reserved for "institutional investors". The subscription tax is payable pro rata quarterly; its taxable basis shall be the aggregate net assets of the Company valued on the last day of each quarter.

### **The Shareholders**

The amounts distributed by the Company shall not be subject to a Luxembourg withholding tax. They are not taxable in Luxembourg if received by non-residents.

It is the responsibility of the Shareholders to seek advice on taxes and other consequences which may result from the subscription, ownership return (redemption), conversion and transfer of Shares, including any regulations regarding the control on the movement of capital.

## **DATA PROTECTION**

Certain personal data of investors (especially the name, address and investment amount of each investor) can be collected and/or processed and used by the Management Company of the Fund, the service providers assigned in relation to the Fund and the brokers and investment advisers or portfolio managers of the Fund.

This data may also be used to manage account and distribution fees, for identification in order to combat money laundering and the financing of terrorism, to maintain the register, to process subscription and redemption orders, to pay out dividends to investors and to provide customer-related services.

This information shall not be provided to any unauthorised third parties.

Any personal data in respect of natural persons is processed in accordance with the General Data Protection Regulation (EU) 2016/679 of 27 April 2016 on the protection of natural persons with regard to the processing of personal data (GDPR).

The Management Company of the Fund acting as Controller as defined by art. 4 no. 7 GDPR may assign another agent (such as the Central Administration Agent or the Registrar and Transfer Agent) the task of processing personal data (the "Data Processor"). The Management Company of the Fund undertakes to provide personal data only to the Data Processors as defined by art. 4 no. 8 GDPR and not to third parties unless required by law or approved in advance by the unitholder or processing is necessary for the purposes of the legitimate interests pursued by the controller, except where such interests are overridden by the interests data subject.

Each investor has the right to access their personal data and to request the correction of incorrect or incomplete data at any time.

In subscribing to units, each investor consents to their personal data being processed as described above. This consent will be inserted in writing to the subscription documents released for use by the Management Company of the Fund.

For any other use of personal investor data beyond this purpose the provisions of the EU-GDPR (e.g. consent from the person concerned) must be applied. Further information on the rights of the persons concerned is available at: [www.universal-investment.com/en/online-privacy-lux](http://www.universal-investment.com/en/online-privacy-lux).

### **ANTI-MONEY LAUNDERING**

In accordance with the Luxembourg Law of 12 November 2004 on the fight against money laundering and terrorist financing, as amended, the Grand-Ducal Regulation of 1 February 2010, CSSF Regulation 12-02 of 14 December 2012 on the fight against money laundering and terrorist financing, and the relevant CSSF circulars and regulations, professionals of the financial sector, as defined under Art. 2 of the Law of 2004, are subject to certain anti-money laundering and counter-terrorist financing obligations in order to prevent the use of undertakings for collective investment for money laundering purposes. This includes, inter alia, the obligation to identify and legitimise investors and investment funds.

The Management Company or the Registrar and Transfer Agent of the Fund implements these identification proceedings and, if necessary, carries out a detailed verification in accordance with these requirements.

Investors must attach their identification documents as required by law to the subscription documents. These documents vary depending on the type or corporate form of the investor.

The Fund and the Registrar and Transfer Agent reserve the right to request (additional) relevant information which is required to verify the identity of an applicant. If there is a delay or if the applicant fails to deliver the information required for verification purposes, the Management Company or the Registrar and Transfer Agent may refuse the application and will not be liable for any interest, costs or compensation.

The Management Company reserves the right to refuse an application in full or in part for any reason. The monies paid as part of an application or corresponding balances are in this case immediately returned to the applicant either into the account he/she has specified or by post at the applicant's own risk, provided that the identity of the applicant can be reliably established in accordance with the Luxembourg money laundering requirements. The Fund or the Management Company is in this case not liable for any interest, costs or compensation.

The collection of data pursuant to the subscription process shall be for the sole purpose of complying with the requirements on the prevention of money laundering. All documents retained for this purpose will be held for five years after termination of the business relationship.

### **CHARGES OF THE COMPANY**

#### **Management Company fee**

The Management Company is entitled to receive from each Class within each Sub-Fund a fee on the basis of the average Net Asset Value over the relevant period. The Management Company fee to be levied for each Sub-Fund or Class is specified in the relevant Sub-Fund Appendix. The actual amounts of these fees are disclosed in the financial reports.

### **Investment Management Fee**

The Portfolio Manager will be paid directly by the respective Sub-Fund(s), the amount of which is specified for each Share Class of each Sub-Fund in the relevant Sub-Fund Appendix. The actual amounts of these fees are disclosed in the financial reports.

### **Investment Adviser Fee**

The Investment Adviser will be paid directly by the respective Sub-Fund(s), the amount of which is specified for each Class of each Sub-Fund in the relevant Sub-Fund Appendix. The actual amounts of these fees are disclosed in the financial reports.

### **Performance Fee**

In order to provide an incentive to the relevant Portfolio Manager and/or Investment Adviser, the Company may pay an additional performance fee as indicated in the relevant Sub-Fund Appendix. The amount of the Performance Fee will be calculated by the Management Company. The performance fee (if applicable) shall be calculated and accrue and shall be payable as specified in the relevant Sub-Fund Appendix. For the purposes of the first calculation of the Performance Fee, the starting point for the relevant Net Asset Value per Share of each relevant Share Class is the Initial Offering Price. The actual amounts of these fees are disclosed in the financial reports.

### **Distribution Fee**

The distribution fee to be levied for each Sub-Fund or Share Class is specified in the relevant Sub-Fund Appendix.

### **Domiciliary and Corporate Agent Services Fee, Registrar and Transfer Agent Fee**

The Company pays monthly fees for the services for Domiciliary and Corporate Agent Services, Registrar and Transfer Agent Services in accordance with normal banking practices in Luxembourg. In addition, the Company pays out of the assets of the relevant Sub-Fund all reasonable out-of-pocket expenses, disbursements and for the charges.

The fees are indicated in the relevant Sub-Fund Appendix. The actual amounts of these fees are disclosed in the financial reports.

### **Depositary and Paying Agent Fee**

The Depositary is entitled to receive out of the assets of the Fund a fee calculated in accordance with customary banking practice in Luxembourg and as detailed for each Sub-Fund in the relevant Sub-Fund Appendix. In addition, the Depositary is entitled to be reimbursed out of the assets of the relevant Sub-Fund for its reasonable out-of-pocket expenses and disbursements and for the charges of any correspondents.

The fees are indicated in the relevant Sub-Fund Appendix. The actual amounts of these fees are disclosed in the financial reports.

### **Launch costs**

The Company will pay its formation expenses, including the costs and expenses of producing the initial Prospectus, and the legal and other costs and expenses incurred in determining the structure of the Company, which formation expenses are expected not to exceed EUR 30.000. These expenses will be apportioned pro-rata to the initial Sub-Fund and amortised for accounting purposes over a period of five (5) years. Amortised expenses may be shared with new Sub-Funds at the discretion of the Board. Costs in relation to the launch of any additional Sub-Fund will be charged to such additional Sub-Fund and will be amortised over a period of five years from the launch of the relevant Sub-Fund.

### **Other expenses**

The Company will further pay all administrative expenses of the Company due or accrued, including all fees payable to any Board of Directors, representatives and agents of the Company, the cost of its registration with regulatory authorities, as well as legal, audit, management, corporate fees and expenses, governmental charges, the cost of legal publications, prospectuses, financial reports and other documents made available to Shareholders, marketing and advertisement expenses, costs of performance analysis and other special reports

and generally any other expenses arising from the administration of the Company. All expenses are accrued on each Valuation Day in determining the Net Asset Value and are charged first against income.

In the annual report the costs incurred in the management of the Fund within the period under report and charged to the Fund (excluding transaction costs) are disclosed and reported as a ratio of the average Fund volume ("total expense ratio" – TER).

#### **Returning management fees received to certain investors and commission sharing agreements**

At its sole discretion, the Management Company may agree with individual investors to partially return the management company fee already received to such investors. This applies especially if institutional investors invest large amounts directly and on a long-term basis.

The Management Company generally passes on portions of its management company fee to intermediaries. This is paid as remuneration for sales services on the basis of brokered stocks. This may also involve significant portions. The Management Company does not receive any refunds from the remunerations and reimbursement of expenses to be paid from the Fund's assets to the Depositary and third parties. Monetary advantages offered by brokers and dealers, which the Management Company uses in the interests of investors, remain unaffected. The Management Company may enter into agreements with selected brokers pertaining to the provision of research or analysis services for the Management Company, under which the respective broker transfers to third parties, either immediately or subsequently, portions of the payments it receives pursuant to the relevant agreement from the Management Company for the purchase or sale of assets to brokers. The Management Company will use these broker services for the purposes of managing the investment fund ("commission sharing agreement").

The Company or the Management Company may avail itself of derivative transactions and collateral for derivative transactions originating from the services of third parties. In such cases, these third parties shall collectively receive a fee at the market rate charged to the respective Sub-Fund. The Company or the Management Company may charge the Fund, a Sub-Fund or one or several unit classes a lower fee at their own discretion, or indeed exempt the latter from such a fee. The latter fees shall not be covered by the management fee and shall, as such, be charged to the Fund/Sub-Fund additionally. The Company states the fees charged to these third parties, and for all unit classes, in the annual and semi-annual reports.

#### **REPORTS AND SHAREHOLDERS' MEETINGS**

The Company shall make available to the Shareholders within four months of the relevant year-end an audited annual report describing the assets, operations and results of the Company, and, within two months of the relevant half-year, it shall make available to the Shareholders an unaudited semi-annual report describing the assets and operations of the Company during such period. The financial year of the Company starts on 1 May and ends on 30 April of each year, except that the first financial year starts with the incorporation of the Company and ends on 30 April 2016.

The consolidation currency is the Euro (EUR).

The Net Asset Value, the Redemption Price and the Issue Price of each Class of Shares will be available (save as set out in the relevant Appendix) on or before the payment date (the "Payment Date", as specified in the relevant Sub-Fund Appendix) in Luxembourg at the registered offices of the Company, the Depositary and the Paying Agent. The Company reserves the right to introduce a list of media in which this information is published. The list of media (if any) from time to time selected by the Company will appear in the annual and semi-annual reports. The annual report and all other periodical reports of the Company are made available to the Shareholders at the registered offices of the Company and the Depositary.

Shareholders' meetings will be convened in accordance with Luxembourg law. The annual ordinary meeting of Shareholders will be held on the last Monday in August at 2 p.m. (Luxembourg time) of each year and for the first time, in 2016. If such day is not a banking day, which is simultaneously a stock exchange day in Luxembourg and Frankfurt am Main, the general meeting takes place on the immediately following business day in Luxembourg and Frankfurt am Main.

Other General Meetings of Shareholders will be held at such time and place as indicated in the notices of such meetings.

Notices of General Meetings are sent in accordance with Luxembourg law to the Shareholders at their addresses in the Share register. Notices will specify the place and time of the meetings, the conditions of admission, the agenda, the quorum and the voting requirements. The requirements as to attendance, quorum

and majorities at all General Meetings will be those laid down in the Articles of Incorporation. All other Notices will be sent to Shareholders by post.

#### **APPLICABLE LAW, JURISDICTION**

Any legal disputes between the Company, the investors, the Depositary and paying agent, the Management Company, the domiciliary, the administrative, registrar and transfer agent, the Portfolio Managers and any distribution agents will be subject to the jurisdiction of the Grand-Duchy of Luxembourg. The applicable law is Luxembourg law. However, the above entities may, in relation to claims from investors from other countries, accept the jurisdiction of those countries in which Shares are offered and sold.

#### **GENERAL INFORMATION**

The following documents are available for inspection at the registered office of the Company:

- the Prospectus;
- the Articles of Incorporation;
- Management Company Agreement;
- the KIIDs;
- the Portfolio Manager Agreement(s) (if any);
- the Investment Advisory Agreement(s) (if any);
- the Depositary, Paying Agency and Registrar and Transfer Agent Agreement and
- the Annual Report and Semi-Annual report (if any).

Copies of the Articles of Incorporation and the last available Reports can be obtained free of charge at the registered office of the Company.

Any legal disputes arising among or between the Shareholders, the Company and the Management Company / the Depositary shall be subject to the jurisdiction of the competent court in Luxembourg, provided that the Company may submit itself to the competent courts of such countries where required by regulations for the registration of Shares for offer and sale to the public with respect to matters relating to subscription and redemption, or other claims related to their holding by residents in such country or which have evidently been solicited from such country. Claims of Shareholders against the Company or the Depositary shall lapse 5 years after the date of the event giving rise to such claims (except that claims by Shareholders on the proceeds of liquidation to which they are entitled shall lapse only 30 years after these shall have been deposited at the *Caisse de Consignation* in Luxembourg).

In cases where disputed claims are asserted for the Company in or out of court, the Management Company may charge a fee of up to 5% of the amounts collected for the Company, after deducting and offsetting the expenses incurred by the Company as a result of these proceedings.

Information, particularly notices to investors, is also published on the Management Company's website [www.universal-investment.com](http://www.universal-investment.com). In addition, notices will be published in Luxembourg in the RESA and in a Luxembourg daily newspaper, where required by law, and also, if required, in another daily newspaper that has sufficient circulation.

**The Company hereby informs investors that an investor can only directly exercise its investor rights in their entirety vis-à-vis a UCITS if the investor itself is registered under its own name in the shareholder register of the UCITS. If an investor has invested in a UCITS through an intermediary that makes the investment in its own name for the account of the investor, the investor may not be able to directly exercise all investor rights vis-à-vis the UCITS. It is recommended that investors inform themselves of their rights.**



**APPENDIX -  
TAMAC Qilin – China Champions**

**March 2021**

In addition to the provisions of the General Part of the Prospectus the following Sub-Funds specific provisions apply. This appendix is only valid in connection with the General Part of the Prospectus.

|                                |   |
|--------------------------------|---|
| <b>Sub-Fund name</b>           | <b>TAMAC Qilin – China Champions</b>  |
| <b>Sub-Fund currency</b>       | EUR   |
| <b>Investment objective</b>    | The objective of the Sub-Fund is to achieve long term capital gains by investing in equities of Chinese companies that have a high probability to become leaders in their respective industry.  |
| <b>Investment Strategy</b>     | <p>The investment style is active with equities the main asset class and Chinese companies the focus. The underlying investment philosophy is that fundamental research in inefficient markets can provide an investor with an advantage. Strong growth dynamics coupled with industry dominance can translate into significant share price advances. Equities of Chinese companies have experienced periods of high returns as well as of high drawdowns. The investment universe includes small, mid and large cap equities of Chinese companies.</p> <p>The investment universe is defined as all Stock Connect Shares that may be invested in through Stock Connect (Shanghai and Shenzhen) as well as all publicly listed Chinese companies listed outside mainland China such as but not limited to in Hong Kong, Singapore, Taiwan, US or Europe.</p> <p>The strategic asset allocation is 0-100% equities with a target of 95% and a cash balance of 5%.</p> <p>The Sub-Fund may invest up to 100 % in Stock Connect Shares and B-Shares through Stock Connect.</p> <p>The core equity investment is targeted in A-Shares, B-Shares, H-Shares and US listed shares of Chinese companies. Investments in other publicly listed Chinese companies will be done for diversification purposes.</p> <p><b>No assurance can be given that the goals of the investment policy will be achieved.</b></p>  |
| <b>Investment Restrictions</b> | <p>At most 5% of the value of the UCITS could be invested into Real Estate Investment Trusts (REIT) which are qualified as security.</p> <p>The Sub Fund will invest in equities only from Chinese companies (Country of Risk: China).</p> <p>The Sub-Fund may not invest more than 10% of its net assets in shares or units of other UCITS or UCI as mentioned in Article 41 (1) e) of the UCI law.</p> <p>Direct investments in Asset Backed Securities (ABS) and Mortgage Backed Securities (MBS) will not be transacted.</p> <p>Financial Derivative Instruments (FDI) could be used for investment and hedging purposes.</p> <p>The Fund will not enter into any securities financing transactions that fall under the Regulation (EU) 2015/2365 of the European Parliament and of the Council of 25 November 2015 on transparency of securities financing transactions and the reuse and amending Regulation (EU) no. 648/2012.</p> <p>Additionally for tax purposes:</p> <p>At least 51% of the value of the Sub-Fund net asset value shall be invested in the following equity investments:</p> <ul style="list-style-type: none"> <li>- shares in corporations admitted for official trading on a stock exchange or another organised market or included in such a market, provided they are not shares in investment funds;</li> <li>- shares in other investment funds either at the share value price published on the valuation date at which they actually invest in equity participations as defined by § 2(8) of the German Investment Tax Act, or at the minimum price stipulated in the other investment fund's investment conditions.</li> </ul> |
| <b>Benchmarks</b>              | <p>The Sub-Fund uses benchmarks as the basis for calculating performance fees for share classes A, D, and J and therefore falls within the scope of the Benchmark Regulation (Regulation (EU) 2016/1011). The benchmarks used to calculate the performance fees for share classes A and D, LIBOR and EURIBOR, are administered by ICE Benchmark Administration Limited ("IBA") and European Money Markets Institute ("EMMI"), respectively.</p> <p>IBA and EMMI are both registered with the European Securities and Markets Authority (ESMA) in a public register of administrators and benchmarks.</p> <p>The benchmarks used to calculate the performance fees for share class J, MSCI All China Net USD (M1ACN) &amp; 100% MSCI China Net EUR Index (Bloomberg: MECN INDEX), are administered by MSCI Limited. MSCI Limited is registered with ESMA's public register of administrators and benchmarks.</p>   |

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|   | The Management Company has established robust written plans setting out the actions it would take in the event that the benchmark materially changes or ceases to be provided. A copy of the contingency plan is available free of charge at the Management Company's registered office. |
| <b>Investor Profile</b>   | The Sub-Fund is suitable for investors who see the Sub-Fund as a suitable means to participate in the capital market performance. The Sub-Fund is therefore suitable for investors who can afford to invest their capital over the long term; i.e. a multiple year time horizon.         |
| <b>Management Company</b>   | Universal-Investment-Luxembourg S.A.   |
| <b>Depository</b>   | State Street Bank International GmbH, Luxembourg Branch  |
| <b>Registrar and Transfer Agent</b>   | State Street Bank International GmbH, Luxembourg Branch  |
| <b>Paying Agent in Luxembourg</b>   | State Street Bank International GmbH, Luxembourg Branch  |
| <b>Portfolio Manager</b>  | TAMAC Thomé Asset Management & Asset Controlling   |
| <b>Valuation day</b>  | Every full banking day, which is simultaneously a stock exchange day in Luxembourg, London, Frankfurt am Main, China and Hong Kong (with the exception of 24 and 31 December of every year)  |
| <b>Cut-off time for subscriptions, redemptions and conversion of Shares</b> | 3 p.m. (Luxembourg time) on the business day prior to the relevant Dealing Date  |
| <b>Payment of the issue prices</b>  | within three (3) Business Days after the Valuation Day   |
| <b>Payment of the redemption prices</b>                                     | within three (3) Business Days after the Valuation Day   |
| <b>Financial Year</b>   | 1 May to 30 April  |
| <b>Sub-Fund term</b>  | Unlimited  |

| Share classes   | A EUR        | A GBP        | D EUR         | D GBP         | I USD            | J USD            | K USD            |
|---|--------------|--------------|---------------|---------------|------------------|------------------|------------------|
| <b>Currency</b>   | EUR          | GBP          | EUR           | GBP           | USD              | USD              | USD              |
| <b>ISIN Code (ISIN)</b>                                 | LU1242506332 | LU1242507900 | LU1242508387  | LU1242508627  | LU1628029685     | LU1814257413     | LU1814257686     |
| <b>Securities identification number (WKN)</b>           | A14UHV       | A14UHW       | A14UHX        | A14UHY        | A2DTAR           | A2JKF3           | A2JKF4           |
| <b>Initial Issue Price (excluding Subscription Fee)</b> | 100.- EUR    | 1.00 GBP     | 100.- EUR     | 100.- GBP     | 1,000.- USD      | USD 1,000.00     | USD 1,000.00     |
| <b>Initial minimum investment<sup>1</sup></b>           | 100.- EUR    | 1.00 GBP     | 250,000.- EUR | 250,000.- GBP | USD 5,000,000.00 | USD 1,000,000.00 | USD 2,000,000.00 |

<sup>1</sup> The Board may at its own discretion waive the initial minimum and subsequent investment amount

|  |  |              |                         |              |              |              |              |
|--|--|--------------|-------------------------|--------------|--------------|--------------|--------------|
| <b>Subsequent investment<sup>1</sup></b>                             | none   | none         | none                    | none         | none         | none         | none         |
| <b>Subscription Price</b>  | The "Subscription Price" means during the Initial Offering Period, the Initial Offering Price, and after the Initial Offering Period, the Net Asset Value per Share of the relevant Class calculated on the concurrent Valuation Day in accordance with the Articles and the Prospectus.   |              |                         |              |              |              |              |
| <b>Subscription fee currently applicable</b>                         | up to 5,0%   | up to 5,0%   | up to 5,0%              | up to 5,0%   | to           | up to 5,0%   | N/A          |
| <b>Redemption Price</b>  | Subject to the Articles, the "Redemption Price" will be denominated in the applicable Reference Currency and will be equal to the Net Asset Value per Share of the relevant Class at the relevant Redemption Day, after adjustment for any accrual of Management Fees and Performance Fees due (if not already included in the Net Asset Value) as well as any other redemption fee. |              |                         |              |              |              |              |
| <b>Redemption fee currently applicable</b>                           | none   | none         | none                    | none         | none         | none         | none         |
| <b>Exchange commission</b>   | Where different share classes are offered within the Sub-Fund, an exchange of Shares from one share class for Shares in another share class within the Sub-Fund is possible, so long as the investor fulfils the conditions of the respective share classes. In this case no exchange commission is charged.   |              |                         |              |              |              |              |
| <b>Appropriation of earnings</b>                                     | Distributing   | Distributing | Distributing            | Distributing | Distributing | Distributing | Distributing |
| <b>Launch date/activation date and place of launch in Luxembourg</b> | 18.12.2015   | 15.06.2018   | 18.12.2015              | TBD          | 30.06.2017   | 14.06.2018   | TBD          |
| <b>Subscription period</b>   | 18.11.2015 - 18.12.2015  | NA           | 18.11.2015 - 18.12.2015 | NA           | NA           | NA           | NA           |

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| <b>Management Company Fee and Administration Fee</b> | <p>Share Classes A up to 2.25 % p.a. of the net asset value of the Sub-Fund</p> <p>Share Classes D up to 2.0 % p.a. of the net asset value of the Sub-Fund</p> <p>Share Classes I up to 1.00 % p.a. of the net asset value of the Sub-Fund Share Class J up to 1,15 % p.a. effective of the net asset value of the Sub-Fund</p> <p>Share Class K up to 1,25 % p.a. effective of the net asset value of the Sub-Fund</p> <p>A minimum fee of up to 70,000.- EUR p.a. for the Sub-Fund, currently not subject to Luxembourg VAT, applies</p> <p>The Management Company can accept a lower fee or waive the fee</p> |
| <b>Domiciliary and Corporate Agent Services Fee</b>  | <p>3,600.- EUR p.a. for Core Domiciliation Services for the SICAV.</p> <p>7,500.- EUR p.a. for Core Corporate Agency Services.</p> <p>Any additional services, including Collection of data elements and compilation into Board Packs, will be subject to negotiation; in addition, like the aforementioned, any further external costs will be charged on top (and be borne by the fund).</p>   |
| <b>Depositary Fee</b>                                | Up to 0,1% p.a. of the net asset value of the Sub-Fund with a minimum fee of up to 24,000.- EUR p.a., in addition, the Depositary will also be entitled to reimbursement of reasonable out-of-pocket expenses properly incurred in carrying out its duties. Fees paid to the Depositary may vary depending on the nature of the investments of each Sub-Fund and the countries and/or markets in which the investments are made.   |
| <b>Transfer Agency Fee</b>                           | Minimum fee up to 28,000.- EUR.  |

|   |   |            |            |            |            |                      |            |            |
|---|---|------------|------------|------------|------------|----------------------|------------|------------|
| <b>Portfolio Manager Fee</b>                | <p>The Portfolio Manager Fee will be paid out of the Management Company and Administration Fee.</p> <p>Share Classes A up to 2.00% p.a. of the net asset value of the Sub-Fund, currently not subject to Luxembourg VAT.</p> <p>Share Classes D up to 1.75% p.a. of the net asset value of the Sub-Fund, currently not subject to Luxembourg VAT.</p> <p>Share Classes I up to 0.75 % p.a. of the net asset value of the Sub-Fund, currently not subject to Luxembourg VAT.</p> <p>Share Class J up to 0.90% % p.a. of the net asset value of the Sub-Fund, currently not subject to Luxembourg VAT.</p> <p>Share Class K up to 1.00% % p.a. of the net asset value of the Sub-Fund, currently not subject to Luxembourg VAT.</p> <p>The Portfolio Manager can accept a lower fee or waive the fee.</p>   |            |            |            |            |                      |            |            |
| <b>FATCA-Classification</b>                 | <p>According to the current national Luxembourg FATCA legislation, the Company qualifies as a "Restricted Fund" in accordance with Annex II, Section IV (E) (5) of the IGA Luxembourg-USA. As per definition of the Annex II, Section IV (E) (5) of the IGA Luxembourg-USA, a Restricted Fund is a Non-Reporting Luxembourg Financial Institution and shall be treated as a deemed-compliant Foreign Financial Institution for purposes of section 1471 of the US Internal Revenue Code. Therefore, shares in the Company must not be offered, sold, transferred or delivered to:</p> <ul style="list-style-type: none"> <li>- Specified U.S. Persons within the meaning of Article 1, Section 1 (ff) of the IGA Luxembourg-USA,</li> <li>- Nonparticipating Financial Institutions within the meaning of Article 1, Section 1 (r) of the IGA Luxembourg-USA, and</li> </ul> <p>Passive Non-Financial Foreign Entities (passive NFFEs) with one or more substantial US Owners as defined in the relevant US Treasury Regulations.</p>   |            |            |            |            |                      |            |            |
| <b>CRS-Classification</b>                   | Luxembourg Financial Institution (Investment Entity).   |            |            |            |            |                      |            |            |
| <b>Disclosure Regulation Classification</b> | The Sub-Fund is classified as an article 6 Sub-Fund under the Disclosure Regulation, as defined below.  |            |            |            |            |                      |            |            |
| <b>Performance Fee</b>                      | <p>In addition to the portfolio manager Fee, the Portfolio Manager is entitled to receive a performance fee (the "Performance Fee") of 15 % which is calculated daily on the basis of the average Net Asset Value (in the relevant accounting period) per share of the relevant Share Class. The Performance Fee may only be levied and set aside when both of the following criteria are fulfilled: (i) The performance of the Net Asset Value per Share Class used in the calculation of the Performance Fee is greater than Libor 3 Months Rate resp. Euribor 3 Months Rate p.a. (the "Hurdle Rate"). At the time of launch, the reference figure compared to which the Hurdle Rate will be calculated for the first time is equal to the issue price of the respective Share Class. The Hurdle rate is computed for the calculation as a synthetic Benchmark based on the Libor 3 Months Rate resp. Euribor 3 Months Rate p.a. The performance of the Hurdle rate is calculated as followed: Performance = <math>\frac{Hend}{H0-1}</math> (ii) The Net Asset Value per Share Class used in the calculation of the Performance Fee is greater than previous Net Asset Values per Share Class at the end of an accounting period (the "High Watermark"). Each preceding decline in the Net Asset Value per Share of the relevant Share Class must be offset by a further increase.</p> <p>The High-Watermark may be periodically reset after the end of the third financial year and every 3 years thereafter. This means that the High Watermark is set exactly to the current share price (quarter end price) every 3 years. The historical / past High Watermark becomes irrelevant for the calculation of the performance fee for the future. After the periodically reset, within the next 3 years period, the usual HWM method applies again. That means the HWM is updated at the end of each calculation period on the price at which a performance fee was due/ paid out until the next 3 years is over.</p> <p>The Performance Fee is charged to the fund assets and paid out at the end of each quarter (calculation period). Any applicable Performance Fee is calculated and accrued on every valuation day.</p> |            |            |            |            |                      |            |            |
| <b>Distribution Fee</b>                     | none  |            |            |            |            |                      |            |            |
| <b>Taxe d'abonnement</b>                    | 0.05% p.a.  | 0.05% p.a. | 0.05% p.a. | 0.05% p.a. | 0.05% p.a. | 0.05% p.a.           | 0.05% p.a. | 0.05% p.a. |
| <b>Distribution countries</b>               | Luxembourg, Germany, UK, Austria, Switzerland   |            |            |            |            | Germany, Switzerland |            |            |

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| <b>Risk Management Procedure</b>           | Relative VaR Approach<br>99% confidence level<br>1-day holding period<br>1-year observation period<br>Daily calculation   |
| <b>Derivative-free reference portfolio</b> | 100% MSCI China Net EUR Index (Bloomberg: MECN INDEX)   |
| <b>Expected Leverage</b>                   | Due to the investment strategy of the Fund the expected leverage by the use of derivatives is 200%. Leverage is calculated by the method Sum of Notionals according to specifications of the CESR / 10-788 Directive. In this context, a leverage of 0% is to be understood as unleveraged portfolio. |

## INCLUSION OF SUSTAINABILITY RISKS IN THE INVESTMENT PROCESS

As part of the investment process, the relevant financial risks are included in the investment decision and assessed on an ongoing basis. In doing so, relevant sustainability risks within the meaning of Regulation (EU) 2019/2088 of the European Parliament and of the Council of November 27, 2019, on sustainability-related disclosure requirements in the financial services sector ("Disclosure Regulation"), which may have a material negative impact on the return on an investment, are also taken into account.

Sustainability risk means an environmental, social or governance event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of the investment. Sustainability risks can therefore lead to a significant decline in the financial profile, liquidity, profitability or reputation of the underlying investment. If sustainability risks are not already taken into account in the valuation process of the investments, they can have a material negative impact on the expected / estimated market price and/ or the liquidity of the investment and thus on the return of the fund. Sustainability risks can have a significant impact on all known risk types and can contribute as a factor to the materiality of these risk types.

As part of the selection of assets for the investment Sub-Fund, the influence of the risk indicators, including sustainability risks, are assessed in addition to the investment objectives and strategies.

The assessment of risk quantification includes aspects of sustainability risks and relates them to other factors (in particular price and expected return) in the investment decision.

In general, risks (including sustainability risks) are already taken into account in the investment evaluation process (price indication) based on the potential material impact of risks on the return of the investment assets. Nevertheless, depending on the asset and due to external factors, negative effects on the return of the investment Sub-Fund may be realized.

This Sub-Fund is not classified as a product promoting environmental or social characteristics within the meaning of the Disclosure Regulation (Article 8), nor as a product with sustainable investment as its objective (Article 9).

Explanations of any adverse sustainability impacts pursuant to Article 7(1) of the Disclosure Regulation will be included in this Prospectus and in the Fund's annual reports from 30 December 2022.

## PORTFOLIO MANAGER

The Portfolio Manager is TAMAC Thomé Asset Management & Asset Controlling, The Stables, Druids Lodge, Salisbury SP3 4UN, United Kingdom. TAMAC Thomé Asset Management & Asset Controlling manages the investment and reinvestment of the assets of the Sub-Fund in accordance with the investment objective and policies of the Sub-Fund as described in this Appendix, and is responsible for placing orders for the purchase and sale of investments with brokers, dealers and counterparties selected by it at its discretion. The Portfolio Manager has appointed Qilin Business Information Consulting (Shanghai) Co. Ltd. for certain research tasks.

## **STOCK CONNECT**

The Shanghai and Shenzhen Connect Programme (“Stock Connect”) is the mutual market access programme through which non-PRC investors can deal in select securities listed on a PRC stock exchange, currently the stock exchanges in Shanghai and Shenzhen, through a platform organized by the Hong Kong Stock Exchange and a broker and a clearing house based in Hong Kong and PRC domestic investors can deal in select securities listed on the Hong Kong Stock Exchange through a platform put in place by a PRC stock exchange, currently the stock exchanges in Shanghai and Shenzhen.

As at the date of this Prospectus, the Portfolio Manager, when using Stock Connect, will be limited to investments in China A-Shares, B-Shares and H-Shares listed on Stock Exchange (Shanghai and Shenzhen).

## **SUB-CUSTODIAN AND BROKER**

For the purposes of investing in China A-Shares, B-Shares and H-Shares through Stock Connect, the Depositary, has appointed Citibank (the “Sub-Custodian”) as its Sub-Custodian in Hong Kong. Please note that Citibank is a member of the China Securities Depository (CSD) Central Clearing and Settlement System (“CCASS”). Citibank will also act as the broker for Stock Connect Shares (the “Stock Connect-Shares Broker”). Stock Connect Shares will be held by the Hong Kong Securities Clearing Company Limited (“HKSCC”) as nominee in an account at the China Securities Depository and Clearing Corporation Limited (“CSDCC”). The Company as the foreign investors holding the Stock Connect Shares through HKSCC is the beneficial owner of the assets and eligible to exercise its rights through the nominee. Securities held by HKSCC as nominee are not considered as assets of HKSCC under Hong Kong or China law.

The Sub-Custodian will hold the Company’s Stock Connect Shares through Stock Connect and can be used for a third party clearing model via Citibank. The Depositary will open segregated securities accounts with the Sub-Custodian to hold the Stock Connect Shares purchased through Stock Connect.

## **FEES AND EXPENSES**

### **Management Company Fee charged to Sub-Fund assets**

The remuneration of the Management Company shall be calculated on each valuation day and paid monthly to the Management Company.

The Management Company can accept a lower fee or waive the fee.

### **Depositary and Paying Agency Fee, Domiciliary and Corporate Agency Services Fee, Registrar and Transfer Agency Fee charged to Sub-Fund assets**

The remuneration is payable monthly on a pro rata basis. Transaction costs will be charged to the Sub-fund assets separately.

### **Portfolio Manager Fee**

The remuneration of the Portfolio Manager shall be calculated and paid to the Portfolio Manager on a monthly basis retroactively on the daily average net Sub-Funds assets. The Portfolio Manager can accept a lower fee or waive the fee. The Portfolio Manager is also entitled to the Performance Fee.

## **SUB-FUND SPECIFIC RISKS**

Investing in the securities markets in mainland China is subject to the risks of investing in emerging markets generally and the risks specific to the China market in particular.

Since 1978, the Peoples Republic of China (“PRC”) government has implemented economic reform measures which emphasise decentralisation and the utilisation of market forces in the development of the Chinese economy, moving from the previous planned economy system. However, many of the economic measures are experimental or unprecedented and may be subject to adjustment and modification. Any significant change in PRC’s political, social or economic policies may have a negative impact on investments in the Chinese market.

The regulatory and legal framework for capital markets in the PRC are still in developing stage when compared with those of developed countries.

Companies in mainland China are required to follow the Chinese accounting standards and practice which, to a certain extent, follow international accounting standards. However, there may be significant differences between financial statements prepared by accounts following the Chinese accounting standards and practice and those prepared in accordance with international accounting standards.

Both the Shanghai and Shenzhen securities markets are in the process of development and change. This may lead to trading volatility, difficulty in the settlement and recording of transactions and difficulty in interpreting and applying the relevant regulations.

Currently, PRC entities are undergoing reform with the intention of increasing liquidity of debt and equity instruments. However, the effects of such reform on the PRC debt and equity markets as a whole remain to be seen.

Investors should also be aware that changes in the PRC taxation legislation could affect the amount of income which may be derived, and the amount of capital returned, from the investments of the Sub-Fund. Laws governing taxation will continue to change and may contain conflicts and ambiguities.

Market volatility and potential lack of liquidity in PRC debt and/or equity markets may result in prices of securities traded on such markets fluctuating significantly, thereby causing volatility in the net asset value of the Sub-Fund.

#### **Risks linked with dealing in securities in China via Stock Connect**

To the extent that the Sub-Fund's investments in China are dealt via Stock Connect, such dealing may be subject to additional risk factors. In particular, Shareholders should note that Stock Connect is a new trading programme. The relevant regulations are untested and subject to change. Stock Connect is subject to quota limitations which may restrict the Sub-Fund's ability to deal via Stock Connect on a timely basis. This may impact the Sub-Fund's ability to implement its investment strategy effectively. Initially, the scope of Stock Connect includes all constituent stocks of the SSE 180 Index and the SSE 380 Index, SZSE Component Index and SZSE Small/Mid Cap Innovation Index as well as dual listed stocks at the Hong Kong Stock Exchange, the Shanghai Stock Exchange ("SSE") and the Shenzhen Stock Exchange ("SZSE") and may be broadened to include further SSE and SZSE shares. Shareholders should note further that under the relevant regulations a security may be recalled from the scope of Stock Connect. This may adversely affect the Sub-Fund's ability to meet its investment objective, e.g. when the Portfolio Manager wishes to purchase a security which is recalled from the scope of Stock Connect.

#### **Beneficial owner of the Stock Connect Shares**

Stock Connect comprises the Northbound link, through which Hong Kong and overseas investors like the Company may purchase and hold Stock Connect Shares, and the Southbound link, through which investors in Mainland China may purchase and hold shares listed on the Stock Exchange of Hong Kong ("SEHK"). The Sub-Fund trades Stock Connect Shares through its Stock Connect Shares Broker who is a SEHK exchange participants. These Stock Connect Shares will be held following settlement by brokers or Depository's as clearing participants in accounts in the Hong Kong Central Clearing and Settlement System ("CCASS") maintained by the Hong Kong Securities and Clearing Corporation Limited ("HKSCC") as central securities depository in Hong Kong and nominee holder. HKSCC in turn holds Stock Connect Shares of all its participants through a "single nominee omnibus securities account" in its name registered with ChinaClear, the central securities depository in Mainland China.

Because HKSCC is only a nominee holder and not the beneficial owner of Stock Connect Shares, in the unlikely event that HKSCC becomes subject to winding up proceedings in Hong Kong, investors should note that Stock Connect Shares will not be regarded as part of the general assets of HKSCC available for distribution to creditors even under Mainland China law. However, HKSCC will not be obliged to take any legal action or enter into court proceedings to enforce any rights on behalf of investors in Stock Connect Shares in Mainland China. Foreign Investors like the Sub-Fund investing through the Stock Connect holding the Stock Connect Shares through HKSCC are the beneficial owners of the assets and are therefore eligible to exercise their rights through the nominee only.

### **Non-Protection by Investor Compensation Fund**

Investors should note that any Northbound trading under Stock Connect will not be covered by Hong Kong's Investor Compensation Fund nor the China Securities Investor Protection Fund and thus investors will not benefit from compensation under such schemes.

Hong Kong's Investor Compensation Fund is established to pay compensation to investors of any nationality who suffer pecuniary losses as a result of default of a licensed intermediary or authorised financial institution in relation to exchange-traded products in Hong Kong. Examples of default are insolvency, in bankruptcy or winding up, breach of trust, defalcation, fraud, or misfeasance.

### **Used up Quotas**

When the respective aggregate quota balance for Northbound trading is less than the daily quota, the corresponding buy orders will be suspended on the next trading day (sell orders will still be accepted) until the aggregate quota balance returns to the daily quota level. Once the daily quota is used up, acceptance of the corresponding buy orders will also be immediately suspended and no further buy orders will be accepted for the remainder of the day. Buy orders which have been accepted will not be affected by the using up of the daily quota, while sell orders will be continued to be accepted. Depending on the aggregate quota balance situation, buying services will be resumed on the following trading day.

As a result of the quota restriction, there is no guarantee that a buy order can be successfully placed through Shanghai and Shenzhen Connect.

### **Risk of ChinaClear default**

ChinaClear has established a risk management framework and measures that are approved and supervised by the CSRC. Pursuant to the General Rules of CCASS, if China Clear (as the host central counterparty) defaults, HKSCC will, in good faith, seek recovery of the outstanding Stock Connect securities and monies from ChinaClear through available legal channels and through ChinaClear's liquidation process, if applicable.

HKSCC will in turn distribute the Stock Connect securities and/or monies recovered to clearing participants on a pro-rata basis as prescribed by the relevant Stock Connect authorities. Although the likelihood of a default by ChinaClear is considered to be remote, investors in the Sub-Fund should be aware of this arrangement given the Sub-Funds potential exposure when engaging in Northbound Trading.

### **Risk of HKSCC default**

A failure or delay by the HKSCC in the performance of its obligations may result in a failure of settlement, or the loss, of Stock Connect securities and/or monies in connection with them and the Sub-Fund and its investors may suffer losses as a result. Neither the Sub-Fund nor the Portfolio Manager shall be responsible or liable for any such losses.

### **Ownership of Stock Connect Shares**

Stock Connect Shares are uncertificated and are held by HKSCC for its account holders. Physical deposit and withdrawal of Stock Connect Shares are not available under the Northbound Trading for the Sub-Fund.

The Sub-Fund's title or interests in, and entitlements to Stock Connect Shares (whether legal, equitable or otherwise) will be subject to applicable requirements, including laws relating to any disclosure of interest requirement or foreign shareholding restriction. It is uncertain whether the Chinese courts would recognise the ownership interest of the investors of the Sub-Fund to allow them standing to take legal action against the Chinese entities in case disputes arise.

### **Difference in trading day and trading hours**

Due to differences in public holiday between Hong Kong and Mainland China or other reasons such as bad weather conditions, there may be a difference in trading days and trading hours on the stock exchanges including the Stock Connect program. Stock Connect will only operate on days when both markets are open



for trading and when banks in those markets are open on the corresponding settlement days. So it is possible that there are occasions when it is a normal trading day for the Mainland China market but it is not possible to carry out any Stock Connect Shares trading in Hong Kong.

#### **The recalling of eligible stocks and trading restrictions**

A stock may be recalled from the scope of eligible stocks for trading via Stock Connect for various reasons, and in such event the stock can only be sold but is restricted from being bought. This may affect the Sub-Fund's portfolio or strategies of the Portfolio Manager. Under Stock Connect, the Portfolio Manager will only be allowed to sell Stock Connect Shares but be restricted from further buying if: (i) the Stock Connect Share subsequently ceases to be a constituent stock of the relevant indices; (ii) the Stock Connect Share is subsequently under "risk alert"; and/or (iii) the corresponding H share of the Stock Connect Share subsequently ceases to be traded on the relevant stock exchange. Price fluctuation limits are applicable to Stock Connect Shares.

#### **Trading costs**

In addition to paying trading fees and stamp duties in connection with Stock Connect Shares trading, the Sub-Fund, if carrying out Northbound trading via Stock Connect, could become liable to new portfolio fees, dividend tax and tax concerned with income arising from stock transfers which would be determined by the relevant authorities.

#### **Local market rules, foreign shareholding restrictions and disclosure obligations**

Under Stock Connect, Stock Connect Shares listed companies and trading of Stock Connect Shares are subject to market rules and disclosure requirements of the Stock Connect Shares market. Any changes in laws, regulations and policies of the Stock Connect Shares market or rules in relation to Stock Connect may affect share prices. Foreign shareholding restrictions and disclosure obligations are applicable to Stock Connect Shares.

The Portfolio Manager will be subject to restrictions on trading (including restriction on retention of proceeds) in Stock Connect Shares as a result of its interest in the Stock Connect Shares. The Portfolio Manager is solely responsible for compliance with all notifications, reports and relevant requirements in connection with its interests in Stock Connect Shares.

Under the current Mainland China rules, once an investor holds up to 5% of the shares of a company listed on the relevant stock exchange, the investor is required to disclose his interest within three working days and during which he cannot trade the shares of that company. The investor is also required to disclose any change in his shareholding and comply with related trading restrictions in accordance with the Mainland China rules.

According to existing Mainland China practices, the Sub-Fund as beneficial owners of Stock Connect Shares traded via Stock Connect cannot appoint proxies to attend shareholders' meetings on its behalf.

#### **Currency Risk**

Northbound investments in A-Shares will be traded and settled in Renminbi ("RMB"). You will be exposed to currency risk if you invest in a RMB product due to the need to convert local currency into RMB. During the conversion process, you will incur currency conversion costs and you will also be exposed to currency risk.

#### **Taxation risk**

On 14 November 2014, the Ministry of Finance, the State Administration of Taxation and the CSRC published the Circular on relevant Tax Treatment for the Pilot Programme of Shanghai-Hong Kong Stock Connect. Such circular provides that Hong Kong and overseas investors investing in Stock Connect-Shares via the Stock Connect Service are temporarily exempt from income tax on capital gains derived from the transfer of Stock Connect Shares on or after 17 November 2014 (the "Stock Connect Exemption"). Dividends from Stock Connect Shares paid to Hong Kong and overseas investors will continue to be subject to 10% withholding tax which is to be withheld at source.

However, the Stock Connect Exemption may be amended, discontinued or revoked in future. If it occurs, prospective retrospective tax liability may arise. There is also a risk that the Mainland China tax authorities may seek to collect tax on a retrospective basis, without giving any prior warning. If such tax were to be collected, the tax liability would be payable by the Sub-Fund. However, this liability may be mitigated under the terms of an applicable tax treaty.

## **APPENDIX - Additional information for investors in the Federal Republic of Germany**

Additional information for investors in the Federal Republic of Germany concerning the public distribution of shares of the sub-fund "TAMAC Qilin – China Champions", of the investment company "TAMAC Qilin".

### **INFORMATION AGENT**

in the Federal Republic of Germany

Universal-Investment-Gesellschaft mbH  
Theodor-Heuss-Allee 70  
60486 Frankfurt am Main

### **Since there are no shares issued as printed individual certificates, a Paying Agent has not been appointed in the Federal Republic of Germany.**

Redemption and conversion applications by shareholders in the Federal Republic of Germany may be submitted through their respective main bank, which will transmit the application via the usual settlement and clearing process to the Depository / Registrar and Transfer Agent of the Fund in the Grand Duchy of Luxembourg. All payments to shareholders in the Federal Republic in Germany (redemption proceeds as well as possible dividends and other payments) will also be cleared through the usual settlement process with their respective main bank, so that German shareholders will receive payments from it.

The current Sales Prospectus, Articles of Association, Key Investor Information Document (KIID) and Annual and Semi-Annual Reports are available to shareholders free of charge in English language from the Management Company, Depository, Registrar and Transfer Agent and the Information Agent in the Federal Republic of Germany.

The agreements indicated under "Publications" above and the Management Company's Articles of Association are also available for inspection at the offices indicated above.

The offering and redemption prices are published in the Federal Republic of Germany on the website [www.universal-investment.com](http://www.universal-investment.com). Any notices for shareholders are published in the electronic version of the German Federal Gazette (Bundesanzeiger).

### **Right of cancellation under § 305 KAGB**

If investment shares are purchased as a result of verbal negotiations outside the permanent business offices of the person selling the shares or acting as an intermediary for the sale, the buyer can cancel his declaration to purchase by sending in text form a notice of cancellation to the foreign management company within a period of two weeks (right of cancellation); this also applies if the person selling the shares or acting as an intermediary for the sale has no permanent business offices. In the case of a distance sale within the meaning of § 312b of the German Civil Code (Bürgerliches Gesetzbuch - BGB), cancellation is not permitted if financial services are purchased whose price is subject to fluctuations on the financial market (§ 312g paragraph 2 sentence 1 number 8 BGB).

Sending the notice of cancellation within the allotted time period is deemed sufficient for compliance with the deadline. The notice of cancellation must be sent to Universal-Investment-Luxembourg S.A., 15, rue de Flaxweiler, L-6776 Grevenmacher, Grand Duchy of Luxembourg, indicating the person making the cancellation and his or her signature. No reasons need to be provided for cancellation.

The cancellation period does not begin until a copy of the application to enter into a contract has been provided to the buyer or a bought note has been sent to him containing information advising the buyer of his right of cancellation as above.

If the beginning of the period is disputed, the burden of proof is on the seller.

The buyer has no right of cancellation if the seller proves that the buyer bought the shares as part of his business operations, or that he called on the buyer for the negotiations leading to the sale of the shares based upon a previously arranged appointment in accordance with § 55 paragraph 1 of the German Trade, Commerce and Industry Regulation Act (Gewerbeordnung - GewO).

If a cancellation has been made and the buyer has already made payments, the foreign management company is obligated to pay the buyer, concurrently with the retransfer of the purchased shares, if necessary, any

expenses paid plus an amount equal to the value of the purchased shares on the day following receipt of the notice of cancellation.

The right of cancellation cannot be waived.

**Special risks arising from tax-related obligations in Germany**

The Management Company must provide proof of the accuracy of the tax basis notified. Should errors from the past be identified, there shall be no retrospective correction; instead, it shall be taken into account as part of the notification for the current financial year.

## **Information concerning the taxation of income from foreign investment funds for investors from the Federal Republic of Germany**

Investment fund under Luxembourg law

**The following information on taxation is not intended to provide or substitute legally binding tax advice and does not assert the claim to cover all relevant tax-related aspects which may be of importance in connection with the purchase, possession or sale of units in the Fund. The items listed are neither exhaustive nor do they take into account any individual circumstances of particular investors or investor groups.**

### **General remarks**

The statements concerning tax regulations rules apply only to investors who have unlimited tax liability within Germany. We recommend that foreign investors contact their own tax advisers prior to purchasing units in the Investment Fund described in this Sales Prospectus and obtain individual clarification regarding the possible tax-related consequences in their home country arising from the purchase of units.

The Investment Fund itself is only partially subject in Germany to corporation tax of 15% plus solidarity surcharge for specific domestic income. This income taxable in Germany includes domestic revenue from investments and other domestic income in line with the limited obligation to pay tax with the exception of gains from the sale of units in capital companies. Corporation tax is, however, discharged insofar as the income is subject in Germany to tax deduction; in this case, the 15% tax deduction already includes the solidarity surcharge. The Investment Fund is not, in principle, subject to trade tax in Germany.

The taxable income of the Investment Fund (investment income), i.e. Fund distributions, advance lump-sum amounts and gains from the disposal of units are subject to income tax for private investors as revenue from capital assets where this, combined with the investors' other capital gains, exceeds their flat-rate allowance. Income from capital assets is generally subject to a 25% withholding tax (plus solidarity surcharge and, where applicable, church tax).

The tax for the private investor has, in principle, the effect of a tax at source (known as "flat-rate withholding tax"), so that the income from capital assets usually does not have to be included on the income tax return. In principle, when deducting the tax, the custodian will have already offset losses and foreign withholding taxes from direct investments. The withholding tax does not have the effect of a final payment, however, if the investor's personal tax rate is lower than the final withholding tax of 25%. In this case, the income from capital assets can be included on the income tax return. The tax authority then applies the lower personal tax rate and offsets the tax deduction against the tax liability (known as the "reduced-rate test").

Where income from capital assets has not been subject to taxation in Germany (for example, in the case of a foreign custody account), this must be included on the tax return. Within the tax assessment, any income from capital assets is then also subject to the final withholding tax of 25%, or else to the lower personal tax rate.

Despite taxation and the higher personal tax rate, information about the income from capital assets may be required if extraordinary expenses or itemised deductions (e.g. charitable donations) are claimed as part of the income tax return.

If the units are held in the operating assets, the investment income is treated as business revenue for tax purposes. In this case, the tax will not have the effect of a final payment; there is no offsetting of losses through the domestic custodian. The tax legislation requires a sophisticated review of the income components in order to determine the income which is taxable and/or liable for capital gains tax.

### **Units held as personal assets (residents for tax purposes)**

#### **Distributions**

Fund distributions are in principle taxable. However, distributions can remain partially tax-exempt (partial exemption) if the Fund meets the requirements of the German Investment Tax Act for an equity fund or mixed fund. These requirements must arise from the investment conditions.

Taxable distributions are generally subject to a tax deduction of 25% (plus the solidarity surcharge and church tax, if relevant).

If an investor keeps units in a domestic custody account, the custodian (as the paying agent) will not deduct tax if, before the date set for distribution, it receives an exemption order for a sufficient amount that has been issued in accordance with the official template or a non-assessment certificate issued by the tax authorities for a maximum period of three years. In this case, the full distribution is credited to the investor.

#### **Advance lump-sum amounts**

The advance lump-sum amount is the amount by which Fund distributions in a calendar year fall below the basic income for that calendar year. Basic income is calculated by multiplying the redemption price of the unit at the beginning of a calendar year by 70% of the basic interest rate derived from the long-term returns achievable from public bonds. Basic income is limited to the surplus arising between the first and last redemption price determined plus distributions during the calendar year. In the year the units are acquired, the advance lump-sum amount is reduced by a twelfth for each full month preceding the month of acquisition. The advance lump-sum amount is deemed accrued on the first working day of the following calendar year.

As a rule, advance lump-sum amounts are taxable. However, advance lump-sum amounts can remain partially tax-exempt (partial exemption) if the Fund meets the requirements of the German Investment Tax Act for an equity fund or mixed fund. These requirements must arise from the investment conditions.

Taxable advance lump-sum amounts are generally subject to a tax deduction of 25% (plus the solidarity surcharge and church tax, if relevant).

If an investor keeps units in a domestic custody account, the custodian (as the paying agent) will not deduct tax if, before the date of accrual, it receives an exemption order for a sufficient amount that has been issued in accordance with the official template or a non-assessment certificate issued by the tax authorities for a maximum period of three years. In this case, no tax will be paid. Otherwise, investors must make the amount of the tax to be paid available to the domestic institution maintaining their custody account. To this end, the custodian may withdraw the amount of the tax to be paid from an account held with it in the name of the investor without the investor's consent. Unless otherwise stipulated by the investor before the advance lump-sum amount accrues, the custodian may withdraw the amount of the tax to be paid from one of the accounts in the name of the investor, insofar as an overdraft agreed with the investor for this account has not been utilised. If the investor has not complied with his obligation to make the amount of the tax to be paid available to the domestic custodian, the institution must report them to the competent tax authorities. In this case, the investor must include the advance lump-sum amount in his income tax return.

#### **Capital gains at investor level**

If units are sold to the Fund, the capital gains are in principle taxable and are generally subject to a tax deduction of 25% (plus solidarity surcharge and church tax where applicable). When determining the capital gains, the gains shall be reduced by the advance lump-sum amount set during the holding period.

However, capital gains can remain partially tax-exempt (partial exemption) if the Fund meets the requirements of the German Investment Tax Act for an equity fund or mixed fund. These requirements must arise from the investment conditions. Conversely, in the event of loss on disposal, the loss is not deductible from the amount of the partial exemption to be applied at investor level.

If the units are held in a domestic custody account, the custodian will apply the tax deduction, taking account of any partial exemptions. The withholding tax of 25% (plus the solidarity surcharge and, where applicable, church tax) may be waived following presentation of a sufficient exemption request or non-assessment certificate. If such units are sold by a private investor at a loss, the loss may be offset against other positive income from capital assets. If the units are held in a domestic custody account and positive income was generated from capital assets with the same custodian in the same calendar year, said institution will offset the losses.

The taxation of capital gains also applies where the units sold are old units (i.e. units acquired before 1 January 2018). In addition, these old units are regarded as sold as at 31 December 2017 and repurchased as at 1 January 2018. The gains from this notional disposal as at 31 December 2017 are also, however, only subject to taxation as at the date of actual disposal. For old units, therefore, the gains to be taxed on the date of actual disposal will be determined in two parts. Value changes in old units occurring between the time of purchase and 31 December 2017 are taken into consideration when determining the notional capital gains as at 31 December 2017. In contrast, value changes in old units occurring from 1 January 2018 are taken into consideration when determining the gains from the actual disposal.

Old units acquired before the introduction of the flat-rate withholding tax, i.e. before 1 January 2009 are grandfathered units. For these grandfathered units, value changes occurring up to 31 December 2017 are tax-exempt. Value changes in old units occurring from 1 January 2018 are only taxable if the gains exceed EUR 100,000. This allowance can only be used if the gains are declared to the tax authorities with competence for the investor.

#### **Change to applicable partial exemption**

If the applicable partial exemption changes or the requirements for partial exemption no longer apply, the investment unit is regarded as sold and repurchased on the following day. Gains from the notional sale are regarded as accrued on the date on which the investment unit is actually sold.

### **Units held as operating assets (residents for tax purposes)**

#### **Distributions**

Fund distributions are in principle subject to income tax, corporation tax and trade tax. However, distributions can remain partially tax-exempt (partial exemption) if the Fund meets the requirements of the German Investment Tax Act for an equity fund or mixed fund. These requirements must arise from the investment conditions. For the purposes of trade tax, the tax-free amounts are halved.

Distributions are generally subject to a tax deduction of 25% (plus the solidarity surcharge and church tax).

#### **Advance lump-sum amounts**

The advance lump-sum amount is the amount by which Fund distributions in a calendar year fall below the basic income for that calendar year. Basic income is calculated by multiplying the redemption price of the unit at the beginning of a calendar year by 70% of the basic interest rate derived from the long-term returns achievable from public bonds. Basic income is limited to the surplus arising between the first and last

redemption price determined plus distributions during the calendar year. In the year the units are acquired, the advance lump-sum amount is reduced by a twelfth for each full month preceding the month of acquisition. The advance lump-sum amount is deemed accrued on the first working day of the following calendar year.

Advance lump-sum amounts are in principle subject to income tax, corporation tax and trade tax. However, advance lump-sum amounts can remain partially tax-exempt (partial exemption) if the Fund meets the requirements of the German Investment Tax Act for an equity fund or mixed fund. These requirements must arise from the investment conditions. For the purposes of trade tax, the tax-free amounts are halved.

Advance lump-sum amounts are generally subject to a tax deduction of 25% (plus the solidarity surcharge and church tax).

#### **Capital gains at investor level**

Gains from the disposal of units are in principle subject to income tax, corporation tax and trade tax. When determining the capital gains, the gains shall be reduced by the advance lump-sum amount set during the holding period. However, capital gains can remain partially tax-exempt (partial exemption) if the Fund meets the requirements of the German Investment Tax Act for an equity fund or mixed fund. These requirements must arise from the investment conditions. For the purposes of trade tax, the tax-free amounts are halved.

Gains from the disposal of units are not generally subject to the deduction of capital gains tax.

In the event of loss on disposal, the loss is not deductible from the amount of the partial exemption to be applied at investor level.

#### **Change to applicable partial exemption**

If the applicable partial exemption changes or the requirements for partial exemption no longer apply, the investment unit is regarded as sold and repurchased on the following day. Gains from the notional sale are regarded as accrued on the date on which the investment unit is actually sold.

#### **Reimbursement of corporation tax levied by capital gains tax deduction for the Fund**

Capital gains tax (corporation tax) accruing at Fund level may be reimbursed to an investor if the investor is a domestic corporation, association of individuals or corporate fund which, according to its articles of association, act of formation or other by-laws and according to its effective management exclusively and directly serves charitable, non-profitable or religious purposes or is a foundation under public law that exclusively and directly serves charitable, non-profitable or religious purposes or is a legal entity under public law that exclusively and directly serves religious purposes; this does not apply if the units are held in a commercial business. The same applies to comparable foreign investors with registered offices and central management in a foreign state providing mutual assistance for the recovery of taxes.

The prerequisite for this is that such an investor makes a corresponding application and that the capital gains tax accruing is attributable pro rata to his holding period. In addition, the investor must be the owner under civil and commercial law for at least three months before the taxable income of the Fund accrues and there is no obligation to transfer the units to another person. Furthermore, reimbursement in respect of capital gains tax on German dividends and income from German near-equity participation rights accruing at Fund level essentially presupposes that German equities and German near-equity participation rights are held by the Fund as the beneficial owner for an uninterrupted period of 45 days before and after the maturity date of the capital gains and that over these 45 days the risks of a change in the minimum value remains at a constant 70%.

Evidence of tax exemption and a statement on the investment units held issued by the custodian must be enclosed with the application. The statement on the investment units held is an official certificate drawn up on the extent of the units held continuously by the investor over the calendar year and the date and extent of unit acquisition and disposal over the calendar year.

Capital gains tax accruing at Fund level may be reimbursed by the Fund to an investor provided the units in the Fund are held on the basis of retirement or basic pension plans certified under the Pension Provision Agreements Certification Act. This presupposes that the provider of the retirement or pension plan advises the Fund within one month after its financial year-end of the dates and extent to which units were acquired or sold. The Fund or company is not obliged to reimburse the relevant capital gains tax to the investor.

Due to the high level of complexity of the regulations, it may be advisable to consult a tax adviser.

#### **Liquidation tax**

While the Fund is being liquidated, distributions only qualify as income to the extent that they include capital growth for a calendar year.

#### **Solidarity surcharge**

A 5.5% solidarity surcharge is levied on the tax withheld upon distribution, advance lump-sum amounts and gains from the sale of units. The solidarity surcharge may be offset against the income and corporation tax.

#### **Church tax**

If income tax is already levied by a domestic custodian (entity deducting the tax), the applicable church tax – in accordance with the rate of the church tax for that religious community to which the individual liable for church tax belongs – is levied as a surcharge to the tax deduction. The deductibility of the church tax as an itemised deduction is already treated as reducing the tax payment.

**Foreign withholding tax**

Withholding tax on the Fund's foreign income is, in some cases, levied in the country of origin. This withholding tax cannot be used by investors to reduce the tax amount.

**Consequences of merging investment funds**

The merger of a domestic investment fund with another domestic investment fund in accordance with one of the provisions of the German Investment Tax Act does not result in the disclosure of hidden reserves, either at investor level or at the level of the investment funds involved; in other words, this process is tax-neutral. The investment funds must be subject to the same law of a foreign state providing mutual assistance for the recovery of taxes. If the investors in the absorbed investment fund receive a cash payment, this shall be treated in the same manner as a distribution.



### **Automatic exchange of information on tax matters**

The significance of the automatic exchange of information to combat cross-border tax fraud and cross-border tax evasion has increased considerably in recent years. On behalf of the G20, the OECD published a global standard in 2014 on the automatic exchange of information on financial accounts in tax matters (Common Reporting Standard, hereinafter referred to as "CRS"). More than 90 states have signed up to the CRS (participating states) by means of a multilateral convention. Furthermore, in late 2014, it was incorporated into Directive 2011/16/EU by Council Directive 2014/107/EU of 9 December 2014 as regards mandatory automatic exchange of information in the field of taxation. Participating states (all EU Member States and a number of third states) have in principle applied the CRS from 2016 with reporting obligations from 2017. Luxembourg incorporated the CRS into Luxembourg law through the Act of 18 December 2015 and has applied it since 2016.

The CRS requires reporting financial institutions (mainly credit institutions) to obtain specific information regarding their customers. Where the customers (natural persons or legal entities) are subject to reporting requirements and are resident in other participating states, their accounts and securities accounts are classified as reportable accounts. The reporting financial institutions transmit specific information for each reportable account to their domestic tax authorities. These in turn transmit the information to the customer's domestic tax authorities.

The information transmitted chiefly relates to personal data of reportable customers (name; address; tax identification number; date and place of birth (for natural persons); state of residence) and information on the customers and securities accounts (e.g. account number; account balance or account value; total gross income such as interest, dividends or distributions from investment funds; total gross proceeds from the disposal or redemption or financial assets (including fund units)).

In concrete terms, those affected are reportable investors with an account and/or securities account at a credit institution established in a participating state. Therefore, Luxembourg credit institutions report information concerning investors resident in other participating states to the local tax authorities (Administration des Contributions Directes), which in turn forward the information to the relevant tax authorities of the investors' states of residence. Conversely, credit institutions in other participating states forward information concerning investors resident in Luxembourg to their respective domestic tax authorities.

#### **Note:**

The tax information is based on the legal position at present. It is intended for persons in Germany who are fully liable for income tax or corporation tax. However, no guarantee can be given that the tax assessment will not alter as a result of legislation, court decisions or orders issued by the tax authorities.

## APPENDIX - Additional information for investors in United Kingdom

This collective investment scheme is recognised under section 264 of the Financial Services and Markets Act 2000 (the FSMA) and this Prospectus is available to the general public in the United Kingdom. Potential investors in the United Kingdom are advised that most, if not all, of the protections provided by the United Kingdom regulatory system generally and for UK authorised funds do not apply to recognised funds such as this collective investment scheme. In particular, investors should note that holdings of Shares in the fund will not be covered by the provisions of the Financial Services Compensations Scheme.

Facilities are maintained at the office Facilities Agent at:

Zeidler Legal Services (UK) Limited  
Aldgate Tower  
4th Floor  
2 Lemn Street  
London E1 8FA  
United Kingdom

(the “**UK Facilities Agent**”)

- a) where information in English can be obtained about the most recently published Redemption and Issue Prices of Shares;
- b) where an investor in the fund may redeem or arrange for the redemption of Shares and from which payment of the price on redemption may be obtained; and
- c) at which any person who has a complaint to make about the operation of the collective investment scheme can submit his complaint for transmission to the Management Company.

Copies of the following documents in English are available for inspection at the office of Zeidler Legal Services (UK) Limited:

- a) the most recent Prospectus;
- b) the most recent key investor information document(s);
- c) the most recently prepared and published annual reports and half-yearly reports;
- d) the Articles of Incorporation; and
- e) any resolutions amending the Articles of Incorporation.

The documents listed above are obtainable for an inspection free of charge or copies free of charge, in the case of the documents at a), b) and c) and otherwise at no more than a reasonable charge.

Where applicable, we would obtain “Reporting Fund” status from HM Revenue & Customs in the United Kingdom under the Offshore Funds (Tax) Regulations 2009 (“the Regulations”). The Regulations require us to inform investors of the amount of income per Share earned by the fund during the most recent annual period (referred to as “reportable income”). UK Investors may need this information when preparing their income tax returns and can obtain the report from our web site [www.universal-investment.com](http://www.universal-investment.com). Please contact your accountant/tax adviser for advice on how to report these amounts to HM Revenue & Customs. If you have any queries please do not hesitate to contact your usual Universal representative.

## **APPENDIX - Additional information for investors in Switzerland**

### **Representative**

The representative in Switzerland is 1741 Fund Solutions AG, Burggraben 16, CH-9000 St. Gallen.

### **Paying Agent**

The paying agent in Switzerland is Tellco AG, Bahnhofstraße 4, CH-6430 Schwyz.

### **Address for obtaining the relevant documents**

Publications relating to the Fund or Company are released in Switzerland on the electronic platform of fundinfo AG ([www.fundinfo.com](http://www.fundinfo.com)). Significant notices for shareholders such as important changes in the Sales Prospectus or Articles of Incorporation and the liquidation of the Company or Fund are published in this publication. The Sales Prospectus including the Articles of Incorporation, the Key Investor Information document (KIID) and the Annual and Semi-Annual Reports can be obtained free of charge from the representative in Switzerland (Tel.: 0041 (058) 458 48 00).

The Issue, Redemption and Conversion Prices and/or Net Asset Value with the note "exclusive of commission" are published daily on the electronic platform fundinfo AG ([www.fundinfo.com](http://www.fundinfo.com)).

### **EU taxation of interest**

The European Community and Swiss Confederation have concluded an Agreement on rules which are equivalent to those laid down in the Directive on the taxation of savings income (the "Agreement"). On the basis of the Agreement and the relevant instructions published by the Swiss tax authorities, the significant points with regard to investment funds established outside Switzerland, but which are distributed by Swiss paying agents, may be summarised as follows:

- Swiss paying agents must pay a tax retention (the "Retention") on the payments of interest to beneficiaries who are natural persons resident in a Member State of the European Union (the "Investor"). The Investor may specifically give consent to a notification in place of the retention of tax.
- The following rules on marginality are applied:

Earnings from investment funds which directly and/or indirectly invest not more than 15% of their assets in claims as defined in Article 7(1)(a) of the Agreement are not deemed to be payments of interest.

Distributions from investment funds which directly and/or indirectly invest more than 15%, but not more than 40%, of their assets in claims as defined in Article 7(1)(a) of the Agreement are subject to retention. The earnings realised on the sale, redemption or return of the shares of this investment fund are not subject to retention.

Distributions from investment funds or earnings from the sale, redemption or return of shares of investment funds, investing directly and/or indirectly more than 40% of the assets in claims as defined in Article 7(1)(a) of the Agreement and realising interest within the scope of the Agreement, are subject to retention.

If the Paying Agent of the investment fund does not receive the necessary information concerning the proportion of the interest payments in the earnings, the aggregate amount of the distribution shall be deemed to constitute an interest payment and the Paying Agent must retain the entire amount of the distribution (Article 7(3) of the Agreement). The same rules apply in the case of the sale, redemption and return of shares.

Interest payments from claims against debtors domiciled in Switzerland are not subject to the Agreement (with several exceptions, e.g. Swiss investment funds for which withholding tax does not have to be applied).

For investors for whom the qualification of the investment fund under the Agreement is important - i.e. the question as to whether an investment fund is covered by the rules on marginality in accordance with letters a

and b above (which should typically be the case with equity funds) - are required to contact the Paying Agent before making an investment.

#### **Payment of trailer fees and discounts**

The Company/Fund and its representatives may pay trailer fees to compensate for the distribution of Fund shares in Switzerland or from Switzerland. This compensation may in particular include the following services:

- transfer of Fund shares;
- service by the relevant order agent (bank, platform or equivalent).

Trailer fees are not categorised as discounts even if they are ultimately passed on to the investor.

The recipients of the trailer fees ensure transparent disclosure and shall inform investors, forthwith and free of charge, of the amount of compensation which they could receive for the distribution.

On request, the recipients of the trailer fees shall disclose the amounts actually received in respect of the distribution of the Fund shares from such investors.

The Company/Fund and their agents do not pay any discounts for distribution in or from Switzerland in order to reduce the fees and costs accruing to the investors and charged to the Fund.

#### **Fee-sharing agreement**

There are no agreements concerning the sharing of fees.

#### **Place of performance and jurisdiction**

The place of performance and jurisdiction for shares distributed in and from Switzerland is the representative's registered office.