

**SALES PROSPECTUS**  
(including Annex and Management Regulations)

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**P&R**

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Sub-fund:

**P&R – Real Value**

Management Company and Alternative Investment Fund Manager (“AIFM”):

**IPConcept (Luxemburg) S.A. (société anonyme)**

Depositary:

**DZ PRIVATBANK S.A. (société anonyme)**

**As at: 10 March 2021**

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## **Management, distribution and advisory services**

### **AIF**

### **P&R**

Net sub-fund assets of P&R – Real Value as at 25 November 2020: EUR 59,214,941.68

## **Management Company and AIFM**

### **IPConcept (Luxemburg) S.A.**

4, rue Thomas Edison  
L-1445 Strassen, Luxembourg

E-mail: [info@ipconcept.com](mailto:info@ipconcept.com)

Website: [www.ipconcept.com](http://www.ipconcept.com)

Subscribed and paid-up capital (share capital less outstanding contributions plus reserves) as at 31 December 2019: EUR 8,000,000

## **Executive Board of the Management Company (management body)**

Marco Onischsenko (Chairman of the Executive Board)

Marco Kops

Silvia Mayers

Nikolaus Rummler

## **Supervisory Board of the Management Company**

### **Chairman of the Supervisory Board**

Dr Frank Müller

Member of the Executive Board

DZ PRIVATBANK S.A.

### **Other Supervisory Board members**

Bernhard Singer

Klaus-Peter Bräuer

## **Auditor of the Management Company**

### **Ernst & Young S.A. (société anonyme)**

35E, avenue John F. Kennedy

L-1855 Luxembourg

**Depository**

**DZ PRIVATBANK S.A.**

4, rue Thomas Edison  
L-1445 Strassen, Luxembourg

Subscribed and paid-up capital (share capital less  
outstanding contributions plus reserves) as at 31  
December 2019: EUR 629,269,065

**Registrar and Transfer Agent as well as Central  
Administration Agent**

**DZ PRIVATBANK S.A.**

4, rue Thomas Edison  
L-1445 Strassen, Luxembourg

**Paying agent**

Grand Duchy of Luxembourg

**DZ PRIVATBANK S.A.**

4, rue Thomas Edison  
L-1445 Strassen, Luxembourg

**Investment adviser and sales agent**

**P&R Investment Management Limited**

Lynton House  
7-12 Tavistock Square  
London  
WC1H 9BQ  
United Kingdom

**Auditor of the Fund**

**KPMG Luxembourg,  
Société coopérative**

39, Avenue John F. Kennedy  
L-1855 Luxembourg

The investment fund described in this Sales Prospectus (including the Annex and Management Regulations) (“Sales Prospectus”) is an alternative investment fund (AIF) that has been established for an unlimited period as a *fonds commun de placement* (FCP) in the form of an umbrella fund with one or more sub-funds in accordance with Part II of the Luxembourg Law of 17 December 2020 relating to undertakings for collective investment, as amended (“Law of 17 December 2010”). This Sales Prospectus is only valid in conjunction with the most recently published annual report, which may not be more than 18 months old. If the annual report is older than eight months, the buyer will also be provided with the semi-annual report.

The currently valid Sales Prospectus and the “Key Investor Information Document” shall form the legal foundation for the purchase of units. In due time prior to the acquisition of fund units, the investor will be provided at no charge with the Sales Prospectus, the “Key Investor Information Document” and, if available, the most recently published annual and semi-annual reports. By purchasing a unit, the investor acknowledges the Sales Prospectus, the “Key Investor Information Document” and any approved amendments published thereto.

No information or declarations that deviate from the Sales Prospectus may be provided. The Management Company shall not be liable if any information or explanations are given which deviate from the terms of the current Sales Prospectus.

The Sales Prospectus, the “Key Investor Information Document” as well as the annual and semi-annual reports for the Fund are available free of charge at the registered office of the Management Company, the Depositary and the paying agent.

For further information, please see the section entitled “Information for investors”.

## Sales Prospectus

The alternative investment fund ("Fund") described in this Sales Prospectus was launched at the initiative of **P&R Investment Management Limited** and is managed by **IPConcept (Luxembourg) S.A.**

This Sales Prospectus includes an Annex relating to the respective sub-fund and the Management Regulations applicable to the Fund.

The Management Regulations first entered into force on 19 December 2012. They were filed with the Luxembourg Trade and Companies Register and a notice of deposit was published in the "*Mémorial, Recueil des Sociétés et Associations*" (the "Mémorial"), the Official Journal of the Grand Duchy of Luxembourg, on 15 January 2013. On 1 June 2016, the Mémorial was replaced by the *Recueil Électronique des Sociétés et Associations* ("RESA"), the new information platform of the Luxembourg Trade and Companies Register. The Management Regulations were last amended on 01 January 2021 and published in the RESA.

The Sales Prospectus (including Annex) and Management Regulations constitute a whole in terms of their substance and thus complement each other.

### The Management Company and AIFM

The Management Company and Alternative Investment Fund Manager ("AIFM") of the Fund is **IPConcept (Luxembourg) S.A.** (the "Management Company"), a public limited company (Aktiengesellschaft) pursuant to the law of the Grand Duchy of Luxembourg, with its registered office at 4, rue Thomas Edison, L-1445 Strassen, Luxembourg. It was established for an indefinite period on 23 May 2001. Its Articles of Association were published in the Mémorial on 19 June 2001. The most recent amendment to the Articles of Association entered into force on 27 November 2019 and was published in the RESA on 20 December 2019. The Management Company is entered in the Luxembourg Trade and Companies Register under registration number R.C.S. Luxembourg B-82 183. The financial year of the Management Company ends on 31 December of each year. The subscribed and paid-up capital (share capital less deposits outstanding to the Management Company plus reserves) of the Management Company amounted to EUR 8,000,000 as at 31 December 2019.

The purpose of the Management Company is to establish and manage the following on behalf of unitholders: (i) undertakings for collective investment in transferable securities ("UCITS") pursuant to Directive 2009/65/EC, as amended; (ii) alternative investment funds ("AIFs") in accordance with Directive 2011/61/EU, as amended, and other undertakings for collective investment which do not fall under the scope of the aforementioned Directives. The Management Company acts in accordance with the provisions of the Law of 17 December 2010 relating to undertakings for collective investment ("Law of 17 December 2010"), the Law of 13 February 2007 on specialised investment funds ("Law of 13 February 2007"), and the provisions of the Law of 12 July 2013 on alternative investment fund managers ("Law of 12 July 2013"), as well as the applicable regulations and the circulars of the Commission de Surveillance du Secteur Financier ("CSSF"), all in their currently valid form.

The Management Company complies with the requirements of amended Directive 2009/65/EC of the European Parliament and of the Council on the coordination of laws, regulations and

administrative provisions relating to undertakings for collective investment in transferable securities (UCITS) and Directive 2011/61/EU on Alternative Investment Fund Managers.

The Management Company is an AIFM within the meaning of the Law of 12 July 2013.

The Management Company is responsible for the management and administration of the Funds and its sub-funds. Acting on behalf of the Fund or sub-funds, it may take all management and administrative measures and exercise all rights directly or indirectly connected with the assets of the Fund or the respective sub-fund.

The Management Company continues to be responsible for the portfolio management and risk management of the respective sub-funds, although one of these tasks may be delegated by the Management Company to third parties.

The Management Company acts honestly, fairly, professionally and independently of the Depositary and solely in the interests of the investors when carrying out its tasks.

The Management Company carries out its obligations with the care of a paid authorised agent.

The Supervisory Board of the Management Company appointed Marco Onischsenko, Marco Kops, Silvia Mayers and Nikolaus Rummler as Executive Board members and assigned the management of the business to them. Marco Onischsenko was appointed Chairman of the Executive Board.

The Management Company currently manages the following investment funds: The Management Company currently manages the following investment funds: 1. SICAV (in liquidation), AKZENT Invest Fonds 1 (Lux), Ametos SICAV, apo Medical Opportunities, apo VV Premium, Arabesque Q3.17 SICAV, Arabesque SICAV, BAKERSTEEL GLOBAL FUNDS SICAV, Baumann and Partners, BCDI Aktienfonds, Bond Absolute Return, Bond Opportunities Fund, Boss Concept 2, Boss Concept IPC Sicav, BPM, BS Best Strategies UL Fonds, BZ Fine Funds, CAM, CME Gold & Silver Equity Fund, CMT, CONREN, CONREN Fortune, CVT, Cresco Partnership, Deutschland Ethik 30 Aktienindexfonds UCITS ETF, DZPB Concept, DZPB II, DZPB Portfolio, DZPB Rendite, DZPB Reserve (in liquidation), DZPB Vario, EB-Öko-Aktienfonds, Exklusiv Portfolio SICAV, FFPB, FG&W Fund, FIDES, Flowerfield, Fonds Direkt Sicav, Fortezza Finanz, framas-Treuhand, FundPro, FVCM, Genesis Liquid Alternative Strategies Fund, G&P Invest, Generations Global Growth, GENOKONZEPT, Global Family Strategy I, Global Family Strategy II, GLS Alternative Investments, GPI Fonds – Ausgewogen, HELLERICH Emerging Markets. HELLERICH, HELLERICH Global, Huber Portfolio SICAV, Iron Trust, Istanbul Equity Fund (in liquidation), JB Struktur (in liquidation), KCD-Mikrofinanzfonds, Kapital Konzept, Kruse & Bock Kompass Strategie, Liquid Stressed Debt Fund, m4, MainSky Active Green Bond FundBond Absolute Return, MainSky Macro Allocation FundBond Opportunities Fund, MainSky Macro Navigation Fund, Marathon, ME Fonds, Mellinckrodt 2 SICAV, Meritum Capital, Mobilitas Global Convertible Fund, MOBIUS SICAV, Modulor, Morgenstern Solid Performer, MPPM, MS, Multiadvisor Sicav, Mundus Classic Value, Nachhaltigkeit – Euroland konservativ, Nachhaltigkeitsfonds – ausgewogen, NPB SICAV, Öko-Aktienfonds, P & R, Phaidros Funds, Portikus International Opportunities Fonds, Premium Portfolio SICAV, Premium Portfolio SICAV II, PRIMA, Prince Street Emerging Markets Flexible EUR, Pro Fonds (Lux), Pro Select, PTAM Weltportfolio Ausgewogen, PTAM World Portfolio Defensiv, PVV SICAV, Salm, SAM - Strategic Solution Fund, Sauren, Sauren Hedgefonds-SelectGlobal, Sauren Select, SC Fonds, Seahawk Equity Long Short Fund, S.E.A. Funds, Silk (in liquidation), Silverlake SICAV (in liquidation), SOTHA, SPI Bangladesh Fund (in liquidation), STABILITAS, StarCapital, StarCapital Long/Short Allocator,



StarCapital Emerging Markets, StarCapital Huber, STARS, STRATAV Quant Strategie Deutschland, STRATAV Quant Strategie Europa, Stuttgarter-Aktien-Fonds, Stuttgarter Dividendenfonds, Stuttgarter Energiefonds, Taunus Trust, Taunus Trust II, TRIGON, VB Karlsruhe Premium Invest (in liquidation), VB Heilbronn Vermögensmandat, VB Reserve Select, Vermögensbaustein – defensiv, Vietnam Emerging Market Fund SICAV (in liquidation), Vietnam Emerging Market Fund SICAV, VM, Volksbank Kraichgau Fonds, Volksbank Müllheim, VR Nürnberg (IPC), VR Premium Fonds, VR Vip, VR-PrimaMix, W&E Aktien Global, WAC Fonds, WALSER Portfolio, WALSER Weltportfolio, Werte & Sicherheit Nr.1 (in liquidation), Werte & Sicherheit Nr. 2 - Globale Stabilität (in liquidation), Whitelake, WINVEST Direct Fund, WR Strategie and WVB. The Management Company may, under its own responsibility and control, engage the services of an investment adviser/fund manager in connection with the management of the sub-fund assets. The Investment Adviser/Fund Manager receives payment for the service provided either from the management fee of the Management Company or directly from the relevant sub-fund assets. The relevant percentage amount, as well as calculation and payment methods for each sub-fund, can be found in the relevant Annex to the Sales Prospectus.

The Management Company may take advice from an investment committee, the composition of which is determined by the Management Company. The investment committee meets at regular intervals, studies the report of the investment adviser/Fund Manager for the previous period, and obtains information on the future investment strategy. The investment committee may issue recommendations, but has no decision-making or control powers. The investment committee is not entitled to possess or own investors' funds or transferable securities.

Investment decisions, the placement of orders and the selection of brokers are the sole responsibility of the Management Company, insofar as no fund manager has been appointed to manage the respective sub-fund's assets.

The Management Company is entitled to outsource its activities to a third party, under its own responsibility and control. The delegation of duties must not impair the effectiveness of supervision by the Management Company in any way. In particular, the delegation of duties must not prevent the Management Company from acting in the interests of investors.

The Management Company has sufficient equity to adequately cover potential liability risks arising from professional negligence.

The Management Company may delegate the management of the Fund to another management company subject to the approval of the CSSF.

### **The Investment Adviser**

The Investment Adviser to the Fund is **P&R Investment Management Limited** with its registered office at Lynton House, 7-12 Tavistock Square, London, WC1H 9BQ, United Kingdom. The Investment Adviser monitors the financial markets, analyses the composition of Fund asset investments and makes recommendations to the Management Company on how to invest the Fund's assets subject to the principles of the investment policy and the investment limits stipulated for the relevant sub-fund. The Management Company is not bound by the investment recommendations of the Investment Adviser.

The Investment Adviser is entitled to consult third parties at its own expense. However, it is not entitled to transfer its duties and obligations to a third party without the express prior consent of the Management Company. If the Investment Adviser has transferred its duties and obligations to a third party with the express prior consent of the Management Company, the investment adviser shall bear all costs associated therewith.

### **The Depositary**

The only Depositary assigned by the Management Company and Luxembourg paying agent is **DZ PRIVATBANK S.A.**, with its registered office at 4, rue Thomas Edison, L-1445 Strassen, Luxembourg (the "Depositary", "paying agent").

The Depositary is a public limited company founded for an indefinite period pursuant to the law of the Grand Duchy of Luxembourg and conducts banking business. The subscribed and paid-up capital (share capital less outstanding contributions plus reserves) of the Depositary amounted to EUR 629,269,065 as at 31 December 2019.

The rights and duties of the Depositary are governed by the Law of 17 December 2010, the applicable regulations, the Law of 12 July 2013 on Alternative Investment Fund Managers ("Law of 12 July 2013"), the Depositary Agreement, the Management Regulations (Article 3) and this Sales Prospectus (with Annex). It acts honestly, fairly, professionally and independently of the Management Company and solely in the interest of the investors.

The Depositary holds the assets in blocked deposits or blocked accounts. It must in particular ensure that units are issued and redeemed and the unit value is calculated in accordance with the legal provisions and the contractual conditions. Furthermore, it must ensure that, in transactions involving the investment fund, any consideration is remitted to it within the usual time limits and that the investment fund income is used according to the legal provisions and the contractual conditions. In addition, it must execute the Management Company's instructions unless they violate legal provisions or contractual conditions. Furthermore, it must check whether the investment of the assets in blocked accounts of another credit institution is compatible with the legal provisions and the contractual conditions. If this is the case, it must consent to the investment.

The value of the Fund's assets and the value of the units are determined by the Management Company and/or the Central Administration Agent, if necessary through outsourcing to another institution controlled by the Depositary.

The Management Company may change the Depositary. However, the Management Company may only dismiss the Depositary if a new Depositary which takes over the functions and tasks of a Depositary is appointed within two months. After the Depositary is dismissed, it must continue to carry out its functions and tasks until all the Fund's assets have been transferred to the new Depositary. . The change of Depositary is subject to the approval of the CSSF.

The Depositary has outsourced some of its duties to third parties ("sub-custodians") in accordance with Article 3 of the Management Regulations and in line with the statutory provisions. An up-to-date overview of sub-custodians can be found on the Management Company's website ([www.ipconcept.com](http://www.ipconcept.com)) or requested free of charge from the Management Company.

The appointment of the Depositary and/or sub-custodians may cause potential conflicts of interest, which are described in more detail in the section entitled "Potential conflicts of interest".

### **The Registrar and Transfer Agent**

The Registrar and Transfer Agent of the Fund is **DZ PRIVATBANK S.A.**, with its registered office at 4, rue Thomas Edison, L-1445 Strassen, Luxembourg. The Registrar and Transfer Agent is a public limited company (Aktiengesellschaft) pursuant to the law of the Grand Duchy of Luxembourg.

The duties of the Registrar and Transfer Agent include the technical processing and execution of application and orders for the subscription, redemption, exchange and transfer of units subject to the supervision of the Depositary, as well as the verification of compliance with the applicable legislation on money laundering when accepting subscription applications, and the keeping of the unit register.

The appointment of the Registrar and Transfer Agent may cause potential conflicts of interest, which are described in more detail in the section entitled "Potential conflicts of interest".

### **The Central Administration Agent**

The Central Administration Agent of the Fund is **DZ PRIVATBANK S.A.**, with its registered office at 4, rue Thomas Edison, L-1445 Strassen, Luxembourg. The Central Administration Agent is a public limited company (Aktiengesellschaft) pursuant to the law of the Grand Duchy of Luxembourg and its duties include, in particular, accounting and bookkeeping, calculation of the unit value and the drawing up of annual reports.

Under its own responsibility and control, the Central Administration Agent has delegated various administrative tasks (e.g. the calculation of net asset values) to Attrax Financial Services S.A. (société anonyme), which has its registered office at 3, Heienhaff, L-1736 Senningerberg. The calculation is made in accordance with Article 6 of the Management Regulations and in accordance with generally accepted accounting principles in Luxembourg ("LuxGAAP").

The appointment of the Central Administration Agent may cause potential conflicts of interest, which are described in more detail in the section entitled "Potential conflicts of interest".

### **The sales agent**

The sales agent of the Fund is **P&R Investment Management Limited with its registered office at Lynton House, 7-12 Tavistock Square, London, WC1H 9BQ, United Kingdom**. Its issued and paid-up capital (share capital less outstanding contributions plus reserves) amounted to GBP 50,000 as at 31 December 2019.

The sales agent is authorised to receive subscription applications, redemption orders and exchange orders for each sub-fund and will send them to the Registrar and Transfer Agent. The sales agent shall only sell units of the sub-fund in countries where these units have been authorised for sale.

## **The Auditor**

The Management Company appointed **KPMG Luxembourg S.à r.l.** with its registered office at 35E, Avenue John F. Kennedy, L-1855 Luxembourg, as the auditor of the Fund. The auditor carries out the audit of the annual accounts in accordance with the international auditing standards adopted by the CSSF. An audit involves in particular conducting auditing procedures in order to issue an auditor's opinion on the valuations and information found in the annual financial statements.

## **Legal position of investors**

The Management Company invests the respective sub-fund's assets in its own name and for the collective account of the investors in accordance with the principle of risk diversification. The funds invested and the assets thereby acquired constitute the respective sub-fund assets, which are held separately from the Management Company's own assets.

The investors are co-owners of the respective sub-fund's assets in proportion to their number of units. The units of the respective sub-fund are issued in the certificates and denominations stated in the Annex specific to the sub-fund. If registered units are issued, these are documented by the Registrar and Transfer Agent in the unit register kept on behalf of the Fund. Confirmation of entry into the unit register shall be sent to the investors at the address specified in the unit register. Shareholders are not entitled to the delivery of physical certificates.

The Management Company shall treat investors in the Fund in a "fair" manner. This means that when controlling the liquidity risk and the redemption of units, the interests of any particular investor or group of investors will not be given priority over the interests of any other investor or group of investors. Corresponding procedures for fair treatment can be found in the sections "Unit value calculation" and "Liquidity management" as well as within the section "Issue of units".

In principle, all units in a sub-fund have the same rights, unless the Management Company decides to issue different unit classes within a sub-fund pursuant to Article 5(3) of the Management Regulations. The units of individual unit classes may differ regarding such aspects as their distribution policy, currency, front-end load, etc. Insofar as unit classes are established, details of the specific characteristics or rights for such can be found in the respective Annex to the Sales Prospectus.

The Management Company asks investors to note that they can directly assert all their investor rights in relation to the Fund and/or sub-funds only if they are registered in the unitholders' register for the Fund or sub-fund under their own name. In cases where an investor has invested in a fund or sub-fund through an intermediary which undertakes investments in its name but on behalf of the investor, it is possible that said investor may not be able to directly assert all his rights in relation to the fund and/or sub-fund. Therefore, investors are advised to seek information regarding their rights.

## **General information on trading in sub-fund units**

Investing in the sub-funds should be regarded as a long-term commitment. The Management Company shall refrain from arbitrage techniques such as market timing and late trading.

Market timing is understood to mean the technique of arbitrage whereby an investor systematically subscribes, exchanges and redeems units in a sub-fund within a short period by exploiting time

differences and/or the imperfections or weaknesses in the valuation system for calculating the sub-fund's net asset value. The Management Company takes the appropriate protection and/or control measures to avoid such practices. It also reserves the right to reject, cancel or suspend an order from an investor for the subscription or exchange of units if the investor is suspected of engaging in market timing.

The Management Company strictly opposes the purchase or sale of units after the close of trading at already established or foreseeable closing prices ("late trading"). In any case, the Management Company ensures that units are issued and redeemed on the basis of a unit value previously unknown to the investor. If, however, an investor is suspected of engaging in late trading, the Management Company may reject the redemption or subscription order until the applicant has cleared up any doubts with regard to his order.

The possibility cannot be ruled out that units of the respective sub-fund may be traded on an official stock exchange or on other markets.

The market price underlying stock market dealings or trading on other markets is not determined exclusively by the value of the assets held in the respective sub-fund, but also by supply and demand. Said market price can therefore differ from the unit price.

### **General provisions of the investment policy (investment conditions)**

The aim of the investment policy of the individual sub-funds is to achieve reasonable capital growth in the relevant sub-fund currency (as defined in the corresponding Annex). Details of the investment policy of each sub-fund are described in the relevant Annexes to this Sales Prospectus.

The general investment principles and restrictions specified in Article 4 of the Management Regulations apply to all sub-funds, insofar as no derogations or additional provisions are contained in the relevant Annex to the Sales Prospectus for the respective sub-fund.

The respective sub-fund's assets are invested pursuant to the principle of risk diversification in accordance with the investment policy principles described in Article 4 of the Management Regulations, as well as within the investment restrictions.

## **1 SUPERVISORY INVESTMENT RESTRICTIONS**

As part of the implementation of the sub-fund-specific investment policy, the following may be acquired for the sub-fund:

- a) investment units of the following types of investment funds and/or investment companies ("target funds"):
  1. investment funds launched in the Federal Republic of Germany and/or investment corporations which meet the requirements of Directive 2009/65/EC and/or
  2. foreign investment funds which similarly meet the requirements of Directive 2009/65/EC and/or

3. investment funds launched in the Federal Republic of Germany within the meaning of § 220 of the German Capital Investment Code (“KAGB”) (“Other investment funds”), which do not themselves invest their funds in other investment funds according to point 1(a)(2) and/or
4. EU investment funds and/or foreign investment funds which similarly meet the requirements for other investment funds and do not themselves invest their funds in other investment funds according to point 1(a)(2) and/or
5. investment funds launched in the Federal Republic of Germany within the meaning of § 218 of the German Capital Investment Code (KAGB) (“Mixed investment funds”) and/or
6. EU investment funds and/or foreign investment funds which similarly meet the requirements for “Mixed investment funds” and/or
7. other investment funds,
  - that were authorised in their country of residence pursuant to laws which subject them to effective public supervision for investor protection and for which there is a sufficient guarantee of satisfactory cooperation between the supervisory authority in that respective country of residence and the Commission de Surveillance du Secteur Financier (“CSSF”), and
  - for which the level of investor protection is equivalent to that of an investor in investment funds which comply with Directive 2009/65/EC and for which, in particular, there are provisions for the separate custody of the assets, borrowing, lending, loans and short selling of securities and money market instruments which are equivalent to the requirements of Directive 2009/65/EC, and
  - for which the business is reported in annual and semi-annual reports to enable an assessment of the assets and liabilities, income and transactions over the reporting period, and
  - for which the units are offered without limits on the number of units and the investors have the right to redeem the units.

The units of the aforementioned target funds are not normally listed on the stock exchange. If they are listed on the stock exchange, it will be a stock exchange in a member state of the Agreement on the European Economic Area, another OECD country, Liechtenstein or Hong Kong.

ETFs on individual precious metals do not fall under the term “target funds” due to a lack of risk diversification.

b) The following transferable securities are acquired:

1. those which are admitted to trading on a stock exchange of an EU member state or a signatory state of the Agreement on the European Economic Area (EEA), or are admitted to trading on or included in another organised market in any such state,

2. those which are exclusively admitted to trading on a stock exchange in a state outside the EU or EEA, or are admitted to trading or included in another organised market in any such state, if this choice of stock exchange or organised market has been approved by the CSSF or the Federal Financial Supervisory Authority,
  3. those whose admission to trading on a stock exchange in an EU member state or EEA signatory state, or whose admission to trading on an organised market or their inclusion in such a market in an EU member state or EEA signatory state must be applied for according to their terms of issue, and provided the admission or inclusion of these transferable securities takes place within one year of their issue,
  4. those whose admission to trading on a stock exchange or their admission to trading on or inclusion in an organised market outside the EU or EEA must be applied for according to their terms of issue, provided that this choice of exchange or organised market has been approved by the CSSF or BaFin and that the admission or inclusion of these transferable securities takes place within one year of their issue,
  5. in the form of shares to which the Fund is entitled in the event of a capital increase from company funds,
  6. those acquired from exercising subscription rights held by the Fund's assets,
  7. transferable securities in the form of units in closed-end funds, which meet the criteria stated in Article 2(2)(a) and (b) of Directive 2007/16/EC,
  8. transferable securities in the form of financial instruments, which meet the criteria stated in Article 2(2)(c) of Directive 2007/16/EC.
- c) Money market instruments are acquired if they:
1. are admitted to trading on a stock exchange of an EU member state or a signatory state of the Agreement on the European Economic Area, or are admitted to trading on or included in another organised market in any such state,
  2. are exclusively admitted to trading on a stock exchange in a state outside the EU or EEA, or are admitted to trading or included in another organised market in any such state, if this choice of stock exchange or organised market has been approved by the CSSF or BaFin,
  3. are issued or guaranteed by the EU, the Federal Republic of Germany, a German federal government investment fund, a German federal state, another EU member state or another national, regional or local body or the central bank of an EU member state, the European Central Bank or European Investment Bank, a non-member state of the EU or, if such country is a federation of states, by one of the members making up the federation, or a public international body to which one or more EU member states belong,
  4. are issued by a company whose transferable securities are traded on one of the markets specified under points (1) and (2) above,

5. are issued or guaranteed by a credit institution which is subject to supervision in accordance with the criteria set under EU law,
6. are issued or guaranteed by a credit institution that is subject to and meets the supervisory provisions which the BaFin considers equivalent to those under EU law,
7. issued by other bodies, provided such issuer is:
  - a company with equity capital of at least EUR 10 million which draws up its annual financial statements according to the provisions of the Fourth Council Directive 78/660/EEC of 25 July 1978 based on Article 54(3)(g) of the Treaty on the annual accounts of certain types of companies, most recently amended by Article 1 of Directive 2012/6/EU,
  - an entity which, within a group of companies which includes one or several listed companies, is dedicated to the financing of the group or
  - an entity intended for financing the securitisation of liabilities through the use of a credit line granted by the bank. Article 7 of Directive 2007/16/EC applies to securitisation and the credit line granted by a bank.

The money market instruments stated under point 1(c) may only be acquired if they meet the requirements of Article 4(1) and (2) of Directive 2007/16/EC. Article 4(3) of Directive 2007/16/EC applies to money market instruments in accordance with point 1(c)(1) and (2).

The money market instruments stated under point 1(c)(3) to (7) may only be acquired if the issuer of these instruments is subject to the provisions on deposit and investor protection and also meet the criteria of Article 5(1) of Directive 2007/16/EC. In the case of acquisition of money market instruments which are issued as stated in point 1(c)(3) by a regional or local authority of an EU member state or by a public international body as stated in point 1(c)(3) but which are not guaranteed by this member state or, if this a Federal state, by a member state of this Federal state, and in the case of acquisition of money market instruments as stated in point 1(c)(4) and (7), Article 5(2) of Directive 2007/16/EC shall apply. In the case of acquisition of all other money market instruments under point 1(c)(3) apart from money market instruments which are issued or guaranteed by the European Central Bank or the central bank of an EU member state, Article 5(4) of the above-mentioned Directive shall apply. In the case of acquisition of money market instruments as stated in point 1(c)(5) and (6), Article 5(3) and, in the case of money market instruments which are issued or guaranteed by a credit institution which is subject to and complies with EU law in the opinion of BaFin, Article 6 of Directive 2007/16/EC shall apply.

The transferable securities stated under point 1(b)(1) to (4) above and the money market instruments under point 1(c)(1) to (4) can only be acquired if they are listed for trading on stock exchanges or admitted or included on an organised market in North America, South America, Australia (including Oceania), Africa, Asia and/or Europe, provided the choice of this stock exchange or organised market is approved by the CSSF or the BaFin.



- d) Sight deposits or terminable deposits with a term of no more than 12 months may be placed with credit institutions, provided that the credit institution has its registered office in a Member State or, if the credit institution has its registered office in a non-EU Member State, provided that it is subject to prudential rules considered by the CSSF as equivalent to those laid down in Community law.
- e) derivative financial instruments (“derivatives”) may be acquired, including equivalent instruments settled in cash, which are traded on one of the regulated markets referred to in paragraphs 1(b)(1) or (2), and/or derivative financial instruments which are traded over the counter (“OTC derivatives”), provided that
  - the underlying instruments are transferable securities, money market instruments, investment units or financial indices, interest rates, exchange rates or currencies in which the Fund is permitted to invest under the investment objectives specified in the Management Regulations,
  - the counterparties to OTC derivative transactions are institutions that are subject to prudential supervision and belong to the categories approved by the CSSF,
  - 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 Fund's initiative, and
  - these derivatives and OTC derivatives are used for efficient management of the Fund portfolio without changing the investment character of the Fund.
- f) Aforementioned derivative financial instruments (“derivatives”) whose underlying instrument is not an underlying instrument stated under point 1(e),
- g) precious metals (gold, silver, platinum, palladium) in physical form,
- h) unsecured loan claims. An essential feature of unsecured loan claims is that they must be acquired by third parties through an assignment.
- i) Other investment instruments within the meaning of §198 KAGB.

## **2 RISK DIVERSIFICATION / ISSUER LIMITS**

- a) Investing in target funds:
  1. The respective sub-fund may invest a maximum of 20% of its assets in a single target fund listed under point 1(a) above.
  2. For the sub-fund assets, no more than 30% of the net sub-fund assets may be invested in units of target funds listed above under point 1(a)(2).
  3. For the sub-fund assets, units in target funds listed above under point 1(a) may only be acquired if each of these target funds, in accordance with its investment conditions, the

Articles of Association or memorandum of association, may invest a maximum of 10% of the value of its assets in units of other target funds.

4. For the sub-fund's assets, units in target funds listed above under point 1(a)(2) may only be acquired if no more than two target funds are acquired from the same issuer or fund manager and each of these target funds in turn does not invest in units in other target funds within the meaning of No. 1(a)(2).
5. The Fund may only acquire units in "target funds" as listed above under point 1(a)(2) up to a maximum of 10% of the Fund's net assets if said funds are not subject to state supervision comparable with the requirements of the KAGB.
6. When selecting and monitoring the target funds listed under point 1(a)(2), the Fund Manager uses a careful selection and control procedure (i.e. due diligence), which in principle includes the following criteria:

#### Qualitative criteria

- Assessment of the management and the Fund Manager or team in terms of personality, experience, training, performance and internal organisation;
- internal and external industry references;
- investment style and strategy and investment decision-making processes;
- availability of relevant information and transparency (prospectuses, information memoranda, annual and semi-annual reports, etc.);
- reputation of the auditors, the Depositary and the administrative agent;
- risk control;

#### Quantitative criteria

- checking that the strategy and performance of the individual target funds are in line with each other;
- comparison of target funds in terms of performance, Sharpe ratio, volume and development, fee structure;
- redemption and subscription conditions.

The purpose of the qualitative and quantitative fund analysis is to select funds which produce added-value during the respective market phase (risk reduction and/or outperformance in the sector).

The aforementioned selection criteria for target funds are not exhaustive. Other criteria not listed here may also be applied in order to take account of short-term trends and future developments.

In terms of persons responsible for investing in the target funds, the fund manager shall decide whether the persons responsible for investment decisions at the target funds have the general technical expertise and whether they have the required experience suitable for the fund profile and practical knowledge.

The target funds may have different characteristics and follow different investment strategies and therefore have different investment principles and investment limits. To generate leverage, however, they may not take out loans worth more than 20% of the net sub-fund assets, use derivatives which create leverage of more than 200% or use securities loans if the repayment of the loan is due more than 30 days after the transfer of the securities or if the market value of the securities to be transferred exceeds 15% of the net sub-fund assets, or conduct short-selling transactions. Otherwise, there is no planned restriction to target funds with specific investment strategies. However, the target funds may not be real estate investment funds within the meaning of §§ 230-260 KAGB or comparable EU AIFs or foreign AIFs. The registered office of the target funds may be worldwide taking into account the requirements of point 1(a).

The assets of these target funds must be held in custody by a depositary, or the depositary functions must be carried out by a comparable institution (prime broker).

The extent to which these target funds invest in bank deposits, money market instruments and units or shares of target funds is unlimited, taking point 2(a) into consideration.

In general, when acquiring units in target funds, a management fee is deducted at target fund level. The Investment Company's annual report shall contain information for the sub-fund on the maximum level of the management fee that may be charged to the sub-fund and the target funds.

A sub-fund of an umbrella fund may also invest in other sub-funds of the same umbrella fund. In addition to the conditions for investing in target funds mentioned above, the following conditions apply to investments in target funds that are also sub-funds of the same umbrella fund:

- Circular investments are not permitted. This means that the target sub-fund may not invest in the sub-funds of the same umbrella fund that is invested in this target sub-fund.
- The sub-funds of an umbrella fund that are to be acquired by another sub-fund of the same umbrella fund may, pursuant to their Management Regulations or Articles of Association, invest a maximum of 10% of their assets in units of other target sub-funds of the same umbrella fund.
- Voting rights resulting from holding units in target funds that are simultaneously target funds of the same umbrella fund are suspended as long as these units of a sub-fund of the same umbrella fund are held. This rule does not affect the appropriate recording of such in the annual accounts and the periodic reports.
- As long as a sub-fund holds units in another sub-fund of the same umbrella fund, the units of the target sub-fund are not taken into account in the calculation of net asset

value, insofar as the calculation serves to determine whether the legal minimum capital of the umbrella fund has been obtained.

7. Each sub-fund of a target fund with several sub-funds is to be considered as an independent target fund provided that these target funds are not jointly liable to third parties for the obligations of the various sub-funds.
- b) Further target fund-specific information
1. When investing in units of target funds, it may be that investments are made in investment funds whose units are subject to redemption restrictions.
  2. The Fund may not invest in units of foreign target funds in countries which do not cooperate in the combating of money laundering as defined in international agreements (Non-Cooperative Countries and Territories (NCCTs)).
  3. The Fund may not acquire units in venture capital, infrastructure and private equity funds or hedge funds and real estate funds.
- c) When investing in transferable securities, money market instruments and OTC derivatives:
1. A maximum of 20% of the net sub-fund assets may be invested in transferable securities or money market instruments of a single issuer.
  2. No more than 20% of the securitised rights of the same type of a single issuer may be acquired.
  3. The default risk when the respective sub-fund conducts OTC derivative transactions must not exceed the following rates:
    - 20% of the net sub-fund assets if the counterparty is a credit institution which has its registered office in an EU member state or is subject to supervisory provisions which the CSSF considers to be equivalent to the requirements of Community law;
    - 10% of the respective net sub-fund assets in all other cases.

The restrictions listed in points (a) and (b) above do not apply to securitised rights that are issued or guaranteed by a member state of the OECD or its regional bodies or supranational institutions or Community, regional or international bodies. In all cases, the transferable securities in the Fund must originate from six different issues, and the value of transferable securities originating from a single issue may not exceed 30% of the net sub-fund assets.

d) Liquid assets

The respective sub-fund may in principle also hold liquid assets.

Liquid funds may also be held in a different currency than that of the sub-fund.

No more than 20% of the value of the respective sub-fund assets may be held as bank deposits by the Depositary or any other credit institutions.

### **3 ADDITIONAL INVESTMENT GUIDELINES**

- a) The short-selling of transferable securities is not permitted.
- b) The Fund will not invest in transferable securities which carry unlimited liability.
- c) The respective sub-fund assets may not be invested in real estate.
- d) The share of derivatives and unsecuritised loan claims, including those that may be acquired as other investment instruments within the meaning of point 1(g) of this section, is limited to a maximum of 30% of the respective Fund's assets. Derivatives within the meaning of Article 41(1)(g) of the Law of 17 December 2010 do not count towards this limit.
- e) The Investment Company is authorised, with the consent of the Depositary, to impose further investment restrictions in order to comply with the conditions in those countries in which shares are sold or are to be sold.
- f) Transferable securities whose sale is subject to any restrictions due to contractual agreements are not acquired.
- g) A maximum of 20% of the value of the Fund may be invested in other investment instruments within the meaning of point 1(i).
- h) The Fund will not hold a specific minimum amount of its assets in bank deposits, money market instruments and other liquid funds.

### **4 TAX-RELATED INVESTMENT RESTRICTIONS**

If the sub-fund's specific investment policy in the relevant Annex to the Sales Prospectus specifies that the sub-fund is an equity fund or a mixed fund, the following conditions shall apply in conjunction with the aforementioned supervisory investment restrictions:

An equity fund is a sub-fund which invests more than 50 % of its net sub-fund assets in equity participations on an ongoing basis.

A mixed fund is a sub-fund which invests at least 25 % of its net sub-fund assets in equity participations on an ongoing basis.

When calculating the level of assets invested in equity participations, the loans are deducted accordingly from the share of equity participations in the value of all assets (modified net sub-fund assets).

Equity participations are:

- a) Listed units in a corporation that are admitted for trading on a stock exchange or another organised market,
- b) Units in a corporation that is not a real estate company and which

1. is domiciled in a member state of the European Union or in another state party to the Agreement on the European Economic Area where it is subject to and not exempt from corporation tax, or
  2. is resident in a third country where it is subject to and not exempt from corporation tax of at least 15 %,
- c) Investment units in equity funds which invest more than 50% of their modified net sub-fund assets or more than 50% of their active assets in the aforementioned units in corporations amounting to 51% of their value according to their investment conditions; if an equity fund stipulates a percentage that is higher than 51% of its value in its investment conditions, the investment unit at the level of this higher percentage shall be deemed as equity participation by way of derogation
- d) Investment units in mixed funds which invest at least 25% of their modified net sub-fund assets or at least 25% of their active assets in the aforementioned units in corporations amounting to 25% of their value according to their investment conditions; if a mixed fund stipulates a percentage that is higher than 25% of its value in its investment conditions, the investment unit at the level of this higher percentage shall be deemed as equity participation by way of derogation
- e) Units in other investment funds which perform a valuation at least once a week in the amount of the ratio of their value published on the valuation day at which they actually invest in the aforementioned units in corporations.

## **5 RESTRICTIONS ON BORROWING AND PLEDGING**

The Fund may, on a regular basis, obtain loans from credit institutions with the highest credit ratings which specialise in this type of business.

- a) The assets belonging to the Fund may not be pledged or otherwise encumbered, assigned as collateral or transferred as collateral unless they are loans as defined in (b) below, an option right is transferred to a third party, or financial futures contracts, currency futures contracts, swaps or other similar transactions are agreed.
- b) Loans encumbering the Fund may only be taken out for a short period of time and may not exceed 10% of the Fund's net assets if the borrowing conditions are in line with those prevailing on the market. As these may only be short-term loans, however, the related risks are low. Unless it is a value-date related overdraft, the loan requires the Depositary to consent to the lending terms. The Depositary must give its consent to the loan if it meets the stated requirements and complies with the relevant legal stipulations and with the Articles of Association.
- c) No loans may be granted to the detriment of the Fund's assets, nor may any guarantee obligations be entered into on behalf of third parties.

The risks associated with borrowing are presented in the risk notes under the section "Risks associated with borrowing".

## 6 TECHNIQUES AND INSTRUMENTS

Under the conditions and within the limits set out by the CSSF, the respective sub-fund may employ techniques and instruments relating to transferable securities and money market instruments, provided that such techniques and instruments are used for the purpose of efficient portfolio management.

Furthermore, the respective sub-fund is not permitted to diverge from its investment objectives set out in the Sales Prospectus and Management Regulations when making use of techniques and instruments.

The Investment Company shall employ a risk-management process which takes account of the prudential supervisory requirements in Luxembourg and which enables it to monitor and measure at all times the risk associated with the investment holdings as well as their contribution to the overall risk profile of the investment portfolio. In particular, it shall not solely or mechanically rely on credit ratings issued by credit rating agencies as defined in Article 3(1)(b) of Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies, for assessing the creditworthiness of the Fund's assets. More specific information is set out in the Sales Prospectus under "Risk management procedures". The respective sub-fund may invest in derivatives as part of its investment policy and within the limits specified under point 2, provided that the overall risk of the underlying assets does not exceed the investment limits specified under point 2. If a derivative is embedded in a transferable security or money market instrument, it must be taken into account with regard to compliance with the provisions set out in point 2.

In accordance with the general provisions governing the investment policy referred to in Article 4 of the Management Regulations, the Management Company may make use of derivatives, securities financing transactions and other following techniques and instruments for sub-funds to ensure efficient portfolio management. The counterparties or financial counterparties as defined in Article 3(3) of Regulation (EU) 2015/2365 of the European Parliament and of the Council of 25 November 2015 on transparency of securities financing transactions and of reuse and amending Regulation (EU) No 648/2012 ("SFTR") to the aforementioned transactions must be institutions subject to prudential supervision and belong to one of the categories approved by the CSSF. They must also specialise in this type of transaction. When selecting counterparties and financial counterparties for securities financing transactions and total return swaps, criteria such as legal status, country of origin and credit rating of the counterparty are taken into account. The counterparties and/or financial counterparties must be subject to state supervision and have an equivalent rating. Details can be viewed free of charge on the Management Company's website referred to in the section entitled "Information for investors".

Derivatives and other techniques and instruments carry considerable opportunities but also high risks. Due to the leverage effect of these products, the sub-fund may incur substantial losses using relatively little capital. The following is a non-exhaustive list of derivatives, techniques and instruments that can be used for the sub-fund:

- a) Option rights

An option right is a right to buy ("call option") or sell ("put option") a particular asset at a predetermined time ("exercise date") or during a predetermined period at a predetermined price ("strike price"). The price of a call or put option is the option premium.

For each respective sub-fund, both call and put options may only be bought or sold, insofar as the respective sub-fund is permitted to invest in the underlying assets pursuant to its investment policy as specified in the relevant Annex.

b) Financial futures contracts

Financial futures contracts are unconditionally binding agreements for both contracting parties to buy or sell a certain amount of a certain base value at a pre-determined time (maturity date) at a price agreed in advance.

For the respective sub-fund, financial futures contracts may only be completed insofar as the respective sub-fund is permitted to invest in the underlying assets pursuant to its investment policy as specified in the relevant Annex.

c) Derivatives embedded in financial instruments

Financial instruments with embedded derivatives may be acquired for the respective sub-fund. Financial instruments with embedded derivatives may consist of structured products (certificates, reverse convertible bonds, warrant-linked bonds, convertible bonds, credit linked notes, etc.) or warrants. The main feature of products included under "Derivatives embedded in financial instruments" is that the embedded derivative components affect the payment flows for the entire product. Alongside risk characteristics of transferable securities, the risk characteristics of derivatives and other techniques and instruments are also decisive.

d) Securities financing transactions

Securities financing transactions include, for example:

- Securities lending transactions
- Repurchase agreements

Securities financing transactions can be used for efficient portfolio management, e.g. to achieve the investment objective or to increase returns. They may affect the performance of each sub-fund.

The types of assets used in securities financing transactions may be those that are permissible in accordance with the investment policy of the relevant sub-fund.

All returns generated from securities financing transactions accrue to the Fund's assets net of all related costs including any transaction costs.

1. Securities lending

A securities lending transaction is a transaction whereby a counterparty transfers securities subject to a commitment that the party borrowing the securities returns equivalent securities



at a later date or at the request of the transferring party. For the counterparty transferring the transferable securities, the transaction is a securities lending transaction, and for the counterparty to which they are transferred, it is a securities borrowing transaction.

In this context, and in order to generate additional capital or income or to reduce its costs or risks, the respective sub-fund may carry out transferable securities lending transactions, provided such transactions are in line with the applicable Luxembourg laws and regulations, as well as CSSF circulars (including CSSF 08/356, CSSF 11/512 and CSSF 14/592) and the SFTR.

(a) The respective sub-fund may either lend transferable securities directly or through a standardised securities lending system organised by a recognised securities settlement or clearing institution such as CLEARSTREAM and EUROCLEAR, or by a financial institution that specialises in such transactions. The respective sub-fund must ensure that, at any time, it is able to recall securities transferred within the framework of securities lending and that securities lending transactions already entered into may be terminated. If the aforementioned institution is acting on its own account, it shall be considered to be the counterparty in the securities lending agreement. If the respective sub-fund lends its transferable securities to companies affiliated with the sub-fund by way of common management or control, specific attention must be paid to any conflicts of interest that may arise therefrom. The respective sub-fund must receive collateral in accordance with the prudential supervisory requirements in respect of the counterparty risk and collateral provision, either prior to or simultaneously with the securities lent being transferred. At maturity of the securities lending agreement, the collateral shall be remitted simultaneously or subsequently to the restitution of the transferable securities lent. Within the framework of a standardised securities lending system organised by a recognised securities settlement institution or a securities lending system organised by a financial institution which is subject to supervisory provisions that the CSSF considers to be equivalent to EU stipulations, and which specialises in this type of transaction, the transferable securities lent may be transferred before the receipt of the collateral if the intermediary (intermédiaire) in question assures the proper execution of the transaction. Such an intermediary may, instead of the borrower, provide the Fund with collateral that meets prudential supervisory requirements regarding counterparty risk and collateral provision. In this case, the agent is contractually bound to provide the collateral.

(b) The respective sub-fund must ensure that the volume of the securities lending transactions is kept to an appropriate level or that it is entitled to request the return of the transferable securities lent in a manner that enables it, at all times, to meet its redemption obligations and that these transactions do not jeopardise the management of the respective sub-fund's assets in accordance with its investment policy. Up to 100% of the assets that can be used in securities lending transactions may be loaned. For each securities lending transaction, the relevant sub-fund must ensure that the market value of the collateral is as high as the market value of the reused assets over the entire term of the lending transaction.

(c) Receipt of appropriate collateral

The respective sub-fund may take into account collateral conforming to the requirements stated herein in order to take into consideration the counterparty risk in transactions that include repurchase rights.

The respective sub-fund must proceed on a daily basis with the valuation of the collateral received. The agreement concluded between the respective sub-fund and the counterparty must include provisions to the effect that the counterparty must provide additional collateral at very short term if the value of the collateral already provided proves to be insufficient in relation to the amount to be covered. In addition, this agreement must stipulate safety margins which take into consideration the exchange risks or market risks inherent to the assets accepted as collateral.

The assets accepted as collateral are those forms of collateral stated in the section entitled "Counterparty risk".

If securities lending transactions are used, the proportion of assets under management which is expected to be used in these transactions will be published for the respective sub-fund on the Management Company's website referred to in the section entitled "Information for investors".

## 2. Repurchase agreements

A repurchase agreement is a transaction pursuant to an agreement through which a counterparty sells transferable securities or guaranteed rights to transferable securities, and the agreement contains a commitment to repurchase the same transferable securities or rights – or failing that, securities with the same characteristics – at a fixed price and at a time fixed by the lender or to be fixed at a later date. Rights to transferable securities may be the subject of such a transaction only if they are guaranteed by a recognised exchange which holds the rights to the transferable securities, and if the agreement does not allow one of the counterparties to transfer or pledge a particular transferable security at the same time to more than one other counterparty. For the counterparty that sells the transferable securities, the transaction is a repurchase agreement, and for the other party that acquires them, the transaction is a reverse repurchase agreement.

On behalf of the respective sub-fund, the Management Company (acting as a buyer) may engage in transactions that include repurchase rights. Said transactions involve the purchase of securities where the contractual conditions grant the seller (counterparty) the right to buy back the sold securities from the sub-fund at a particular price and within a particular period agreed between the parties upon conclusion of the agreement. On behalf of the respective sub-fund, the Management Company (acting as a seller) may engage in transactions where the contractual conditions grant the sub-fund the right to buy back the sold securities from the buyer (counterparty) at a particular price and within a particular period agreed between the parties upon conclusion of the agreement. The Management Company may enter into repurchase agreements either as the buyer or seller. However, any transactions of this kind are subject to the following guidelines:

a) Transferable securities may only be bought or sold via a repurchase agreement if the counterparty in the agreement is a financial institution that specialises in this type of transaction.

b) During the term of the repurchase agreement, the transferable securities covered by the agreement may not be sold before the counterparty has exercised the right to repurchase the transferable securities or before the deadline for the repurchase has expired.

When the Management Company concludes a repurchase agreement, it must ensure that it is able, at any time, to recall the full amount of cash or to terminate the repurchase agreement on either an accrued basis or a market-to-market basis. In addition, the Management Company must ensure that it is able, at any time, to recall any transferable securities subject to the repurchase agreement and to terminate the repurchase agreement into which it has entered.

Up to 100% of the Fund's assets may be transferred to third parties as part of a repurchase agreement.

If repurchase agreements are used, the proportion of assets under management which is expected to be used in these transactions will be published for the respective sub-fund on the Management Company's website referred to in the section entitled "Information for investors".

e) Forward exchange contracts

The Management Company may enter into forward exchange contracts for the respective sub-fund.

Forward exchange contracts are unconditionally binding agreements for both contracting parties to buy or sell a certain amount of the underlying foreign currencies at a certain time (maturity date) at a price agreed in advance.

f) Swaps

The Management Company may conclude swaps on behalf of the respective sub-fund within the framework of the investment principles.

A swap is a contract between two parties based on the exchange of payment flows, assets, income or risk. The swaps made for the respective sub-fund may include, but are not limited to, the following: interest, currency, equity and credit default transactions.

An interest swap is a transaction in which two parties swap cash flows which are based on fixed or variable interest payments. The transaction can be compared with the adding of funds at a fixed interest rate and the simultaneous allocation of funds at a variable interest rate, with the nominal sums of the assets not being swapped.

Currency swaps usually consist of the swapping of nominal sums of assets. They can be compared to borrowing in one currency and simultaneously lending in another.

Asset swaps, also known as "synthetic securities", are transactions that convert the yield from a particular asset into another rate of interest (fixed or variable) or into another currency, by combining the asset (e.g. bond, floating-rate note, bank deposit, mortgage) with an interest swap or currency swap.

An equity swap is the exchange of payment flows, value adjustments and/or income from an asset in return for payment flows, value adjustments and/or income from another asset, where at least one of the exchanged payment flows or incomes from an asset represents a share or a share index.

A total return swap is a derivative contract as defined in Article 2, point 7 of Regulation (EU) 648/2012, in which one counterparty transfers to another the total return of a benchmark liability including income from interest and fees, gains and losses from exchange rate fluctuations, and credit losses.

The contracting parties may not exert any influence on the composition or management of the UCI's investment portfolio or the underlying assets of the derivatives. Transactions in connection with the UCI's investment portfolio do not require the consent of the counterparty.

Total return swaps may be used within the limits of the risk management process applied.

The types of assets used in total return swaps may be those that are permissible in accordance with the investment policy of the relevant sub-fund.

All returns generated from total return swaps accrue to the Fund's assets net of all related costs including any transaction costs.

If total return swaps are used, the proportion of assets under management which is expected to be used in these transactions will be published for the respective sub-funds on the Management Company's website referred to in the section entitled "Information for investors".

g) Swaptions

A swaption is the right, but not the obligation, to enter into a swap, the conditions of which are clearly specified, at a given time or within a given period. In addition, the principles listed in connection with option dealing apply.

h) Techniques for the management of credit risks

The Management Company may also use credit default swaps for the respective sub-fund to ensure the efficient management of the respective sub-fund assets.

Within the market for credit derivatives, a CDS represents the most widespread and the most quantitatively significant instrument. A CDS enables the credit risk to be separated from the underlying financial relationship. This separate trading of default risks extends the range of possibilities for systematic risk and income management. With a CDS, a protection buyer can hedge against certain risks arising from a debtor-creditor relationship by paying a periodic premium (calculated on the basis of the nominal amount) for transferring the credit risk to a protection seller for a defined period. This premium depends, among other things, on the quality of the underlying reference debtor(s) (= credit risk). The transferred risks are defined in advance as so-called credit events. As long as no credit event occurs, the CDS seller does not have to render a performance. If a credit event occurs, the seller pays the predefined amount (such as the par value or an adjustment payment equalling the difference between the par value of the reference assets and their market value) after the credit event occurs ("cash settlement"). The buyer then has the right to tender an asset of the reference debtor which is qualified in the agreement, whilst the buyer's premium payments are stopped as of this point. The respective sub-fund can act either as protection buyer or protection seller.

CDS are traded over the counter (OTC market), such that more specific, non-standard requirements of both counterparties can be addressed - at the price of lower liquidity.

The commitment of the obligations arising from the CDS must not only be in the exclusive interests of the Fund, but also be in line with its investment policy. For the purpose of the investment limits in accordance with Article 4 of the Management Regulations, both the assets underlying the CDS and the particular issuer must be taken into account.

A CDS is valued on a regular basis using verifiable and transparent methods. The Management Company and the auditor will monitor the verifiability and transparency of the valuation methods. The Management Company will rectify any differences ascertained as a result of the monitoring procedure.

i) Remarks

The above-mentioned techniques and instruments can, where appropriate, be supplemented by the Management Company if new instruments corresponding to the investment objective are offered on the market, which the respective sub-fund may employ in accordance with the prudential supervisory and statutory provisions.

The use of techniques and instruments for efficient portfolio management may give rise to various direct/indirect costs, which are charged to the relevant Fund's assets or which reduce the Fund's assets. These costs may be incurred both in relation to third parties and parties associated with the Management Company or Depositary.

The usage of the aforementioned techniques and instruments may cause potential conflicts of interest, which are described in more detail in the section entitled "Risk information".

Using the aforementioned techniques and instruments may have a positive or negative effect on the performance of the Fund.

## **7 POSSIBLE AMENDMENTS TO THE INVESTMENT OBJECTIVES / INVESTMENT CONDITIONS**

The Management Company is entitled, with the prior approval of the prudential supervisory authority, to amend the investment policy and investment objectives/strategy of the Fund. The investors shall be informed in such case in a suitable manner, as described above in the section entitled "Information for investors".

## **8 EXCEEDING THE INVESTMENT LIMITS BY MEANS OTHER THAN INVESTMENT DECISIONS**

If the aforementioned or fund-specific percentage limits are exceeded, the primary objective of the Fund must be to remedy this situation taking into account the interests of the investors.

### **Calculation of the unit value**

1. The Fund's net assets are denominated in euro (EUR) ("reference currency").
2. The value of a unit ("unit value") is denominated in the currency set out in the relevant Annex to the Sales Prospectus ("sub-fund currency"), unless the relevant Annex to the Sales Prospectus stipulates another currency for any unit classes ("unit class currency").
3. The unit value is calculated by the Management Company or a third party commissioned by the Management Company, under the responsibility of the Management Company and under the supervision of the Depositary, on each day stated in the Annex to the sub-fund ("valuation day") and rounded to two decimal places. The Management Company may decide on a different arrangement for individual sub-funds, in which case it should be taken into account that the unit value must be calculated at least once a month.

The Management Company may decide to determine the unit value on 24 and 31 December without these determinations of value being considered calculations of the unit value on a valuation day within the meaning of the first sentence of this point 3. Consequently, investors cannot demand the issue, redemption and/or exchange of units on the basis of a unit value determined on 24 December and/or 31 December of a given year.

4. In order to calculate the unit value, the value of the assets of each sub-fund less the liabilities of each sub-fund ("net sub-fund assets") is determined on each valuation day, and this figure is divided by the number of sub-fund units in circulation on the valuation day.
5. If applicable legal regulations or the provisions of these Management Regulations require the situation of the Fund's assets in their entirety to be described in the annual or semi-annual reports and/or in other financial statistics, the assets of the relevant sub-funds will be converted into the reference currency. Net sub-fund assets are calculated according to the following principles:
  - (a) Transferable securities, money market instruments, derivative financial instruments (derivatives) and other assets officially listed on a securities exchange are valued at the latest available trade price which provides a reliable valuation on the trading day preceding the valuation day.

The Management Company may stipulate for individual sub-funds that transferable securities, money market instruments, derivative financial instruments (derivatives) and other assets officially listed on a securities exchange are valued at the latest available closing price which provides a reliable valuation. Details on this can be found in the Annexes to the relevant sub-funds.

If transferable securities, money market instruments, derivative financial instruments (derivatives) and other assets are officially listed on several stock exchanges, the one with the highest liquidity shall be applicable.

- (b) Transferable securities, money market instruments, derivative financial instruments (derivatives) and other assets which are not officially listed on a securities exchange (or whose stock exchange rate is not deemed representative, e.g. due to lack of liquidity) but which are traded on another regulated market, shall be valued at a price no less than the bid price and no more than the offer price of the trading day preceding the valuation day, and which the Management Company considers in good faith to be the best possible price at which the transferable securities, money market instruments, derivative financial instruments (derivatives) and other investments can be sold.

For individual sub-funds, the Management Company may stipulate that transferable securities, money market instruments, derivative financial instruments (derivatives) and other assets which are not officially listed on a securities exchange (or whose stock exchange rates are not deemed representative, e.g. due to lack of liquidity) but which are traded on another regulated market be valued at the latest available price which the Management Company considers in good faith to be the best possible price at which the transferable securities, money market instruments, derivative financial

instruments (derivatives) and other assets can be sold. Details on this can be found in the Annexes to the relevant sub-funds.

- (c) OTC derivatives are valued on a daily basis by means of a valuation to be determined and able to be checked by the Management Company.
- (d) Units in UCI/UCITS are determined at the last redemption price set before the valuation day or are valued at the latest available price which provides a reliable valuation. If the redemption is suspended or no redemption prices are established for certain investment units, these units and all other assets will be valued at their appropriate market value, as determined in good faith by the Management Company in line with generally accepted and verifiable valuation rules.
- (e) If the prices in question are not fair market prices, if the financial instruments under (b) are not traded on a regulated market, and if no prices are set for financial instruments other than those listed under (a)–(d), then these financial instruments and the other legally permissible assets shall be valued at their current market value, as established in good faith by the Management Company on the basis of the probable selling price. The procedure for this is stipulated in the Management Company's valuation guidelines.
- (f) Liquid assets are valued at their par value, plus interest.
- (g) Amounts due (e.g. deferred interest claims and liabilities) shall, in principle, be rated at their par value.
- (h) The market value of transferable securities, money market instruments, derivatives and other assets denominated in a currency other than the relevant sub-fund currency shall be converted into the sub-fund currency at the exchange rate of the trading day preceding the valuation day, using WM/Reuters fixing at 17:00 (16:00 GMT). Profits and losses from foreign exchange transactions shall, on each occasion, be added or subtracted.

The Management Company may stipulate for individual sub-funds that transferable securities, money market instruments, derivative financial instruments (derivatives) and other assets denominated in a currency other than that of the sub-fund be converted into the sub-fund currency at the exchange rate of the valuation day. Profits and losses from foreign exchange transactions shall, on each occasion, be added or subtracted. Details on this can be found in the Annexes to the relevant sub-funds.

The net assets of the individual sub-fund will be reduced by any distributions paid to the investors of the relevant sub-fund, where applicable.

6. The unit value is calculated separately for each sub-fund pursuant to the aforementioned criteria. However, if there are different unit classes within a sub-fund, the calculation of the unit value will be carried out separately for each unit class within this sub-fund pursuant to the aforementioned criteria.

Generally, the respective sub-fund's assets are valued by the Management Company. The Management Company may delegate the asset valuation and consult an external valuer that complies



with the legal provisions. The valuer may not delegate this duty to a third party. The Management Company shall notify the competent prudential supervisory authority of the appointment of an external valuer. The Management Company shall remain responsible for the proper valuation of the respective sub-fund's assets and for the calculation and publication of the net asset value even if it has appointed an external valuer.

### Issue of units

1. Units are always issued on the initial issue date of a sub-fund or within the initial issue period of a sub-fund at a set unit value (plus a potential front-end load paid to the respective sales agent), in the manner described for the respective sub-fund in the relevant Annex to this Sales Prospectus. In conjunction with this initial issue amount or this initial issue period, units will be issued on the valuation day at the issue price. The issue price is the unit value pursuant to Article 6(4) of the Management Regulations, plus a potential front-end load payable to the relevant sales agent, the maximum amount of which is regulated for each sub-fund in the respective Annex to this Sales Prospectus. The issue price may be increased by fees or other charges payable in the particular countries where the Fund is sold.

The following is an example of how to calculate the issue price:

Unit value	EUR 100
+ front-end load (e.g. 5%)	EUR 5
<hr/>	
= Issue price	EUR 105

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3. Subscription orders for the acquisition of registered units may be submitted to the Management Company and the sales agent. The receiving agents are obliged to immediately forward all subscription orders to the Registrar and Transfer Agent. Receipt by the Registrar and Transfer Agent ("relevant agent") is decisive. This agent accepts the subscription orders on behalf of the Management Company.

Purchase orders for the acquisition of units certified in the form of global certificates ("bearer units") are forwarded to the Registrar and Transfer Agent by the entity at which the subscriber holds his custody account. Receipt by the Registrar and Transfer Agent is decisive.

Complete subscription applications for registered units or purchase orders of bearer units for the acquisition of units received by the relevant agent no later than 17:00 on the last banking day before a valuation day shall be settled at the issue price of the following valuation day, provided the equivalent value for the subscribed units is available. In any case, the Management Company ensures that units are issued on the basis of a unit value previously unknown to the investor. Should there nevertheless be any suspicion that an investor is engaging in late trading, the Management Company may refuse to accept the subscription application / purchase order until the applicant has cleared up any doubts regarding their subscription application / purchase order. Complete subscription applications for registered units or purchase orders of bearer units received by the relevant agent after 17:00 on the last banking day prior to a valuation day will be settled at the issue price of the next valuation day but one.

If the equivalent value of the registered units to be subscribed is not available at the time of receipt of the complete subscription order by the Registrar and Transfer Agent or if the subscription order is incorrect or incomplete, the subscription order shall be regarded as having been received by the Registrar and Transfer Agent on the date on which the equivalent of the subscribed units is available or the subscription order is submitted properly.

The bearer units are transferred step by step by the Registrar and Transfer Agent after accounting through payment/delivery transactions, i.e. against payment of the agreed investment amount to the agent with whom the subscriber holds his custody account.

The issue price is payable at the Depositary in Luxembourg in the respective sub-fund currency or, if there are several unit classes, in the respective unit class currency, within the number of banking days (specified in the Annex to the sub-fund) after the corresponding valuation day.

4. The circumstances under which the issue of units may be suspended are specified in Article 9 in conjunction with Article 7 of the Management Regulations.
5. In the event that the issue of units is reserved for certain investors, this shall be indicated in the Annex specific to the sub-fund.
6. The sub-fund may, in accordance with the stipulations of Luxembourg law which specify in particular a compulsory valuation by an auditor, issue units against contributions of assets provided such asset contributions are consistent with the investment objectives, investment policy and the investment restrictions of the sub-fund.

#### **Redeeming and exchanging units**

1. Investors are entitled to request the redemption of their units at any time at the unit value in accordance with Article 6(4) of the Management Regulations, less any redemption fee if applicable (“redemption price”). This redemption will only be carried out on a valuation day. If a redemption fee is payable, the maximum amount of this fee for each sub-fund is listed in the relevant Annex to this Sales Prospectus. The following is an example of how to calculate the redemption price:

Unit value	EUR 100
Redemption fee (e.g. 1%)	EUR 1
<hr/>	
= Redemption price	EUR 99

In certain countries, the payment of the redemption price may be reduced by local taxes and other charges. The corresponding unit is cancelled upon payment of the redemption price.

2. Payment of the redemption price, as well as any other payments to the investors, shall be made via the Depositary and the paying agents. The Depositary is only obliged to make payment insofar as there are no legal provisions, such as exchange control regulations or other circumstances beyond the Depositary's control, prohibiting the transfer of the redemption price to the country of the applicant.

The Management Company may buy back units unilaterally against payment of the redemption price if this appears necessary in the interests of the investors or for the protection of the investors or a sub-fund, in particular when:

- a) there is a suspicion that the respective unitholder shall, on acquiring the units, engage in market timing, late trading or other market techniques that could be harmful to the investors as a whole,
  - b) the investor does not fulfil the conditions for acquiring units, or
  - c) the units were acquired by a person who appears to have ties to the U.S., the units have been sold in a state or acquired by a person (e.g. U.S. citizen) in a state where the Fund is not authorised for sale or where such persons are not permitted to acquire units.
3. The exchange of all units or of some units for units in another sub-fund will take place on the basis of the unit value of the relevant sub-funds calculated in accordance with Article 6(4) of the Management Regulations, taking into account the applicable exchange fee, which is set at a maximum of 1% of the unit value of the units to be subscribed to, but also at a minimum of the difference between the front-end load of the sub-fund of the units to be exchanged and that of the sub-fund whose units are being subscribed to. If no exchange fee is charged, this is specified for the sub-fund concerned in the relevant Annex to this Sales Prospectus.

If various unit classes are offered within a sub-fund, units of one class may be exchanged for units of another class, both within the same sub-fund and from one sub-fund into another. No exchange fee is applied if an exchange is made within a single sub-fund.

The Management Company may reject an order for the exchange of units, if this is deemed in the interests of the Fund or the sub-fund or in the interests of the investors.

4. Complete orders for the redemption or exchange of registered units can be submitted to the Management Company, any sales agent and the paying agent. The receiving agents are obliged to immediately forward the redemption or exchange orders to the Registrar and Transfer Agent. The time of receipt of the redemption or exchange order by the Registrar and Transfer Agent shall be decisive.

An order for the redemption or exchange of registered units shall only be deemed complete if it contains the name and address of the investor, the number and/or transaction value of the units to be redeemed and/or exchanged, the name of the sub-fund and the signature of the investor.

Complete sales orders for the redemption of bearer units will be forwarded to the Registrar and Transfer Agent by the agent with whom the investor holds his custody account. The exchange of bearer units is ruled out.

When redeeming units, the AIFM may also accept a payment in kind in the form of assets of the relevant sub-funds if this redemption is accompanied by a report by the auditor of the sub-fund. The payment in kind must not have a negative impact on other investors. All costs relating to the payment in kind may not be borne by the sub-fund.

Complete redemption/sales orders or complete exchange applications received after 17:00 on a valuation day shall be settled at the unit value of the next valuation day but one. Any applicable redemption fees shall be deducted or the exchange fee taken into consideration. In any case, the Management Company ensures that units are redeemed or exchanged on the basis of a unit value previously unknown to the investor. Complete redemption/sales orders or complete exchange applications received after 17:00 on a valuation day shall be settled at the unit value of the next valuation day but one. Any applicable redemption fees shall be deducted or the exchange fee taken into consideration.

The time of receipt of the redemption/sales order or exchange order by the Registrar and Transfer Agent shall be decisive.

The redemption price is payable in the respective sub-fund currency or, if there are several unit classes, in the respective unit class currency, within the number of banking days stipulated in the Annex to the sub-fund after the relevant valuation day. In the case of registered units, payment is made to the account specified by the investor.

5. The Management Company is obliged to temporarily suspend the redemption or exchange of units due to the suspension of the calculation of the unit value.
6. Subject to prior approval from the Depositary and while preserving the interests of the investors, the Management Company shall only be entitled to process significant volumes of redemptions after selling corresponding assets of the respective sub-fund without delay. In this case, the redemption shall occur at the redemption price valid at that time. The same shall apply for orders for the exchange of units. The Management Company shall, however, ensure that the respective sub-fund has sufficient liquid funds at its disposal such that, under normal circumstances, the redemption or exchange of units may take place immediately upon application from investors.

#### **Temporary suspension of unit value calculation, suspension of the issue and redemption of units**

1. The Management Company is entitled to temporarily suspend the calculation of the unit value if and for as long as exceptional circumstances exist which render such suspension necessary and if this suspension is justified in view of the interests of unitholders. This is particularly the case
  - (a) during times when a stock exchange or other regulated market on which a significant proportion of the assets are listed or traded is closed (other than for public or bank holidays) or trading on such stock exchange or on the relevant market is suspended or restricted;
  - (b) in emergencies, if the Management Company cannot obtain access to the Fund's assets or is unable to freely transfer the equivalent of investment purchases or sales or properly calculate the unit value;
  - (c) if, as a result of disruptions in the communications network or for any other reason, it is not possible to calculate the value of a key asset or several key assets either in a sufficiently timely or accurate manner.

For as long as the calculation of the net asset value per unit has been temporarily suspended, the issue, redemption and exchange of units will also be suspended. The temporary suspension of the calculation of the net asset value of units in a sub-fund shall not lead to a temporary suspension of other sub-funds that are not affected by the event.

2. Investors who have issued a subscription, redemption or exchange order shall be immediately informed of any suspension of the unit value calculation and shall be immediately notified after the resumption of the unit value calculation.
3. Subscription, redemption and exchange orders shall automatically become invalid if the calculation of the net asset value is suspended. The investors or potential investors shall be informed that the subscription, redemption or exchange orders must be resubmitted after the resumption of the calculation of the net asset value.

### **Merging of the Fund and of sub-funds**

1. In accordance with the conditions outlined below, the Executive Board of the Management Company may determine on the basis of a resolution to transfer the Fund or a sub-fund with another UCI or UCITS managed by the same management company or managed by another management company. A merger may in particular be decided on in the following cases:
  - insofar as the net fund assets or net sub-fund assets on a valuation day have fallen below an amount which appears to be a minimum amount for the purpose of managing the Fund or sub-fund in a manner which is economically viable. The Management Company has set this amount at EUR 5 million.
  - if, due to a significant change in the economic or political climate or for reasons of economic viability, it does not appear to make economic sense to manage the Fund or sub-fund.
  - As part of a rationalisation process.
2. The Executive Board of the Management Company may also decide to absorb into the Fund or sub-fund another fund or sub-fund managed by the same or by another management company.
3. Mergers are possible between two Luxembourg funds or sub-funds (domestic merger) or between funds or sub-funds that are based in two different Member States of the European Union (cross-border merger).
4. Such a merger may only be implemented if the investment policy of the fund or sub-fund to be absorbed does not contradict the investment policy of the absorbing fund or sub-fund.
5. Mergers shall be implemented by way of the liquidation of the fund/sub-fund to be absorbed and a simultaneous takeover of all assets by the absorbing fund or sub-fund. The investors of the absorbed fund receive the units in the absorbing fund; the number of these unit is calculated on the basis of the ratio of the unit values of the funds in question at the time of merger, along with any settlement of fractional units.

6. The absorbed fund or sub-fund will inform investors in an appropriate manner about the planned merger and in line with the legal requirements of the respective distribution countries of the absorbed fund or sub-fund.
7. In the case of a merger between two or more funds or sub-funds, the funds or sub-funds in question may temporarily suspend the subscription, redemption and conversion of units if such suspension is justified for reasons of the protection of the unitholders.
8. Implementation of the merger will be audited and confirmed by an independent auditor. A copy of the auditor's report will be made available on request at no charge to the investors in the absorbed fund or sub-funds, as well as to the respective supervisory authority.
9. The above equally applies to the merger of two sub-funds within the Fund.

### **Liquidation of the Fund or a sub-fund**

1. The Fund is set up for an indefinite period. Notwithstanding this provision, the Fund or one or more sub-funds may be dissolved by the Management Company at any time, especially if considerable economic and/or political changes have occurred since the time of the launch of the Fund.
2. Liquidation of the Fund shall be obligatory in the following instances:
  - (a) if the appointment of the Depositary is terminated without a new depositary being appointed within two months;
  - (b) if insolvency proceedings are instituted against the Management Company and no other management company declares itself willing to take over the Fund or if the Management Company is liquidated;
  - (c) if the Fund's assets remain below EUR 312,500 for more than six months;
  - (d) in other instances as provided under the Law of 17 December 2010.
3. If a situation occurs which leads to the liquidation of the Fund or a sub-fund, the issue of units will be suspended. The redemption of units will continue to be possible if the equal treatment of the investors is ensured. The Depositary will distribute the liquidation proceeds less liquidation costs and fees, upon instruction from the Management Company or, if appropriate, the liquidators appointed by the Management Company or by the Depositary in agreement with the supervisory authority, among the investors of the respective sub-fund according to their respective claims. Any net liquidation proceeds that are not claimed by investors by the time the liquidation process has ended will be deposited by the Depositary after the liquidation process has ended at the *Caisse des Consignations* in Luxembourg for the account of the beneficiaries. These sums are then forfeited if they are not claimed within the statutory period.
4. The investors, their heirs, creditors or successors in title may apply neither for early dissolution nor for the partition of the Fund or a sub-fund.

5. The liquidation of the Fund pursuant to this Article will be published in accordance with legal provisions by the Management Company in the RESA and at least two national daily newspapers, of which one will be the "Tageblatt".
6. The liquidation of a sub-fund will be published in the manner described in the Sales Prospectus under "Notices to investors".

### **Risk information**

The risks listed below can occur both in the Fund's assets and in the individual target funds. The order in which the risks are listed below does not reflect the likelihood of their occurrence or the magnitude or the significance of the occurrence of each individual risk.

Investment units are transferable securities, the value of which is determined by the daily price fluctuations of the assets held in the fund assets of the respective investment fund or investment company. Due to these price fluctuations, this value can therefore rise or fall.

**As a result, no assurance can be given that the investment policy's objectives will be met.**

### **General market risk**

The assets in which the Management Company invests for the account of the sub-fund(s) are associated with risks as well as opportunities for growth in value. If a sub-fund invests directly or indirectly in transferable securities and other assets, it is subject to the general trends and tendencies of the markets, particularly the transferable securities markets, which are attributable to various and partially irrational factors. Losses can occur if the market value of the assets decreases compared to the cost price. If a unitholder sells units of the sub-fund at a time when the market price of assets in the sub-fund has decreased compared to the time of unit purchase, he will not get back the money he invested in the sub-fund to the full amount. Despite the fact that each sub-fund aims to achieve constant growth, this cannot be guaranteed. However, the investor's risk is limited to the amount invested. Investors are not obliged to provide any supplementary funding in addition to the money invested.

### **Volatility risk**

The sub-fund's assets may exhibit increased volatility due to their composition, i.e. unit prices may be subject to considerable upward and downward fluctuations even within short periods of time.

### **Interest rate risk**

Investing in fixed-rate transferable securities is associated with the possibility that the interest rate at the time of issuance of a security might change. If the interest rate increases compared to the interest at the time of issue, fixed-rate transferable securities will generally decrease in value. In contrast, if the interest rate falls, the price of fixed-rate transferable securities increases. These developments mean that the current yield of fixed-rate transferable securities roughly corresponds to the current interest rate. However, such fluctuations can vary depending on the maturity of the fixed-rate transferable securities. On the one hand, fixed-rate transferable securities with short maturities bear lower price risks than fixed-rate transferable securities with long maturities. On the other hand, fixed-

rate transferable securities with short maturities generally have smaller yields than fixed-rate transferable securities with long maturities.

### **Risk of negative deposit rates**

The Management Company invests the liquid assets of the Fund with the Depositary or other financial institutions on behalf of the Fund. An interest rate is agreed for some of these bank balances that corresponds to international interest rates, less an applicable margin. If these interest rates fall below the agreed margin, this leads to negative interest rates on the corresponding account. Depending on the development of the interest rate policy of each of the central banks, short, medium and long-term bank balances may all generate a negative interest rate at banks.

### **Credit risk**

The creditworthiness of the issuer (its ability and willingness to pay) of an asset held directly or indirectly by a sub-fund may subsequently fall. This normally leads to a fall in the price of the respective asset that exceeds general market fluctuations.

### **Company-specific risk**

The performance of the assets held directly or indirectly by a sub-fund also depends on company-specific factors, such as the business position of the issuer. If the company-specific factors deteriorate, the market value of a given asset may fall substantially and permanently, even if stock market developments are otherwise generally positive.

### **Default risk**

The issuer of a transferable security held directly or indirectly by a sub-fund or the debtor of a claim belonging to a sub-fund may become insolvent. The corresponding assets of the sub-fund may become worthless as a result of this.

### **Counterparty risk**

In the case of transactions not conducted via a stock exchange or a regulated market (OTC transactions) or securities financing transactions, there is, in addition to the default risk, the risk that the counterparty to the transaction may fail to meet its obligations or fail to do so to the fullest extent. This applies in particular to transactions that use techniques and instruments. In order to reduce the counterparty risk associated with OTC derivatives and securities financing transactions, the Management Company is authorised to accept collateral. This shall be carried out in accordance with the requirements of ESMA Guidelines 2014/937. This collateral may take the form of cash, government bonds, bonds issued by public international bodies to which one or more EU Member States belong or covered bonds. Collateral received in the form of cash may not be re-invested. All other collateral received is neither sold, reinvested nor pledged. The Management Company implements incremental valuation discounts (a "haircut strategy") for the collateral received, taking into account the specific characteristics of the collateral and the issuer. Details of the minimum haircuts applied depending on the type of collateral are shown in the following table:

<b>Collateral</b>	<b>Minimum haircut</b>
Cash (sub-fund currency)	0%



Cash (foreign currencies)	8%
Government bonds	0.50%
Bonds issued by public international bodies to which one or more EU Member States belong and covered bonds	0.50%

Further details of the haircuts applied may be requested from the Management Company free of charge at any time.

Collateral received by the Management Company within the framework of OTC derivatives and securities financing transactions must, inter alia, meet the following criteria:

- i) Non-cash collateral should be sufficiently liquid and traded on a regulated market or a multilateral trading system.
- ii) The collateral will be monitored and valued daily in accordance with market value.
- iii) Securities which high price volatility should not be accepted without adequate haircuts (discounts).
- iv) The creditworthiness of the issuer should be high.
- v) Collateral must be sufficiently diversified by countries, markets and issuers.
- vi) Any collateral which is not provided in cash must be issued by a company which is not affiliated with the counterparty.

There are no specifications for restricting the residual maturity of securities.

The provision of collateral is based on individual contractual agreements between the counterparty and the Management Company, in which, inter alia, the type and quality of collateral, haircuts, allowances and minimum transfer amounts are defined. The value of OTC derivatives and any collateral already provided is calculated on a daily basis. If, due to individual contractual agreements, an increase or decrease in collateral is necessary, this collateral shall be requested or claimed back from the counterparty. Information on the agreements may be requested from the Management Company free of charge at any time.

As regards the risk diversification of the collateral received, the maximum exposure to a specific issuer may not exceed 20% of the respective net assets of the sub-fund. By way of exception, Article 4(4)(b) of the Management Regulations shall apply to issuer risk on receipt of collateral from specific issuers.

On behalf of the Fund, the Management Company may accept securities as collateral within the framework of derivatives and securities financing transactions. If these securities were pledged as collateral, they must be held in custody by the Depositary. If the Management Company has pledged the securities as collateral within the framework of derivative transactions, custody is at the discretion of the secured party.

### **Currency risk**

If a sub-fund directly or indirectly holds assets denominated in foreign currencies, then it is subject to currency risk, unless the foreign currency positions are hedged. In the event of a devaluation of the foreign currency against the reference currency of the sub-fund, the value of the assets held in this foreign currency shall fall.

### **Industry risk**

If a sub-fund focuses its investments on specific industries, this reduces the risk diversification. As a result, the sub-fund shall be particularly dependent on the general development of individual industries and the development of individual company profits within these industries, as well as the development of industries that mutually influence each other.

### **Country and regional risk**

If a sub-fund focuses its investment on specific countries or regions, this also reduces the risk diversification. Accordingly, the sub-fund shall be particularly dependent on the development of individual or mutually interdependent countries and regions, and/or on companies which are located and/or active in these countries or regions.

### **Legal and tax risk**

Changes to the legal requirements and the assessment of the circumstances in the countries where the Fund holds assets may have an impact on the fiscal situation of the Fund and its investors. The Fund must meet all fiscal requirements imposed. If these laws are amended during the term of the Fund, the legal requirements valid for the Fund and investors may differ considerably from the existing ones. Legal and other regulatory framework conditions in the relevant jurisdictions may change to the detriment of the sub-fund and/or the investors. The prosecution and the enforcement of claims and other rights of the sub-fund and investors may become more complicated as a result of the links with different jurisdictions. It cannot also not be ruled out that court agreements vary or are different than intended or are deemed ineffective. Funds may also not be recognised by foreign courts in their legal form.

### **Country and transfer risk**

Economic or political instability in countries in which the sub-fund invests may mean that despite the solvency of the issuer of the respective transferable security or other form of asset, the funds owed to a sub-fund are received either in part or not at all, in another currency or not in good time. Decisive factors in this may include currency or transfer restrictions, a lack of willingness or capacity to carry out the transfer, or other legal changes. If the issuer pays in another currency, this position is additionally subject to a currency risk.

### **Risk due to force majeure**

Force majeure is defined as events that cannot be controlled by the persons affected. These include serious road traffic accidents, pandemics, earthquakes, floods, hurricanes, nuclear accidents, war and terrorism, design and construction defects beyond the Fund's control, environmental legislation, general economic circumstances or industrial disputes. If a sub-fund is affected by one or more events of force majeure, this may result in losses up to or even total loss of that sub-fund.

### **Liquidity risk**

The Fund may also acquire assets and derivatives not admitted for trading on a stock exchange, or not admitted to trading or included in another organised market. In some situations it might be impossible to sell such assets except subject to considerable discounts or delays, if at all. In some cases, even the sale of assets admitted to a stock exchange may only be possible with sizeable

discounts, or not at all, depending on market conditions, volumes, time frames and planned costs. Although the Fund may only acquire assets that can generally be liquidated at any time, it is possible that these assets may temporarily or permanently only be sold at a loss.

### **Custody risk**

A risk of loss is associated with the custody of assets, which may result from insolvency or violations of due diligence on the part of the Depositary or a sub-custodian, or by external events.

The respective sub-fund may also acquire hedge funds as target funds. These hedge funds may make use of a prime broker in addition to a depositary. In some cases, the prime brokers may not have the same credit rating as a depositary. Unlike depositaries, prime brokers frequently only carry out custody functions and are not subject to any special statutory supervision. If loans are provided or derivatives used, hedge fund assets are usually transferred to a prime broker as collateral. This may give the prime broker priority rights to the hedge fund assets. Insolvency of the prime broker may lead to asset losses at hedge fund level, reducing the net asset value of the Investment Company. The general risk of loss associated with the custody of any assets may increase as a result.

### **Inflation risk**

Inflation risk means the danger of financial losses as a result of the devaluation of currency. As a result of inflation, the income of a sub-fund as well as the value of the investments as such may decrease in terms of purchasing power. Different currencies are subject to inflation risk to a greater or lesser extent.

### **Concentration risk**

Additional risks may be incurred if the investments are concentrated in certain assets or markets. In these cases, events affecting these assets or markets may have a greater impact on the Fund's assets and cause comparably greater losses than would be the case with a more diversified investment policy.

### **Performance risk**

Positive performance cannot be ensured without a guarantee issued by a third party. Furthermore, assets acquired for a (sub-)fund may perform differently than anticipated upon acquisition.

### **Settlement risk**

Transferable securities transactions carry the risk that one of the contracting parties delays, does not pay as agreed or does not deliver the transferable securities in good time. This settlement risk also exists with the reversal of securities for the Fund.

## **Risks associated with using derivatives and other techniques and instruments**

The leverage effect of option rights may result in a greater impact on the value of the sub-fund assets – both positive and negative – than would be the case with the direct acquisition of transferable securities and other assets. To this extent, their use is associated with special risks.

Financial futures contracts which are used for a purpose other than hedging are also associated with considerable opportunities and risks, as only a fraction of the contract value (the margin) needs to be provided immediately.

Price changes may therefore lead to substantial profits or losses. As a result, the risk and the volatility of the sub-fund may increase.

Depending on the structure of swaps, the value thereof can be affected by any future change in the market interest rate (interest rate risk), counterparty insolvency (counterparty risk) or a change in the underlying. In principle, any future (value) changes to the underlying payment flows, assets, income or risks may lead to gains as well as losses in the Fund.

Techniques and instruments are associated with specific investment and liquidity risks.

Since the use of derivatives embedded in financial instruments can be associated with a leverage effect, the use thereof can lead to strong fluctuations both positive and negative in the value of the sub-fund's assets.

- Risks of securities lending agreements

If the Management Company lends securities for the account of the Fund, it transfers the securities to another counterparty, which, at the end of the lending agreement, returns securities of the same type, quantity and quality. For the entire duration of the agreement, the Management Company has no control over the loaned transferable securities. If the security decreases in value during the transaction and the Management Company wants to dispose of the security altogether, it must terminate the securities lending transaction and wait for the usual settlement cycle, which can create a risk of loss for the Fund.

- Risks of repurchase agreements

If the Management Company transfers securities under a repurchase agreement, then it sells the security and undertakes to repurchase it at a premium after the end of the term. The repurchase price plus premium to be paid by the seller at the end of the term will be determined upon completion of the transaction. If the transferable securities included in the repurchase agreement should depreciate in value during the course of the contract and the Management Company should wish to sell these in order to limit its losses, then it can only do so by exercising the right of early termination. Any early termination of an agreement may have financial consequences for the Fund. In addition, the premium to be paid at the end of the term may also be higher than the income that the Management Company has generated through the reinvestment of the cash received through the sale price.

If the Management Company accepts securities in under a repurchase agreement, then it purchases the security and must resell it at the end of the term. The repurchase price (plus a

surcharge) shall be determined when the transaction is concluded. Securities accepted under repurchase agreements serve as collateral for the provision of liquidity to the party to the agreement. The fund does not benefit from any increases in value of securities.

### **Risks related to receiving and providing collateral**

The Management Company receives or provides collateral for OTC derivatives and securities financing transactions. The value of OTC derivatives and securities financing transactions is subject to change. There is a risk that the collateral received may no longer be enough to fully cover the entitlement of the Management Company against the counterparty for delivery or return. To minimise this risk, as part of collateral management, the Management Company shall, on a daily basis, reconcile the value of the collateral with the value of the OTC derivatives and securities financing transactions and request additional collateral in agreement with the counterparty.

This collateral may take the form of cash, government bonds, bonds issued by public international bodies to which one or more EU Member States belong or covered bonds. However, the credit institution where the cash is held might default. Government bonds and bonds issued by international bodies can decrease in value. If the transaction is cancelled, the invested collateral could no longer be fully available, despite taking haircuts into account and despite the Management Company's obligation to return it in the original amount on behalf of the Fund. To minimise this risk, as part of collateral management, the Management Company shall, on a daily basis, determine the value of the collateral and agree additional collateral if there is increased risk.

### **Risks associated with investment in precious metals**

If investments are made directly in precious metals or indirectly through investment in interest-bearing or other transferable securities, whose income, performance and/or capital redemption amount are dependent on an underlying precious metal, commodity futures index, precious metals index or commodity index, or in techniques and instruments relating to a precious metal, commodity futures indices, precious metals indices and commodity indices (especially by means of swaps and futures on commodity futures indices, precious metal indices and commodity indices), there will be risks associated with investing in commodities and precious metals in addition to the general risks of the respective investment vehicle.

In particular, attention is drawn to general market risks. The performance of precious metals and commodities is also dependent on the general supply position with the respective goods, whose consumption, anticipated extraction, production and expected consumption may therefore be particularly volatile.

Holding, buying or selling precious metals may be subject to regulatory restrictions in some jurisdictions or may be subject to additional taxes, levies or fees. The physical transfer of precious metals from and to precious metal accounts may be restricted by local authorities or other institutions. In addition, situations may arise in which the risk of such a transfer cannot be insured and, as a result, transport companies may refuse to perform the transfer or delivery. Precious metal prices fluctuate over short periods of time because of changes in the rate of inflation or inflationary expectations in different countries, the availability and supply of precious metals as well as because of bulk sales by governments, central banks, international agencies, investment speculation, monetary or economic

policy decisions of different governments. In addition, government orders regarding the private ownership of precious metals can result in fluctuations in value.

### **Risks from investment in private equity**

An investment in private equity is largely dependent on the value and earnings performance of the investments in affiliates included in the portfolio of the sub-fund. The companies financed in which the affiliates invest - especially in the venture capital sector - are young companies with, in some cases, corresponding insolvency risks. There is the possibility that the respective business ideas of the target companies will not develop as expected or that regional, national or global crises will occur. Therefore, venture capital investments are particularly risky.

Since the valuations of private equity companies are subject to a large number of relevant influencing factors, it is not possible to make a reliable forecast about the performance of the target companies and thus also about the performance of this investment. Information on younger and smaller companies is also very limited or difficult to access. In these cases, it is more difficult to identify, calculate and limit risks. Overall, it is possible that failure to achieve success may reduce or completely eliminate the value of investments in individual or several target companies. If several target companies in which the Fund is indirectly held through affiliates become insolvent, the total loss of the contributions made by the investors when investing may also occur in extreme cases.

### **Emerging markets risks**

Investing in emerging markets entails investing in countries that are not included in the World Bank's category of "high GDP per capita", i.e. are not classified as "developed" countries. In addition to the risks specific to the asset class, investments in these countries are generally subject to higher risks, in particular heightened liquidity risk and general market risk. In emerging markets, political, economic or social instability or diplomatic incidents may hamper investments in these countries. Moreover, the processing of transactions in transferable securities from such countries may entail greater risks and be harmful to the investor, particularly due to the fact that it may not be possible or customary for transferable securities to be delivered immediately upon payment in such countries.

In addition, the legal and regulatory environment and the accounting, auditing and reporting standards in emerging markets may differ significantly from the level and standards which are otherwise customary on an international scale, to the detriment of an investor. This may not only lead to differences in government monitoring and regulation, but also to additional risks in connection with the assertion and settlement of claims of the Fund. In addition, a higher custody risk may exist in such countries, which can result in particular from different forms of the transfer of ownership of acquired assets. Emerging markets are generally more volatile and less liquid than markets in developed countries, which can entail greater fluctuations in the unit values of the sub-fund.

### **Specific risks of investing in high-yield assets**

High-yield assets constitute interest-bearing investments that are either rated non-investment grade by a recognised rating agency or are not rated at all, but that would presumably receive a rating of non-investment grade if they were rated. Such investments are subject to the same general asset class risks, but to a greater degree. In particular, such investments are generally associated with increased credit risk, interest rate risk, general market risk, company-specific risk and liquidity risk.

**Risks associated with target funds**

The risks of target fund units acquired for the sub-fund are closely connected with the risks of the assets in such target funds and/or the investment strategies pursued by them. However, these risks can be reduced by diversifying the investments in the investment funds whose units are being acquired, as well as through diversification within this sub-fund.

Since the managers of these individual target funds act independently of each other, it is possible for several target funds to act according to the same or opposite investment strategies. This may result in existing risks being built up and possible opportunities cancelling each other out.

The Management Company is not normally in a position to control the management of target funds. Their investment decisions do not necessarily have to conform to the assumptions or expectations of the Company.

Often, the Management Company may not be completely up to date on the current composition of the target funds. In the event that this composition does not meet the Management Company's assumptions or expectations, it may, where applicable, only be able to react with considerable delay by way of redeeming units of the target funds.

Furthermore, fees may be incurred at the level of the target fund upon the acquisition of target funds. This would result in double charging when investing in target funds.



### **Risk of redemption suspension**

Investors may, in principle, request the redemption of their units from the Management Company on any valuation day. However, the Management Company may temporarily suspend the redemption of units under extraordinary circumstances and buy back the units at a later point at the price valid at that time (see Article 7 of the Management Regulations entitled "Suspension of calculation of the unit value" and Article 10 of the Management Regulations entitled "Redemption and exchange of units"). This price may be lower than the price before the suspension of redemption.

The Management Company may also be forced to suspend the redemption of units, particularly if one or more funds whose units were acquired for a sub-fund suspend(s) the redemption of their units, and such units make up a significant proportion of the net sub-fund assets.

### **Sustainability risks**

Sustainability risk is defined as the materialisation of an environmental, social or governance (hereinafter "ESG") event or condition which could have a material adverse effect – whether actual or potential – on the value of the investment and therefore on the performance of the sub-fund. Sustainability risks may have a significant impact on other types of risk, such as market price risks or counterparty default risks, and they may substantially influence the risk within these risk types. Failure to take ESG risks into account could have a negative impact on returns in the long term.

### **Potential conflicts of interests**

The Management Company, its employees, representatives and/or associated companies may act as a member of the Board of Directors, Investment Adviser, Fund Manager, Central Administration Agent, Registrar and Transfer Agent or as any other service provider on behalf of the Fund/sub-funds. The role of the Depositary or sub-custodian entrusted with depositary functions can also be carried out by an associated company of the Management Company. The Management Company is aware that conflicts of interest may arise as a result of the various activities carried out with respect to the management of the Fund or sub-funds. In accordance with the Law of 17 December 2010, the Law of 12 July 2013 and the applicable administrative provisions of the CSSF, the Management Company has put in place adequate and appropriate organisational structures and control mechanisms. In particular, it acts in the best interests of the Fund and/or the sub-fund and ensures that conflicts of interest are avoided. Outsourcing tasks to third parties may cause conflicts of interest. The potential conflicts of interest arising from the delegation of tasks are described in the *principles for handling conflicts of interest*. These can be found on the Management Company's website ([www.ipconcept.com](http://www.ipconcept.com)). If a conflict of interest arises that adversely affects the interests of the investors, the Management Company shall disclose the general nature and/or sources of the existing conflict of interest on its website. The Management Company ensures that the third parties have taken the necessary measures for complying with all requirements pertaining to the organisational structure and the prevention of conflicts of interest, as set forth in the applicable Luxembourg laws and regulations, and that these third parties monitor compliance with these requirements.

## **Risk profile**

The investment funds administered by the Management Company are classified as belonging to one of the following risk profiles. The risk profile for each sub-fund can be found in the Annex for the respective sub-fund. The descriptions of the following profiles were prepared under the assumption of normally functioning markets. In unforeseen market situations or market disturbances, non-functioning markets may result in additional risks beyond those listed in the risk profile.

### **Risk profile – Security-oriented**

The sub-fund is suitable for security-oriented investors. Due to the composition of the net sub-fund assets, there is a low degree of overall risk, but also a corresponding degree of profit potential. The risks may consist in particular of currency risk, credit risk and price risk, as well as risks resulting from changes in market interest rates.

### **Risk profile – Conservative**

The sub-fund is suitable for conservative investors. Due to the composition of the net sub-fund assets, there is a moderate degree of overall risk, but also a moderate degree of profit potential. The risks may consist in particular of currency risk, credit risk and price risk, as well as risks resulting from changes in market interest rates.

### **Risk profile – Growth-oriented**

The sub-fund is suitable for growth-oriented investors. Due to the composition of the net sub-fund assets, there is a high degree of overall risk, but also a high degree of profit potential. The risks may consist in particular of currency risk, credit risk and price risk, as well as risks resulting from changes in market interest rates.

### **Risk profile – Speculative**

The sub-fund is suitable for speculative investors. Due to the composition of the net sub-fund assets, there is a very high degree of overall risk, but also a very high degree of profit potential. The risks may consist in particular of currency risk, credit risk and price risk, as well as risks resulting from changes in market interest rates.

## **Risk management process**

The Management Company employs a risk management process enabling it to adequately monitor and assess the risk connected with the investment holdings. In particular, it shall not solely or mechanically rely on credit ratings issued by credit rating agencies as defined in Article 3(1)(b) of Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies, for assessing the creditworthiness of the Fund's assets.

In principle, the Management Company uses one of the following risk management processes, depending on the structure of the respective sub-fund:

In accordance with the Law of 17 December 2010 and the applicable prudential supervisory requirements of the CSSF, the Management Company reports regularly to the CSSF on the risk

management process used. To this end, the Management Company makes use of the following methods:

- Commitment approach:

With the commitment approach, the positions from derivative financial instruments are converted into their corresponding (possibly delta-weighted) underlying equivalents or nominal values. In doing so, the netting and hedging effects between derivative financial instruments and their underlying assets are taken into account.

- Value-at-risk (VaR) approach:

The VaR figure is a mathematical-statistical concept and is used as a standard risk measure in the financial sector. VaR indicates the possible loss of a portfolio that will not be exceeded during a certain period (the holding period) with a certain probability (the confidence level).

- Relative VaR approach:

With the relative VaR approach, the VaR of the Fund must not exceed the VaR of a reference portfolio by more than a factor dependent on the amount of the Fund's risk profile. The reference portfolio is essentially an accurate reflection of the sub-fund's investment policy.

- Absolute VaR approach:

With the absolute VaR approach, the VaR (99% confidence level, 20-day holding period) of the Fund may not exceed a portion of the sub-fund's assets dependent on the Fund's risk profile.

## **Liquidity management**

The Management Company has drawn up written policies and procedures for the sub-fund to enable it to monitor the sub-fund's liquidity risks and ensure that the liquidity profile of the sub-fund's investments covers the sub-fund's underlying liabilities. On the basis of the investment strategy, the sub-fund's liquidity profile is as follows: A sub-fund's liquidity profile is determined in its entirety by its structure with regard to the sub-fund's assets and liabilities, as well as the investor structure and the redemption conditions set out in the sales prospectus.

The policies and procedures include the following:

- The Management Company monitors the liquidity risks that may arise at sub-fund or asset level. In doing so, it assesses the liquidity of the assets held in the sub-fund in relation to the sub-fund's assets and determines liquidity classes for this purpose. The assessment of liquidity includes, for example, analysing the trading volume and the level of complexity or other typical characteristics, and, if necessary, making a qualitative assessment of an asset.
- The Management Company monitors the liquidity risks that may arise as a result of increased investor demand for unit redemption or large-scale calls. In doing so, it forms expectations about net changes in funds, taking into account available information about past values from historical net changes in funds.
- The Management Company monitors the sub-fund's ongoing receivables and liabilities and assesses their impact on the sub-fund's liquidity situation.

- The Management Company has determined adequate limits for liquidity risks for the Fund. It monitors compliance with these limits and has established procedures in the event that the limits have been or may be exceeded.
- The procedures put in place by the Management Company ensure consistency between liquidity classes, liquidity risk limits and expected net changes in funds.

The Management Company regularly reviews these policies and updates them as appropriate.

The Management Company conducts regular stress tests, which it can use to assess the sub-fund's liquidity risks. The Management Company bases these stress tests on reliable, up-to-date quantitative information or – if required – qualitative information. This includes the investment strategy, redemption periods, payment obligations and periods during which assets may be sold, as well as specific information about historical events or hypothetical assumptions. The stress tests simulate a situation where the sub-fund assets lack liquidity or where there are an atypical number of redemption requests. They cover market risks and their effects, including margin calls and requirements for collateralisation or credit lines. They are performed at a frequency appropriate for the sub-fund and take account of the sub-fund's investment strategy, liquidity profile, investor profile and redemption policies.

#### **Leverage calculated using the gross and commitment methods**

The Management Company has used both the gross and commitment methods to calculate a sub-fund's exposure.

Within the scope of the gross and commitment methods, the Management Company calculates the exposure in accordance with the AIFM Regulation as the sum of the absolute value of all positions, in compliance with the specifications outlined in the AIFM Regulation.

#### **Fund taxation**

From a Luxembourg tax perspective, the Fund has no legal personality as an investment fund and is tax transparent.

The Fund is not subject to taxation on its income and profits in the Grand Duchy of Luxembourg. In the Grand Duchy of Luxembourg, the Fund's assets are only subject to the *taxe d'abonnement*, which is currently 0.05% p.a. A reduced tax d'abonnement of 0.01% p.a. is applicable to (i) sub-funds or unit classes whose units are only issued to institutional investors within the meaning of Article 174 of the Law of 17 December 2010, (ii) sub-funds whose sole purpose is to invest in money market instruments, time deposits with credit institutions or both. The *taxe d'abonnement* is payable quarterly, based on the Fund's net assets reported at the end of each quarter. The amount of the tax d'abonnement is specified for each sub-fund or unit class in the relevant Annex to this Sales Prospectus. An exemption from the *taxe d'abonnement* applies, inter alia, to the extent that the Fund's assets are invested in other Luxembourg investment funds which in turn are already subject to *taxe d'abonnement*.

Income received by the Fund (in particular interest and dividends) may be subject to withholding or assessed tax in the countries where the relevant sub-fund assets are invested. The Fund may also be taxed on realised or unrealised capital gains of its investments in the source country.

Distributions by the Fund as well as liquidation and capital gains are not subject to withholding tax in the Grand Duchy of Luxembourg. Neither the Depositary nor the Management Company are obliged to collect tax certificates.

Interested parties and investors are recommended to find out about laws and regulations which are applied to the taxation of corporate assets, the purchase, the ownership, the redemption or transfer of units and to call on the advice of external third parties, especially a tax adviser.

### **Taxation of income from units held by the investor in the investment fund**

Investors who are or have **not** been tax resident in the Grand Duchy of Luxembourg and who do not maintain a permanent establishment or have a permanent representative there are not subject to any Luxembourg taxation of income in respect of the income from or the capital gains on their units in the Fund.

Natural persons who are tax resident in the Grand Duchy of Luxembourg are subject to progressive Luxembourg income tax.

Companies that are tax resident in the Grand Duchy of Luxembourg are subject to corporation tax on the income from the fund units.

Interested parties and investors are recommended to find out about laws and regulations which are applied to the taxation of corporate assets, the purchase, the ownership, the redemption or transfer of units and to call on the advice of external third parties, especially a tax adviser.

### **Use of income**

1. The sub-fund may obtain income from the interest, dividends and income from investment units occurring during the financial year and which are not used to cover costs. Other income may arise from the disposal of the assets held on behalf of the Fund.
2. The Management Company may either distribute income generated by a sub-fund to the investors in this sub-fund or reinvest this income in the relevant sub-fund. Details on this can be found for each sub-fund in the respective Annex to the Sales Prospectus.
3. Ordinary net income and realised gains may be distributed. Unrealised gains and other assets can also be distributed, provided the amount distributed does not cause the total net assets of the Fund to fall below EUR 1,250,000. The ordinary net income includes an income adjustment and an expenditure adjustment. These include net income accrued during the reporting period that was included in the issue price and compensated for in the redemption price (income adjustment).
4. Distributions are paid out on the basis of the units in circulation on the date of distribution. Dividends may be paid wholly or partially in the form of bonus units. Any fractions remaining may be paid in cash. Income not claimed five years after publication of notification of a distribution shall be forfeited in favour of the respective sub-fund.
5. Distributions to holders of registered units will be paid out via the reinvestment of the distribution amount in favour of the holders of registered units. If this is not desired, the holder

of registered units may submit an application to the Registrar and Transfer Agent, within 10 days of the receipt of the notification of the distribution, for the payment of the distribution to the account that he specifies. Distributions to the holders of bearer units shall occur in the same manner as the payment of the redemption price to holders of bearer units.

## **Costs**

Each sub-fund shall bear the following costs, provided they arise in connection with its assets:

1. In return for the management of the relevant sub-fund, the Management Company receives a fee payable from the net assets of this sub-fund; details on the maximum amount, calculation and payment of this fee are contained for each sub-fund in the respective Annex to the Sales Prospectus. VAT shall be added to this fee, as applicable.

In addition, the Management Company or, if applicable, the Investment Adviser(s)/Fund Manager(s) may also receive a performance fee from the assets of the respective sub-fund. The relevant percentage amount, as well as calculation and payment methods for each sub-fund, can be found in the relevant Annex to the Sales Prospectus.

2. The Investment Adviser may receive a fee payable from the respective sub-fund assets or from the management fee of the Management Company; details of the maximum amount, the calculation and the payment of this fee are contained for each sub-fund in the respective Annexes to the Sales Prospectus. VAT shall be added to this fee, as applicable.
3. The Fund Manager may receive a fee payable from the respective sub-fund assets or from the management fee of the Management Company; details on the maximum amount, the calculation and the payment of this fee are contained for each sub-fund in the respective Annexes to this Sales Prospectus. VAT shall be added to this fee, as applicable.
4. In return for the performance of their duties stated in the Depositary and Central Administration Agent Agreements, the Depositary and the Central Administration Agent each receive a fee customary in the Grand Duchy of Luxembourg, which is both calculated and paid monthly in arrears. Details on the amount, calculation and payment are set out in the Annex to the Sales Prospectus. VAT shall be added to these fees, as applicable.
5. Pursuant to the Registrar and Transfer Agent Agreement, in return for the performance of its duties, the Registrar and Transfer Agent receives the a fee customary in the banking sector in the Grand Duchy of Luxembourg, which is calculated and paid in arrears as a fixed amount per investment account or per account with savings plan and/or withdrawal plan at the end of each calendar year. Furthermore, the Registrar and Transfer Agent receives for each sub-fund an annual basic fee, which is listed for the respective sub-fund in the relevant Annex to the Sales Prospectus. VAT shall be added to these fees, as applicable.
6. The sales agent may receive a fee payable from the respective sub-fund assets; details on the maximum amount, the calculation and the payment of this fee are contained for each sub-fund in the respective Annex to this Sales Prospectus. VAT shall be added to this fee, as applicable.

7. In addition to the aforementioned costs, the sub-fund shall also bear the following costs, provided they arise in connection with its assets:
- a) costs incurred in relation to the acquisition, holding and disposal of assets, in particular customary bank charges for transactions in transferable securities and other assets and rights of the Fund and/or sub-fund and the safekeeping of such assets and rights, as well as customary bank charges for the safekeeping of foreign investment units abroad;
  - b) all foreign administration and safekeeping charges, which are charged by other correspondent banks and/or clearing agencies (e.g. Clearstream Banking S.A.) for the assets of each sub-fund, as well as all foreign settlement, dispatch and insurance fees that are incurred in connection with the transferable securities transactions of each sub-fund in fund units;
  - c) the transaction costs for the issue and redemption of Fund units;
  - d) the expenses and other costs incurred by the Depositary, the Registrar and Transfer Agent and the Central Administration Agent in connection with the respective sub-fund's assets and due to the necessary use of third parties, particularly for the selection, analysis and usage of any sub-custodians, will also be reimbursed. Furthermore, the Depositary also receives customary bank fees;
  - e) taxes levied on the Fund's/sub-fund's assets, its income and the expenses charged to the respective sub-fund;
  - f) costs for legal advice incurred by the Management Company or the Depositary if they have acted in the interests of the investors of the respective sub-fund;
  - g) auditor fees;
  - h) costs for creating, preparing, deposit, publishing, printing and dispatch of all documents for the Fund, the Sales Prospectus, the annual and semi-annual reports, the statement of assets, the notices to the investors, the notices for convening meetings, sales notifications and/or applications for approval in the countries in which units in the Fund or in a sub-fund are sold and correspondence with the respective supervisory authorities;
  - i) the administrative fees which are to be paid for the Fund or a sub-fund to the authorities, in particular the administrative fees of the Luxembourg supervisory authority and supervisory authorities in other countries, as well as the fees for the filing of documents for the Fund;
  - j) costs in connection with any admission to stock exchanges;
  - k) advertising costs and costs incurred directly in connection with the offer and sale of units;
  - l) insurance costs;



- m) fees, expenses and other costs of the paying agents, the sales agents and other agents that must be appointed abroad, which are incurred in connection with the sub-fund assets;
- n) interest incurred within the scope of loans that are taken out in accordance with Article 4 of the Management Regulations;
- o) expenses of an investment committee, where applicable;
- p) expenses of the Executive Board;
- q) costs connected with the establishment of the Fund and/or the individual sub-funds and the initial issue of units;
- r) further administrative costs including costs for interest groups;
- s) costs for performance attribution;
- t) costs for assessing the Fund's/sub-fund's credit rating by nationally and internationally recognised credit rating agencies;
- u) reasonable costs for risk controlling; and
- v) costs for an external valuer.

VAT may be charged on all the aforementioned costs, fees and expenditures.

In addition to the aforementioned fee for the management of the Fund, further costs (e.g. management fee, depositary fee, performance fee, etc.) are incurred indirectly for the target funds contained in the Fund.

If the Fund invests in target funds managed directly or indirectly by the Management Company or a company associated with the Management Company via a substantive direct or indirect holding, the Management Company or the other company is not allowed to apply any front-end load or redemption fee for the purchase or redemption of units.

However, if the Fund invests in target funds issued and/or managed by other companies, the resulting front-end load or redemption fees, if applicable, are to be taken into account. Furthermore, in all cases it should be noted that, in addition to the costs charged to the Fund as stipulated in the Sales Prospectus (with Annex) and these Management Regulations, the costs of the management and administration, the depositary fee, the costs of the auditors, taxes and other costs and fees of the target funds in which the Fund invests will be attributable to the assets of these target funds and therefore similar costs may be charged several times.

The annual and semi-annual reports shall publish the amount of front-end loads and redemption fees for the target fund units acquired for the Fund charged to the Fund for the purchase and redemption of units in target funds over the reporting period. The reports shall also include the fee that is charged to the Investment Fund by the Company itself, another management company or another company associated with the Management Company via a substantive direct or indirect holding or an investment company, including its management company, as a management fee for the units held in the Fund.

All costs will be charged first against each sub-fund's ordinary income and capital gains and then against the sub-fund assets.

A total cost ratio based on the figures for the previous financial year is calculated for each share class of the Fund. This total cost ratio includes costs, fees and expenses; any performance fee and the transaction costs incurred – with the exception of the Depository's transaction costs – are not included in the figure.

The Management Company does not receive any reimbursements from the fees or expense refunds paid to the Depository or third parties from the Fund's assets.

In addition, the investor bears any front-end load, which may not exceed 4% of the net asset value per unit. No redemption fee is charged.

Costs incurred for the establishment of the Fund and the initial issue of units will be amortised over the first five financial years to the detriment of the assets of the sub-funds existing at the time of establishment. The set-up costs and the aforementioned costs that are not directly attributable to a specific sub-fund shall be allocated to the sub-funds on a pro rata basis by the Management Company. Costs that are incurred as a result of the launching of additional sub-funds will be amortised over a period of a maximum of five financial years after launch to the detriment of the assets of the sub-fund to which these costs can be attributed.

### **Publication of the unit value and issue and redemption price**

The respective applicable unit value, issue and redemption price, as well as any other investor information, may be obtained at any time from the registered office of the Management Company, the Depository, the paying agent and any sales agents. The issue and redemption prices are also published on each trading day on the Management Company's website ([www.ipconcept.com](http://www.ipconcept.com)).

### **Information for investors**

Information (particularly notices to investors regarding significant changes to the sub-fund) is also published on the Management Company's website ([www.ipconcept.com](http://www.ipconcept.com)). In addition, notices will be published in the Grand Duchy of Luxembourg in the "RESA" and in the "Tageblatt", where required by law, and also, if required, in another daily newspaper that has sufficient circulation.

If units are sold outside the Grand Duchy of Luxembourg, notices will also be published in the required media in these countries, as stipulated by law.

The following documents are available for inspection free of charge during normal business hours on banking days in Luxembourg at the registered office of the Management Company:

- Articles of Association of the Management Company,
- Depository Agreement,
- Agreement on the transfer of the functions of Central Administration Agent, registrar and transfer agent and paying agent.

The current Sales Prospectus, as well as the annual and semi-annual reports of the Fund, can be obtained free of charge from the Management Company's website ([www.ipconcept.com](http://www.ipconcept.com)). Hard copies of the current Sales Prospectus, as well as the annual and semi-annual reports of the Fund, are also available free of charge at the registered office of the Management Company, the Depositary, the paying agents and any sales agents. A paper copy of the Fund's "Key Investor Information Document" is also available free of charge from the aforementioned offices and can be downloaded free of charge from the Management Company's website.

Information on the investment limits, the risk management systems or methods used and the latest developments in the risks and returns of the Fund's main categories of assets is available free of charge on request from the Management Company both electronically and in paper form.

Information on the past performance of the funds, if already available, can be found in the relevant "Key Investor Information Document". Past performance is no indication of future performance.

Investors can find information free of charge on the principles and strategies of the Management Company regarding the exercise of voting rights based on the assets held for the sub-fund at [www.ipconcept.com](http://www.ipconcept.com). Upon request, investors may obtain details on the measures taken based on the above-mentioned strategies from the Management Company.

When implementing decisions regarding the acquisition or sale of assets for a sub-fund, the Management Company acts in the best interests of the investment fund. Information on the principles set by the Management Company in this regard can be found on [www.ipconcept.com](http://www.ipconcept.com).

Investors may send questions, comments and complaints to the Management Company by post or via e-mail. Information on the complaint procedure can be downloaded free of charge from the Management Company's website ([www.ipconcept.com](http://www.ipconcept.com)).

Information on payments the Management Company receives from third parties or pays to third parties may be requested from the Management Company free of charge at any time.

Information on how sustainability risks are dealt with and on the associated strategies will be available on the Management Company's website [www.ipconcept.com](http://www.ipconcept.com) and the investment adviser's website [www.pr-realvalue.com](http://www.pr-realvalue.com) from 10 March 2021.

If the loss of a financial instrument is determined, the Management Company shall inform the investor immediately through the use of a durable medium.

The following information shall be published in the current annual report:

- fees paid;
- information on the performance of the sub-fund up to that point;
- information on the percentage share of the sub-fund's assets that are difficult to liquidate;
- information on changes to the risk profile and the applied risk management process of the sub-fund
- information on the overall degree of leverage of the sub-fund
- any new provisions regarding the liquidity management of the sub-fund;

- any changes regarding the maximum level of leverage that may be used by the Management Company on behalf of the sub-fund, as well as any changes to the re-use of collateral or other guarantees provided under the leveraging arrangements.

The Management Company has drawn up and applies remuneration policies and practices that comply with the legal requirements, in particular the principles listed in Article 111ter of the Law of 17 December 2010. These practices and policies are compatible and consistent with the risk-management process defined by the Management Company and neither encourage the acceptance of risks that are incompatible with the risk profiles and the Management Regulations of the funds under its management nor prevent the Management Company from acting at its own discretion in the best interests of the Fund.

The remuneration policies and practices include fixed and variable portions of salaries and voluntary pension benefits.

The remuneration policies and practices apply to categories of employees, including senior management, risk bearers, employees with oversight functions and employees whose overall remuneration places them in the same income bracket as senior management and risk bearers, whose activities have a material influence on the risk profiles of the Management Company or the funds under its management.

The remuneration policies and practices are compatible with sound and effective risk management and are consistent with the business strategy, the objectives, values and interests of the Management Company and of the UCITS under its management and investors in such UCITS. Compliance with and implementation of the remuneration policies shall be verified once a year. Fixed and variable components of the total remuneration are appropriately balanced, whereby the proportion of the fixed component of the total remuneration is high enough to provide complete flexibility with regard to the variable remuneration components, including the possibility of waiving the payment of a variable component. Performance fees are based on employees' qualifications and skills as well as their level of responsibility and contribution towards the Management Company's added value. Where applicable, performance is assessed under a multi-year framework that is appropriate for the holding period recommended to investors in the UCITS managed by the Management Company. This ensures that the assessment is based on the longer-term performance of the UCITS and its investment risks and that the actual payment of performance-related remuneration components is spread over the same period. The pension scheme is consistent with the business strategy, the objectives, values and long-term interests of both the Management Company and the UCITS under its management.

Details of the up-to-date remuneration policy, including, but not limited to, a description of how remuneration and benefits are calculated, the identities of persons responsible for awarding the remuneration and benefits including the composition of the remuneration committee, where such a committee exists, may be downloaded free of charge from the Management Company's website ([www.ipconcept.com](http://www.ipconcept.com)). A hard copy will be made available free of charge to investors on request.

#### **Information on amendments specific to the Fund/sub-fund**

The Management Company is entitled, with the prior approval of the prudential supervisory authority, to amend the investment objectives and/or investment policy of the respective sub-fund. The investors shall be informed of the above-mentioned changes in a suitable manner, as described above in the section entitled "Information for investors". In addition, a note regarding these changes shall be made in the annual and/or semi-annual report.

## Information for investors with regard to the United States of America

The Fund's units are not, have not been and will not be authorised in accordance with the latest version of the U.S. Securities Act of 1933 (the "**Securities Act**") or the stock market regulations of individual federal states or local authorities of the United States of America or its territories or possessions either in the ownership or under the jurisdiction of the United States of America, including the Commonwealth of Puerto Rico (the "**United States**"), or otherwise registered or transferred, offered or sold directly or indirectly to or in favour of a U.S. person, as defined in the Securities Act.

The Fund is not and will not be authorised or registered in accordance with the latest version of the U.S. Investment Company Act of 1940 (the "**Investment Company Act**") or in accordance with the laws of individual federal states of the USA, and investors have no claim to the benefit of registration under said act.

In addition to the other requirements set out in the Prospectus, Management Regulations or Articles of Association or the subscription certificate, investors must (a) not be "U.S. persons" within the meaning of the definition of Regulation S of the Securities Act, (b) not be "specified U.S. persons" as defined in the Foreign Account Tax Compliance Act ("**FATCA**"), (c) be "non-U.S. persons" within the meaning of the Commodity Exchange Act and (d) not be "U.S. persons" within the meaning of the latest version of the U.S. Internal Revenue Code of 1986 (the "**Code**") and in accordance with the U.S. Treasury Regulations enacted pursuant to the Code. If you require further information, please contact the Management Company.

Persons who wish to acquire units must give written confirmation that they meet the requirements of the previous paragraph.

FATCA was passed as part of the *Hiring Incentives to Restore Employment Act* of March 2010 in the United States. FATCA requires financial institutions outside the United States of America ("foreign financial institutions" or "FFIs") to send information on financial accounts that are held directly or indirectly by "specified US persons" on an annual basis to the US tax authorities (Internal Revenue Service or IRS). A withholding tax of 30% will be deducted from certain types of U.S. income from FFIs which do not meet this obligation.

On 28 March 2014, the Grand Duchy of Luxembourg entered into an Intergovernmental Agreement ("**IGA**"), in accordance with model 1, and a related memorandum of understanding with the United States of America.

The Management Company and the Fund both comply with the FATCA regulations.

The Fund's unit classes may be either

- (i) subscribed to by investors via a FATCA-compliant independent intermediary (nominee),  
or
- (ii) directly and indirectly via a sales agent (which only serves as an intermediary and does not act as a nominee) with the exception of:
  - *Specified U.S. persons*

This investor group includes those U.S. persons classified by the United States government as “at risk” with regard to tax avoidance and tax evasion practices. However this does not affect, inter alia, listed companies, tax-exempt organisations, real estate investment trusts (REITs), trusts, U.S. securities dealers or similar entities.

- *Passive non-financial foreign entities (or passive NFFE), whose substantial ownership is held by a U.S. person*

This investor group generally refers to all NFFE which (i) do not qualify as active NFFE or (ii) or which are not retained foreign partnerships or trusts in accordance with the relevant U.S. Treasury Regulations.

- *Non-participating financial institutions*

The United States of America grants this status due to the non-compliance of a financial institution which has not fulfilled stated requirements due to the breach of the terms of the respective country-specific IGAs within 18 months of first being advised.

If the Fund were to become subject to a withholding tax or reporting requirements or suffer other damages due to the absence of FATCA compliance by an investor, the Fund reserves the right, notwithstanding other rights, to enforce damages claims against the respective investor.

For any questions concerning FATCA and the FATCA status of the Fund, investors and potential investors are advised to contact their financial, tax and/or legal advisers.

## **Information for investors with respect to the automatic exchange of information**

The automatic exchange of information pursuant to intergovernmental agreements and Luxembourg regulations (Law of 18 December 2015 transposing the automatic exchange of financial account information in tax matters) is transposed via Council Directive 2014/107/EU of 9 December 2014 as regards mandatory automatic exchange of information in the field of taxation, and the Common Reporting Standard, a reporting and due diligence process developed by the Organisation for Economic Co-operation and Development (OECD) for the international, automatic exchange of financial account information. The automatic exchange of information is transposed into Luxembourg law for the first time in the 2016 tax year.

For this purpose, reportable financial institutions provide information on applicants and reportable registers annually to the Luxembourg tax authorities (Administration des Contributions Directes in Luxembourg), which in turn forwards it to the tax authorities of the countries in which the applicant(s) is/are resident for tax purposes.

In particular, this involves the notification of:

- the name, address, tax identification number, country of domicile, date and place of birth of the each person subject to reporting obligations,
- register number,
- register balance or value,
- credited capital gains, including sales proceeds.

Reportable information for a specific tax year, which must be submitted to the Luxembourg tax authority by 30 June of the following year, shall be exchanged by 30 September of that year between the relevant financial authorities and for the first time in September 2017, based on the data for 2016.

## **Combating money laundering**

Pursuant to international regulations and the Luxembourg laws and regulations and including, but not limited to, the Law of 12 November 2004 on combating money laundering and the financing of terrorism, the Grand-Ducal Regulation of 1 February 2010, the CSSF Regulation 12-02 of 14 December 2012 and the CSSF circulars CSSF 13/556, CSSF 15/609, CSSF 17/650 and CSSF 17/661 which relate to the combating money laundering and the financing of terrorism, as well as all amendments thereto or subsequent regulations, all obligors are required to prevent undertakings for collective investment from being misused for the purposes of money laundering and financing terrorism. The Management Company or a third party commissioned by it may require an applicant to provide any document it considers necessary for establishing identity. The Management Company (or a third party commissioned by it) may also request any other information it needs to comply with the applicable statutory and regulatory provisions, including, but not limited to, the CRS and FATCA Law.

If an applicant does not provide the required documents in good time, in full or at all, the subscription order shall be rejected. With redemptions, incomplete documentation can delay payment of the redemption price. The Management Company is not responsible for delayed processing or failed transactions if the applicant has not provided the documents in good time, in full or at all.

The Management Company (or a third party commissioned by it) may from time to time require investors to provide additional or updated documents relating to their identity in accordance with the applicable laws and provisions relating to their obligations to continuously monitor and check their customers. If these documents are not produced promptly, the Management Company is obliged and entitled to block the Fund units of the investors in question.

The Management Company will also take appropriate measures to identify, evaluate and manage the risks of money laundering and terrorist financing as part of its due diligence with respect to the UCI assets managed by it.

To implement Article 30 of Directive (EU) 2015/849 of the European Parliament and of the Council, the 4th EU Anti-Money Laundering Directive, the Law of 13 January 2019 on the establishment of a register of beneficial owners was passed. This requires registered legal entities to report their beneficial owners to the register set up for this purpose.

As a "registered legal entity", investment companies and investment funds are also legally defined in Luxembourg.

For example, the beneficial owner as defined in the Law of 12 November 2004 is often any natural person who holds or otherwise controls more than 25% of the shares or units of a legal entity.

Depending on the specific situation, this could result in end investors of the investment company or the investment fund being reported to the register of beneficial owners with names and other personal details. The following data of a beneficial owner can be viewed free of charge by anyone on the website of "Luxembourg Business Registers" from 1 September 2019: Name, surname(s), nationality (nationalities), date and place of birth, country of residence and nature and extent of economic interest. Public inspection can only be limited in exceptional circumstances after a case-by-case examination subject to a fee.



## **Data protection**

Personal data is processed in accordance with the European Parliament and Council Regulation (EU) 2016/679 of 27 April 2016 relating to the protection of natural persons during the processing of personal data, the free movement of data and repealing the Directive 95/46/EC (“General Data Protection Regulation”) and the data protection law applicable in Luxembourg (including, but not restricted to the amended Law of 2 August 2002 relating to the protection of personal data during the data processing).

Thus, personal data provided in connection with investment in the Fund may be stored and processed on a computer by the Management Company on behalf of the Fund and by the Depositary acting as data controllers.

Personal data will be processed to process subscription and redemption orders, maintain the unit register, carry out the tasks of the above-mentioned parties and comply with applicable laws and regulations, in Luxembourg and other jurisdictions, including, but not limited to, applicable company law, laws and regulations to combat money laundering and the financing of terrorism, and tax law, such as FATCA (Foreign Account Tax Compliance Act), (CRS) Common Reporting Standard or similar laws and regulations (e.g. at OECD level).

Personal data shall only be made available to third parties if this is necessary for justified business interests, to exercise or defend legal claims before the courts, or if laws or regulations make such transmission compulsory. This can include disclosure to third parties such as government or supervisory authorities, including tax authorities and auditors in both Luxembourg and other jurisdictions.

Apart from the above-mentioned cases, in principle no personal data shall be transmitted to countries outside the European Union or the European Economic Area.

In subscribing to and/or holding units, investors – at least implicitly – give their consent to their personal data being processed as described above, and in particular to such data being disclosed to and processed by the above-mentioned parties, including affiliated companies in countries outside the European Union which may not provide the same protection as Luxembourg data protection law.

In this respect, investors acknowledge and accept that failure to transmit personal data required by the Management Company as part of their existing relationship with the Fund can prevent their continued involvement with the Fund and can lead to the Management Company reporting them to the competent Luxembourg authorities.

In this respect, investors acknowledge and accept that the Management Company will report all relevant information related to their investment in the Fund to the Luxembourg tax authorities, which will share this information with the competent authorities of the relevant countries or other approved jurisdictions pursuant to the CRS Law or corresponding European and Luxembourg legislation as part of an automatic procedure.

Where the personal data provided in relation to investment in the Fund include the personal data of the investor's (deputy) representatives, signatories or financial beneficiaries, it will be assumed that the investor has obtained the consent of those affected to their personal data being processed as

described above, and in particular to their data being disclosed to and processed by the above-mentioned parties, including parties in countries outside the European Union which may not provide the same protection as Luxembourg data protection law.

In accordance with applicable data protection law, investors may request access to and rectification and deletion of their personal data. Such requests must be sent in writing to the Management Company. It will be assumed that investors will have informed the (deputy) representatives, signatories or financial beneficiaries whose personal data is processed of these rights.

Since the personal data are transmitted electronically and are available outside Luxembourg, the same level of confidentiality and protection as currently afforded by applicable data protection law in Luxembourg cannot be guaranteed as long as the personal data is located abroad, even if the above-mentioned parties have taken appropriate measures to ensure the confidentiality of such data.

Personal data will only be kept until the reason for processing the data is fulfilled, all the while observing the applicable statutory minimum retention periods.

### **Applicable law, jurisdiction and contractual language**

The Sales Prospectus (including the Annex) of the Fund is governed by the laws of the Grand Duchy of Luxembourg. The same applies to legal relations between the investors, the Management Company and the Depositary, insofar as not otherwise agreed for these legal relations. In particular, in addition to the provisions set out in these Management Regulations, the provisions of the Law of 17 December 2010 shall apply. The Management Regulations have been deposited with the Trade and Companies Register in Luxembourg. Any dispute arising between investors, the Management Company and the Depositary shall be subject to the jurisdiction of the competent court in the judicial district of Luxembourg in the Grand Duchy of Luxembourg.

In the event of legal disputes, the German text of these Management Regulations shall prevail. With regard to units in the Fund sold to investors in non-German speaking countries, the Management Company and the Depositary may declare translations into the languages of the countries where such units are authorised for public sale to be binding upon themselves and the Fund.

## Annex 1

### P&R – Real Value

#### Investment objectives and investment strategy

The investment objective of **P & R – Real Value** (“sub-fund”) is to achieve an appropriate level of capital appreciation taking into account the investment risk.

In compliance with the Investment Adviser's and Management Company's ESG strategies, ESG criteria, in particular sustainability risks, are taken into account in the investment advice and investment decision-making processes for this sub-fund. In this case, however, the fund management decides which components are ultimately decisive from the perspective of overall risk and return, taking exclusions into account.

The Management Company is not currently taking account of any adverse impact of investment decisions on sustainability factors for this Fund. The available relevant data that must be used to determine and weight the adverse sustainability impacts are currently inadequate on the market. By no later than 30 December 2022, the Management Company will provide information on whether and how the main adverse effects of investment decisions on sustainability factors are taken into consideration.

It should be noted that the sub-fund's objective is not sustainable investment and the underlying investments in this sub-fund have no binding obligation to take account of EU criteria for environmentally sustainable economic activities as set out in Regulation (EU) 2019/2088 and in Regulation (EU) 2020/852. The sub-fund does not have a dedicated ESG strategy.

**Past performance is not a guarantee of future performance. We cannot guarantee that the investment objectives will be achieved.**

#### Investment policy

Subject to Article 4 of the Management Regulations, the following provisions shall apply to the sub-fund:

The sub-fund is fundamentally able to invest in shares, bonds, money market instruments, certificates, derivatives, other structured products (e.g. reverse convertible bonds, warrant-linked bonds, convertible bonds), target funds and bank deposits, depending on the market situation and the Fund Management's assessment.

The sub-fund is an equity fund.

Investments are only made in bonds that have at least an investment grade rating of the issuer and/or the issue (S&P, Moodies, Fitch and all rating agencies registered in accordance with Regulation (EC) No 1060/2009).

As part of the implementation of the investment policy, the sub-fund will not acquire any hedge funds or hedge fund certificates.

Furthermore, participations in companies that are not admitted to trading at a stock exchange or included in an organised market as well as the acquisition of unsecuritised loan claims are not permitted.

The sub-fund can invest up to 30% of its net sub-fund assets indirectly (e.g. via certificates, gold bullion securities, etc.) in gold and other precious metals. The acquisition of gold and other precious metals in physical form is excluded. The acquisition of certificates and/or derivatives on commodity indices, or the purchase of certificates on gold and precious metals must not lead to a physical delivery.

A maximum of 49% of the net sub-fund assets may be invested in liquid assets.

The use of derivative financial instruments ("derivatives") is permitted in order to achieve the above-mentioned investment objectives, as well as for investment and hedging purposes. In addition to option rights, this includes, inter alia, swaps and futures contracts on transferable securities, money market instruments, financial indices within the meaning of Article 9(1) of Directive 2007/16/EC and Article XIII of the ESMA Guidelines 2014/937, interest rates, exchange rates, currencies and investment funds pursuant to §196 KAGB and other underlyings. Other underlyings are precious metals, commodities and investment funds which were not established in accordance with § 196 KAGB and indices to the aforementioned instruments which are not classified as a financial index.

In addition total return swaps may be used. By using these, the profit and loss profile of the underlying instruments can be synthetically replicated without investing in the specific underlying instrument. The income from this total return swap is governed for the investor by the performance of the underlying instrument in terms of its income (dividends, coupons, etc.) and the performance of the derivative instrument that was used.

### **Leverage**

Within the scope of the gross and commitment methods, the AIFM calculates the exposure in accordance with the AIFM Regulation as the sum of the absolute value of all positions, in compliance with the specifications outlined in the AIFM Regulation. According to the commitment method, the leveraging amounts to a maximum of 300% of the fund volume; according to the gross method, the leveraging amounts to a maximum of 300% of the fund volume.

### **Risk profile of the sub-fund**

Risk profile – Speculative

The sub-fund is suitable for speculative investors. Due to the composition of the net sub-fund assets, there is a very high degree of overall risk, but also a very high degree of profit potential. The risks may consist in particular of currency risk, credit risk and price risk, as well as risks resulting from changes in market interest rates.

### **Profile of the typical investor:**

The sub-funds are only suitable for experienced investors who are able to assess the risks and the value of the investment. Investors should be seeking a medium to long-term investment. The investor meets the very high expected return by being very willing to take risks and by accepting considerable fluctuations in the value of the units and, if necessary, a considerable loss of capital.

The investor is prepared to assume high currency, creditworthiness, share price, hedge fund and market interest rate risks.

**Further information:**

ISIN:	LU0855492194
Securities ID No:	A1J8CF
Initial subscription period:	19 December 2012 to 21 December 2012
Initial unit value: (The initial issue price is the same as the initial unit value plus the front-end load)	EUR 100
Payment of the initial issue price:	28 December 2012
Payment of the issue and redemption price:	Within 2 banking days
Sub-fund currency:	EUR
Unit class currency:	EUR
Calculation of the unit value:	On every banking day in Luxembourg, with the exception of 24 and 31 December of each year
End of the financial year of the Fund: For the first time:	30 September 30 September 2013
Annual report/semi-annual report of the Fund: First semi-annual report (unaudited): First annual report (audited):	31 March 2013 30 September 2013
Type of securitisation:	Bearer units are securitised in the form of global certificates; registered units are entered in the unit register.
Denomination:	Bearer and registered units will be issued with up to three decimal places.
Minimum initial investment:	EUR 20,000 *
Minimum subsequent investment:	EUR 10,000 *

Savings plans for registered units held in the unit register, monthly from:	EUR 2,500
Savings plans for bearer units held in a bank custody account:	Information can be obtained from the institution that maintains your custody account.
Withdrawal plan for registered units which are held in the unit register, monthly from:	from EUR 2,000
Withdrawal plan for bearer units held in a bank custody account:	Information can be obtained from the institution that maintains your custody account.
Taxe d'abonnement:	0.05% p.a.

\* The Management Company is authorised to accept lower amounts at its discretion.

The sub-fund is established for an indefinite period.

#### **Costs which are reimbursed from the sub-fund's assets:**

##### **1. Management fee**

In return for managing the sub-fund, the Management Company receives a fee of up to 1.11% p.a. of the net sub-fund assets. This fee is calculated pro rata and paid monthly in arrears at the end of each month based on the volume at the end of the month. In addition, the Management Company receives a flat monthly fee of up to EUR 1,000, which is paid at the end of the month.

VAT shall be added to these fees, as applicable.

In addition, the Management Company receives a performance fee of up to 15% of the unit value performance exceeding a defined minimum performance (hurdle rate) if the unit value at the financial year-end is higher than the highest unit value at the end of the previous financial years or higher than the initial unit value at the end of the first financial year (high-water mark principle).

The defined hurdle rate with reference to the latest unit value of the previous calculation period is 5% p.a., prorated on each calculation day with respect to the previous days within the calculation period.

High-water mark principle: at the launch of the Fund, the high water mark is identical to the initial unit value. If the unit value on the last valuation day of a subsequent financial year is above the previous high water mark, the high-water mark is set to the calculated unit value on the last valuation day of the financial year. In all other cases, the high-water mark remains unchanged.

The performance of the unit value ("unit value performance") is calculated on each valuation date by comparing the current unit value with the highest unit value of the previous financial year ends (high-water mark). If there are different unit classes in the Fund, the unit value per unit class is used as a basis for the calculation.

To determine the unit value performance, any dividend payments made in the meantime are taken into account, i.e. these are added to the actual unit value, from which these distributions had been deducted.

Beginning with the start of each financial year, the performance fee is calculated on each valuation day on the basis of the unit value performance mentioned above, the average units in circulation during the financial year and the highest unit value at the ends of the previous financial years (high-water mark).

On the valuation days on which the performance of the unit value is greater than the defined hurdle rate (outperformance) and the current unit value exceeds the high-water mark, the accrued total amount changes pursuant to the method presented above. On the valuation days on which the performance of the unit value is lower than the defined hurdle rate or the current unit value is lower than the high-water mark, the accrued total amount is eliminated. As a basis of calculation, data from the previous valuation day (at financial year-end on the same day) is used.

The amount calculated on the last valuation day of the accounting period may, if a performance fee is payable, be paid out from the relevant share class of the Fund at the end of the financial year.

If the unit value performance of a financial year is less than the agreed hurdle rate, this agreed minimum performance is not cumulative with the minimum performance of the following period.

VAT shall be added to these fees, as applicable.

## **2. Investment adviser**

The investment adviser receives remuneration for the performance of his/her duties from the remuneration of the Management Company. This fee is calculated pro rata and paid monthly in arrears at the end of each month based on the volume at the end of the month. VAT shall be added to this fee, as applicable.

## **3. Depositary fee**

In return for the performance of its duties, the Depositary receives a fee of up to 0.065% p.a. of the net sub-fund assets, but at least EUR 1,500 per month, paid from the net sub-fund assets. This fee is calculated pro rata and paid monthly in arrears at the end of each month based on the volume at the end of the month. VAT shall be added to this fee, as applicable.

## **4. Central Administration Agent fee**

In return for the performance of its duties, the Central Administration Agent receives a fee of up to 0.03% p.a. of the net sub-fund assets, payable from the net sub-fund assets. This fee is calculated pro rata and paid monthly in arrears at the end of each month based on the volume at the end of the month. In addition, the Central Administration Agent receives a basic fee of up to EUR 1,000 per month. VAT shall be added to these fees, as applicable.

## **5. Registrar and Transfer Agent fee**

In return for the performance of its duties (as stated in the Registrar and Transfer Agent Agreement), the Registrar and Transfer Agent receives a fee of EUR 25 p.a. per investment account and up EUR 40 p.a. per account with a savings plan and/or withdrawal plan, plus and an annual basic fee of up to EUR 3,000. These fees are calculated and paid in arrears at the end of each calendar year.

VAT shall be added to these fees, as applicable.



## 6. Additional costs

The sub-fund assets may also be obliged to bear the costs described in Article 11 of the Management Regulations.

### Costs to be borne by investors

Front-end load: (to the benefit of the sales agent)	Up to 4%
Redemption fee:	None
Exchange fee: (in relation to the unit value of the units to be purchased and to the benefit of the sales agent)	None

### Note on cost identification

If third parties advise the investor during acquisition of the units or if the third parties broker the purchase, they shall identify any costs or cost rates that are not congruent with the cost information in this Sales Prospectus and in the Key Investor Information Document (KIIDs). This may occur in particular when the third party adds costs for its own services (such as brokering, consulting or custody account management). In addition, the third party may add one-off costs for front-end loads, for example, and will usually use different calculation methods or different estimates for costs applicable at sub-fund level, which in particular include the sub-fund's transaction costs.

Deviations may occur in the identification of costs both in information before contract closure and in regular cost information on the existing sub-fund investment as part of a long-term customer relationship.

### Use of income

The sub-fund's income is distributed. The distribution shall be made at intervals as determined from time to time by the Management Company, but at most twice each financial year. The bearers of registered units will be accounted for in the unit register with a number of units in the sub-fund corresponding to the amount of the distribution. Upon request, distributions will be paid directly to an account indicated by the investor. If the issuing fee was originally paid by direct debit, distributions will be paid to the same account.

Detailed information regarding the use of income will, in principle, be published on the Management Company's website ([www.ipconcept.com](http://www.ipconcept.com)).

## Management Regulations

The Management Regulations set forth the contractual rights and obligations of the Management Company, the Depositary and the investors in relation to the investment fund. The Management Regulations first entered into force on 19 December 2012. They were filed with the Luxembourg Trade and Companies Register and a notice of deposit was published in the "*Mémorial, Recueil des Sociétés et Associations*" (the "*Mémorial*"), the Official Journal of the Grand Duchy of Luxembourg, on 15 January 2013. On 1 June 2016, the *Mémorial* was replaced by the *Recueil Électronique des Sociétés et Associations* ("*RESA*"), the new information platform of the Luxembourg Trade and Companies Register.

The Management Regulations were last amended on 01 January 2021 and published in the *RESA*.

### Article 1 – The Fund

1. The **P & R** fund (the "*Fund*") is a legally dependent investment fund (*fonds commun de placement*) consisting of transferable securities and other assets (the "*Fund's assets*"), which is managed as an alternative investment fund (AIF) pursuant to the provisions of Part II of the Law of 17 December 2010 relating to undertakings for collective investment (the "*Law of 17 December 2010*") and for the joint account of the unitholders ("*investors*") in accordance with the principle of risk diversification. The Fund consists of one or more sub-funds pursuant to Article 181 of the Law of 17 December 2010. The sub-funds as a whole make up the Fund. The investors are co-owners of the Fund in proportion to the number of units they hold in a sub-fund; the assets are therefore co-owned by the investors.
2. The contractual rights and obligations of the investors, the Management Company and the Depositary are governed by these Management Regulations, whose valid version is deposited with the Luxembourg Trade and Companies Register and published in the *RESA*. In purchasing units, the investor acknowledges the Management Regulations and any approved and published amendments thereto.
3. The Management Company shall also generate a Sales Prospectus (including Annex) in accordance with the law of the Grand Duchy of Luxembourg.
4. The Fund's net assets (i.e. the total of all assets less all liabilities of the Fund) must reach EUR 1,250,000 within six months of the time of approval of the Fund. This figure pertains to the net assets of the Fund as a whole arising from the sum of the net assets of the sub-funds.
5. The Management Company is authorised to establish additional sub-funds at any time. If this is the case, the Sales Prospectus shall be supplemented with a corresponding Annex. Sub-funds may be set up for indefinite periods.
6. In terms of the relationship between investors, each sub-fund is regarded as an independent investment fund. The rights and obligations of the investors of a sub-fund are separate from those of the investors of the other sub-funds. Each individual sub-fund shall only be liable for claims of third parties incurred by that specific sub-fund.

7. The unit value is calculated separately for each sub-fund in accordance with the rules set forth in Article 6 of these Management Regulations.

## Article 2 – The Management Company

1. The Management Company of the Fund is **IPConcept (Luxemburg) S.A.** (the “Management Company”), a public limited company (*Aktiengesellschaft*) pursuant to the law of the Grand Duchy of Luxembourg, with its registered office at 4, rue Thomas Edison, L-1445 Strassen, Luxembourg. It was established for an indefinite period on 23 May 2001.

The Management Company is an AIFM within the meaning of the Law of 12 July 2013.

The Management Company is represented by its Executive Board. The members of the Executive Board are appointed by the Supervisory Board. The Executive Board is responsible for carrying out the Management Company's transactions. The Executive Board may transfer the responsibility of conducting the Management Company's day-to-day operations to directors, authorised officers and other employees or third parties.

3. The Management Company manages the Fund, independently of the Depositary, on its own behalf but exclusively in the interests of and for the joint account of the investors in accordance with these Management Regulations. Management authority extends to the exercise of all rights related directly or indirectly to the assets of the Fund or its sub-funds.
4. The Management Company shall determine the investment policy of the Fund, taking account of the legal and contractual investment restrictions. The Management Company is authorised to invest the sub-fund assets in accordance with the provisions stated in these Management Regulations and in the Annex to this Sales Prospectus for the respective sub-funds and otherwise to undertake all transactions, which are necessary for the management of the sub-fund assets.
5. The Management Company shall employ a risk management process enabling it to adequately monitor and assess the risk connected with the investment holdings. In particular, it shall not solely or mechanically rely on credit ratings issued by credit rating agencies as defined in Article 3(1)(b) of Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies, for assessing the creditworthiness of the Fund's assets.
6. The Management Company may, under its own responsibility and control, call on the services of an investment adviser and/or fund manager at the expense of the assets of the respective sub-fund.

Fund management duties may only be transferred to a company that holds approval or authorisation for asset management. The transfer of fund management duties must comply with the investment guidelines set down by the Management Company.

Moreover, the Management Company may take advice from an investment committee, the composition of which is determined by the Management Company.

7. At its own expense and under its own responsibility, the Investment Adviser may make use of third-party natural or legal persons and sub-investment advisers in order to carry out its duties, provided it has obtained the prior consent of the Management Company.

8. The Management Company may delegate the management of the Fund to another management company subject to the approval of the CSSF.

### **Article 3 – The Depositary**

1. The Management Company has appointed a sole depositary, **DZ PRIVATBANK S.A.**, for the Fund. The appointment of the Depositary is agreed in writing in the Depositary Agreement. DZ PRIVATBANK S.A. is a public limited company (Aktiengesellschaft) pursuant to the law of the Grand Duchy of Luxembourg, with its registered office at 4, rue Thomas Edison, L-1445 Strassen, Luxembourg, which carries out banking activities. The rights and obligations of the Depositary are governed by the Law of 17 December 2010, the applicable regulations, the Depositary Agreement, these Management Regulations and the Sales Prospectus (including Annex).
2. The Depositary shall  
  
shall ensure that the sale, issue, repurchase, redemption and cancellation of units of the Fund are carried out in accordance with the applicable statutory provisions and the procedure set out in the Management Regulations;
  - b) ensure that the Fund's unit value is calculated in accordance with the applicable statutory provisions and the procedure set out in the Management Regulations;
  - c) carry out the instructions of the Management Company, unless they conflict with the applicable statutory provisions or the Management Regulations;
  - d) ensure that in transactions involving the assets of the Fund any consideration is remitted to the Fund within the usual time limits;
  - e) ensure that Fund income is applied in accordance with the applicable statutory provisions and the procedure set out in the Management Regulations.
3. The Depositary shall ensure that the cash flows of the Fund are properly monitored, and, in particular, that all payments made by, or on behalf of, investors upon the subscription of units of the Fund have been received, and that all of the cash of the Fund has been booked in cash accounts that are:
  - (a) opened in the name of the Fund, of the Management Company acting on behalf of the Fund, or of the Depositary acting on behalf of the Fund;
  - (b) are opened at an entity referred to in points (a), (b) and (c) of Article 18(1) of Directive 2006/73/EC of 10 August 2006 implementing Directive 2004/39/EC of the European Parliament and of the Council as regards organisational requirements and operating conditions for investment firms and defined terms for the purposes of that Directive ("Directive 2006/73/EC") and
  - (c) maintained in accordance with the principles set out in Article 16 of Directive 2006/73/EC.

Where the cash accounts are opened in the name of the Depositary acting on behalf of the Fund, no cash of the entity referred to in point 3(b) or any of the Depositary's own cash shall be booked in such accounts.

4. The assets of the Fund shall be entrusted to the depositary for safekeeping as follows:
  - (a) for financial instruments that may be held in custody:
    - i. the Depositary shall hold in custody all financial instruments that may be registered in a financial instruments account opened in the Depositary's books and all financial instruments that can be physically delivered to the Depositary;
    - ii. the Depositary shall ensure that all financial instruments that can be registered in a financial instruments account opened in the Depositary's books are registered in the Depositary's books within separate accounts, opened in the name of the Fund or the Management Company acting on his/her behalf, in accordance with the principles set out in Article 16 of Directive 2006/73/EC, so that the financial instruments can be clearly identified at all times as belonging to the Fund in accordance with the applicable law;
  - (b) for other assets, the Depositary shall:
    - i. verify the ownership by the Fund, or by the Management Company acting on behalf of the Fund, of such assets by assessing whether the Fund or the Management Company acting on behalf of the Fund holds the ownership based on information or documents provided by the Fund or by the Management Company and, where available, on external evidence;
    - ii. maintain a record of those assets for which it is satisfied that the Fund or the management company acting on behalf of the Fund holds the ownership and keep that record up to date.
5. The Depositary shall provide the Management Company, on a regular basis, with a comprehensive inventory of all of the assets of the Fund.
6. The assets held in custody by the Depositary shall not be reused by the Depositary, or by any third party to which the custody function has been delegated, for their own account. Reuse comprises any transaction of assets held in custody including, but not limited to, transferring, pledging, selling and lending.

The assets held in custody by the Depositary are allowed to be reused only where:

- a. the assets are reused on behalf of the Fund,
- b. the Depositary is carrying out the instructions of the Management Company acting on behalf of the Fund,
- c. the reuse is for the benefit of the Fund and in the interest of the unitholders; and

- d. the transaction is covered by high-quality, liquid collateral received by the Fund under a title transfer arrangement.

The market value of the collateral shall, at all times, amount to at least the market value of the reused assets plus a premium.

7. In the event of insolvency of the Depositary to which custody of fund assets has been delegated, the assets of a Fund held in custody are unavailable for distribution among, or realisation for the benefit of, creditors of such a Depositary.
8. The Depositary may delegate its depositary duties under point 4 above to another company (sub-custodian) in accordance with the statutory provisions. Sub-depositaries may, in turn, delegate the depositary duties transferred to them in accordance with the statutory provisions. The Depositary may not transfer the duties described in points 2 and 3 above to third parties.
9. In carrying out its functions, the Depositary shall act honestly, fairly, professionally, independently and solely in the interests of the Fund and the investors of the Fund.
10. No company shall act as both Management Company and Depositary.
11. The Depositary shall not carry out activities with regard to the Fund or the management company acting on behalf of the Fund that may create conflicts of interest between the Fund, the investors in the Fund, the Management Company, the delegates of the Depositary and itself. This does not apply if the Depositary has functionally and hierarchically separated the performance of its depositary tasks from its other potentially conflicting tasks, and the potential conflicts of interest are properly identified, managed, monitored and disclosed to the investors of the Fund.
12. The Depositary shall be liable vis-à-vis the Fund and its unitholders for the loss by the Depositary or a third party to which the custody of financial instruments has been delegated.

In the case of a loss of a financial instrument held in custody, the Depositary shall return a financial instrument of an identical type or a corresponding amount to the Fund or the Management Company acting on behalf of the Fund without undue delay.

The Depositary is also liable to the Fund, and to the investors of the Fund, for all other losses suffered by them as a result of the Depositary's negligent or intentional failure to fulfil its legal obligations.

The liability of the Depositary shall not be affected by any delegation as referred to in point 8.

13. The Management Company may change the Depositary. However, the Management Company may only dismiss the Depositary if a new Depositary which takes over the functions and tasks of a Depositary is appointed within two months. After the Depositary is dismissed, it must continue to carry out its functions and tasks until all the Fund's assets have been transferred to the new Depositary. The change of Depositary is subject to the approval of the CSSF.

## **Article 4 – General provisions of the investment policy**

The aim of the investment policy of the individual sub-funds is to achieve reasonable capital growth in the relevant sub-fund currency (as defined in the corresponding Annex). Details of the investment policy of each sub-fund are described in the relevant Annexes to this Sales Prospectus.

### **1 SUPERVISORY INVESTMENT RESTRICTIONS**

**As part of the implementation of the sub-fund-specific investment policy, the following may be acquired for the sub-fund:**

- a) investment units of the following types of investment funds and/or investment companies (“target funds”):**
- 1. investment funds launched in the Federal Republic of Germany and/or investment corporations which meet the requirements of Directive 2009/65/EC and/or**
  - 2. foreign investment funds which similarly meet the requirements of Directive 2009/65/EC and/or**
  - 3. investment funds launched in the Federal Republic of Germany within the meaning of § 220 of the German Capital Investment Code (“KAGB”) (“Other investment funds”), which do not themselves invest their funds in other investment funds according to point 1(a)(2) and/or**
  - 4. EU investment funds and/or foreign investment funds which similarly meet the requirements for other investment funds and do not themselves invest their funds in other investment funds according to point 1(a)(2) and/or**
  - 5. investment funds launched in the Federal Republic of Germany within the meaning of § 218 of the German Capital Investment Code (KAGB) (“Mixed investment funds”) and/or**
  - 6. EU investment funds and/or foreign investment funds which similarly meet the requirements for “Mixed investment funds” and/or**
  - 7. other investment funds,**
    - that were authorised in their country of residence pursuant to laws which subject them to effective public supervision for investor protection and for which there is a sufficient guarantee of satisfactory cooperation between the supervisory authority in that respective country of residence and the Commission de Surveillance du Secteur Financier (“CSSF”), and**
    - for which the level of investor protection is equivalent to that of an investor in investment funds which comply with Directive 2009/65/EC and for which, in particular, there are provisions for the separate custody of the assets, borrowing, lending, loans and short selling of securities and money market**

instruments which are equivalent to the requirements of Directive 2009/65/EC, and

- for which the business is reported in annual and semi-annual reports to enable an assessment of the assets and liabilities, income and transactions over the reporting period, and
- for which the units are offered without limits on the number of units and the investors have the right to redeem the units.

The units of the aforementioned target funds are not normally listed on the stock exchange. If they are listed on the stock exchange, it will be a stock exchange in a member state of the Agreement on the European Economic Area, another OECD country, Liechtenstein or Hong Kong.

ETFs on individual precious metals do not fall under the term “target funds” due to a lack of risk diversification.

b) The following transferable securities are acquired:

1. those which are admitted to trading on a stock exchange of an EU member state or a signatory state of the Agreement on the European Economic Area (EEA), or are admitted to trading on or included in another organised market in any such state,
2. those which are exclusively admitted to trading on a stock exchange in a state outside the EU or EEA, or are admitted to trading or included in another organised market in any such state, if this choice of stock exchange or organised market has been approved by the CSSF or the Federal Financial Supervisory Authority,
3. those whose admission to trading on a stock exchange in an EU member state or EEA signatory state, or whose admission to trading on an organised market or their inclusion in such a market in an EU member state or EEA signatory state must be applied for according to their terms of issue, and provided the admission or inclusion of these transferable securities takes place within one year of their issue,
4. those whose admission to trading on a stock exchange or their admission to trading on or inclusion in an organised market outside the EU or EEA must be applied for according to their terms of issue, provided that this choice of exchange or organised market has been approved by the CSSF or BaFin and that the admission or inclusion of these transferable securities takes place within one year of their issue,
5. in the form of shares to which the Fund is entitled in the event of a capital increase from company funds,
6. those acquired from exercising subscription rights held by the Fund's assets,



7. transferable securities in the form of units in closed-end funds, which meet the criteria stated in Article 2(2)(a) and (b) of Directive 2007/16/EC,
  8. transferable securities in the form of financial instruments, which meet the criteria stated in Article 2(2)(c) of Directive 2007/16/EC.
- c) Money market instruments are acquired if they:
1. are admitted to trading on a stock exchange of an EU member state or a signatory state of the Agreement on the European Economic Area, or are admitted to trading on or included in another organised market in any such state,
  2. are exclusively admitted to trading on a stock exchange in a state outside the EU or EEA, or are admitted to trading or included in another organised market in any such state, if this choice of stock exchange or organised market has been approved by the CSSF or BaFin,
  3. are issued or guaranteed by the EU, the Federal Republic of Germany, a German federal government investment fund, a German federal state, another EU member state or another national, regional or local body or the central bank of an EU member state, the European Central Bank or European Investment Bank, a non-member state of the EU or, if such country is a federation of states, by one of the members making up the federation, or a public international body to which one or more EU member states belong,
  4. are issued by a company whose transferable securities are traded on one of the markets specified under points (1) and (2) above,
  5. are issued or guaranteed by a credit institution which is subject to supervision in accordance with the criteria set under EU law,
  6. are issued or guaranteed by a credit institution that is subject to and meets the supervisory provisions which the BaFin considers equivalent to those under EU law,
  7. issued by other bodies, provided such issuer is:
    - a company with equity capital of at least EUR 10 million which draws up its annual financial statements according to the provisions of the Fourth Council Directive 78/660/EEC of 25 July 1978 based on Article 54 (3) (g) of the Treaty on the annual accounts of certain types of companies, most recently amended by Article 1 of Directive 2012/6/EU,
    - an entity which, within a group of companies which includes one or several listed companies, is dedicated to the financing of the group or

- an entity intended for financing the securitisation of liabilities through the use of a credit line granted by the bank. Article 7 of Directive 2007/16/EC applies to securitisation and the credit line granted by a bank.

The money market instruments stated under point 1(c) may only be acquired if they meet the requirements of Article 4(1) and (2) of Directive 2007/16/EC. Article 4(3) of Directive 2007/16/EC applies to money market instruments in accordance with point 1(c)(1) and (2).

The money market instruments stated under point 1(c)(3) to (7) may only be acquired if the issue or issuer of these instruments is subject to the provisions on deposit and investor protection and also meet the criteria of Article 5(1) of Directive 2007/16/EC. In the case of acquisition of money market instruments which are issued as stated in point 1(c)(3) by a regional or local authority of a member state of the EU or by a public international body as stated in point 1(c)(3) but which are not guaranteed by this member state or, if this a Federal state, by a member state of this Federal state, and in the case of acquisition of money market instruments as stated in point 1(c)(4) and (7), Article 5(2) of Directive 2007/16/EC shall apply. In the case of acquisition of all other money market instruments under point 1(c)(3) apart from money market instruments which are issued or guaranteed by the European Central Bank or the central bank of a member state of the EU, Article 5(4) of this Directive shall apply. In the case of acquisition of money market instruments as stated in point 1(c)(5) and (6), Article 5(3) and, in the case of money market instruments which are issued or guaranteed by a credit institution which is subject to and complies with EU law in the opinion of BaFin, Article 6 of Directive 2007/16/EC shall apply.

The transferable securities stated under point 1(b)(1) to (4) above and the money market instruments under point 1(c)(1) to (4) can only be acquired if they are listed for trading on stock exchanges or admitted or included on an organised market in North America, South America, Australia (including Oceania), Africa, Asia and/or Europe provided the choice of this stock exchange or this organised market is approved by the CSSF or the BaFin.

- d) Sight deposits or terminable deposits with a term of no more than 12 months may be placed with credit institutions, provided that the credit institution has its registered office in a Member State or, if the credit institution has its registered office in a non-EU Member State, provided that it is subject to prudential rules considered by the CSSF as equivalent to those laid down in Community law;
- e) derivative financial instruments (“derivatives”) may be acquired, including equivalent instruments settled in cash, which are traded on one of the regulated markets referred to in paragraphs 1(b)(1) or (2), and/or derivative financial instruments which are traded over the counter (“OTC derivatives”), provided that
  - the underlying instruments are transferable securities, money market instruments, investment units or financial indices, interest rates, exchange rates

or currencies in which the Fund is permitted to invest under the investment objectives specified in the Management Regulations,

- the counterparties to OTC derivative transactions are institutions that are subject to prudential supervision and belong to the categories approved by the CSSF,
  - 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 Fund's initiative, and
  - these derivatives and OTC derivatives are used for efficient management of the Fund portfolio without changing the investment character of the Fund.
- f) Aforementioned derivative financial instruments (“derivatives”) whose underlying instrument is not an underlying instrument stated under point 1(e),
- g) precious metals (gold, silver, platinum, palladium) in physical form,
- h) unsecuritised loan claims. An essential feature of unsecuritised loan claims is that they must be acquired by third parties through an assignment.
- i) Other investment instruments within the meaning of §198 KAGB.

## **2 RISK DIVERSIFICATION / ISSUER LIMITS**

### **a) Investing in target funds:**

1. The respective sub-fund may invest a maximum of 20% of its assets in a single target fund listed under point 1(a) above.
2. For the sub-fund assets, no more than 30% of the net sub-fund assets may be invested in units of target funds listed above under point 1(a)(2).
3. For the sub-fund assets, units in target funds listed above under point 1(a) may only be acquired if each of these target funds, in accordance with its investment conditions, the Articles of Association or memorandum of association, may invest a maximum of 10% of the value of its assets in units of other target funds.
4. For the sub-fund's assets, units in target funds listed above under point 1(a)(2) may only be acquired if no more than two target funds are acquired from the same issuer or fund manager and each of these target funds in turn does not invest in units in other target funds within the meaning of No. 1(a)(2).
5. The Fund may only acquire units in “target funds” as listed above under point 1(a)(2) up to a maximum of 10% of the Fund's net assets if said funds are not subject to state supervision comparable with the requirements of the KAGB.

6. When selecting and monitoring the target funds listed under point 1(a)(2), the Fund Manager uses a careful selection and control procedure (i.e. due diligence), which in principle includes the following criteria:

**Qualitative criteria**

- assessment of the management and the Fund Manager or team in terms of personality, experience, training, performance and internal organisation;
- internal and external industry references;
- investment style and strategy and investment decision-making processes;
- availability of relevant information and transparency (prospectuses, information memoranda, annual and semi-annual reports, etc.);
- reputation of the auditors, the Depositary and the administrative agent;
- risk control;

**Quantitative criteria**

- checking that the strategy and performance of the individual target funds are in line with each other;
- comparison of target funds in terms of performance, Sharpe ratio, volume and development, fee structure;
- redemption and subscription conditions.

The purpose of the qualitative and quantitative fund analysis is to select funds which produce added-value during the respective market phase (risk reduction and/or outperformance in the sector).

The aforementioned selection criteria for target funds are not exhaustive. Other criteria not listed here may also be applied in order to take account of short-term trends and future developments.

In terms of persons responsible for investing in the target funds, the fund manager shall decide whether the persons responsible for investment decisions at the target funds have the general technical expertise and whether they have the required experience suitable for the fund profile and practical knowledge.

The target funds may have different characteristics and follow different investment strategies and therefore have different investment principles and investment limits. To generate leverage, however, they may not take out loans worth more than 20% of the net sub-fund assets, use derivatives which create leverage of more than 200% or use securities loans if the repayment of the loan is due more than 30 days after the transfer of the securities or if the market value of the securities to be transferred exceeds 15% of the net sub-fund assets, or conduct short-selling transactions. Otherwise, there is no planned restriction to target funds with specific

investment strategies. However, the target funds may not be real estate investment funds within the meaning of §§ 230-260 KAGB or comparable EU AIFs or foreign AIFs. The registered office of the target funds may be worldwide taking into account the requirements of point 1(a).

The assets of these target funds must be held in custody by a depositary, or the depositary functions must be carried out by a comparable institution (prime broker).

The extent to which these target funds invest in bank deposits, money market instruments and units or shares of target funds is unlimited, taking point 2(a) into consideration.

In general, when acquiring units in target funds, a management fee is deducted at target fund level. The Investment Company's annual report shall contain information for the sub-fund on the maximum level of the management fee that may be charged to the sub-fund and the target funds.

A sub-fund of an umbrella fund may also invest in other sub-funds of the same umbrella fund. In addition to the conditions for investing in target funds mentioned above, the following conditions apply to investments in target funds that are also sub-funds of the same umbrella fund:

- Circular investments are not permitted. This means that the target sub-fund may not invest in the sub-funds of the same umbrella fund that is invested in this target sub-fund;
  - The sub-funds of an umbrella fund that are to be acquired by another sub-fund of the same umbrella fund may, pursuant to their Management Regulations or Articles of Association, invest a maximum of 10 % of their assets in units of other target sub-funds of the same umbrella fund;
  - Voting rights resulting from holding units in target funds that are simultaneously target funds of the same umbrella fund are suspended as long as these units of a sub-fund of the same umbrella fund are held. This rule does not affect the appropriate recording of such in the annual accounts and the periodic reports.
  - As long as a sub-fund holds units in another sub-fund of the same umbrella fund, the units of the target sub-fund are not taken into account in the calculation of net asset value, insofar as the calculation serves to determine whether the legal minimum capital of the umbrella fund has been obtained;
7. Each sub-fund of a target fund with several sub-funds is to be considered as an independent target fund provided that these target funds are not jointly liable to third parties for the obligations of the various sub-funds.

**b) Further target fund-specific information**

1. When investing in units of target funds, it may be that investments are made in investment funds whose units are subject to redemption restrictions.

2. The Fund may not invest in units of foreign target funds in countries which do not cooperate in the combating of money laundering as defined in international agreements (Non-Cooperative Countries and Territories (NCCTs)).
  3. The Fund may not acquire units in venture capital, infrastructure and private equity funds or hedge funds and real estate funds.
- c) When investing in transferable securities, money market instruments and OTC derivatives:
1. A maximum of 20% of the net sub-fund assets may be invested in transferable securities or money market instruments of a single issuer.
  2. No more than 20% of the securitised rights of the same type of a single issuer may be acquired.
  3. The default risk when the respective sub-fund conducts OTC derivative transactions must not exceed the following rates:
    - 20% of the net sub-fund assets if the counterparty is a credit institution which has its registered office in an EU member state or is subject to supervisory provisions which the CSSF considers to be equivalent to the requirements of Community law;
    - 10% of the respective net sub-fund assets in all other cases.

The restrictions listed in points (a) and (b) above do not apply to securitised rights that are issued or guaranteed by a member state of the OECD or its regional bodies or supranational institutions or Community, regional or international bodies. In all cases, the transferable securities in the Fund must originate from six different issues, and the value of transferable securities originating from a single issue may not exceed 30% of the net sub-fund assets.

d) **Liquid assets**

The respective sub-fund may in principle also hold liquid assets.

Liquid funds may also be held in a different currency than that of the sub-fund.

No more than 20% of the value of the respective sub-fund assets may be held as bank deposits by the Depositary or any other credit institutions.

**3 ADDITIONAL INVESTMENT GUIDELINES**

- a) The short-selling of transferable securities is not permitted.
- b) The Fund will not invest in transferable securities which carry unlimited liability.
- c) The respective sub-fund assets may not be invested in real estate.

- d) The share of derivatives and unsecuritised loan claims, including those that may be acquired as other investment instruments within the meaning of point 1(g) of this section, is limited to a maximum of 30% of the respective Fund's assets. Derivatives within the meaning of Article 41(1)(g) of the Law of 17 December 2010 do not count towards this limit.
- e) The Investment Company is authorised, with the consent of the Depositary, to impose further investment restrictions in order to comply with the conditions in those countries in which shares are sold or are to be sold.
- f) Transferable securities whose sale is subject to any restrictions due to contractual agreements are not acquired.
- g) A maximum of 20% of the value of the Fund may be invested in other investment instruments within the meaning of point 1(i).
- h) The Fund will not hold a specific minimum amount of its assets in bank deposits, money market instruments and other liquid funds.

#### **4 TAX-RELATED INVESTMENT RESTRICTIONS**

If the sub-fund's specific investment policy in the relevant Annex to the Sales Prospectus specifies that the sub-fund is an equity fund or a mixed fund, the following conditions shall apply in conjunction with the aforementioned supervisory investment restrictions:

An equity fund is a sub-fund which invests more than 50 % of its net sub-fund assets in equity participations on an ongoing basis.

A mixed fund is a sub-fund which invests at least 25 % of its net sub-fund assets in equity participations on an ongoing basis.

When calculating the level of assets invested in equity participations, the loans are deducted accordingly from the share of equity participations in the value of all assets (modified net sub-fund assets).

Equity participations are:

- a) Listed units in a corporation that are admitted for trading on a stock exchange or another organised market,
- b) Units in a corporation that is not a real estate company and which
  1. is domiciled in a member state of the European Union or in another state party to the Agreement on the European Economic Area where it is subject to and not exempt from corporation tax, or
  2. is resident in a third country where it is subject to and not exempt from corporation tax of at least 15 %,

- c) Investment units in equity funds which invest more than 50% of their modified net sub-fund assets or more than 50% of their active assets in the aforementioned units in corporations amounting to 51% of their value according to their investment conditions; if an equity fund stipulates a percentage that is higher than 51% of its value in its investment conditions, the investment unit at the level of this higher percentage shall be deemed as equity participation by way of derogation
- d) Investment units in mixed funds which invest at least 25% of their modified net sub-fund assets or at least 25% of their active assets in the aforementioned units in corporations amounting to 25% of their value according to their investment conditions; if a mixed fund stipulates a percentage that is higher than 25% of its value in its investment conditions, the investment unit at the level of this higher percentage shall be deemed as equity participation by way of derogation
- e) Units in other investment funds which perform a valuation at least once a week in the amount of the ratio of their value published on the valuation day at which they actually invest in the aforementioned units in corporations.

## **5 RESTRICTIONS ON BORROWING AND PLEDGING**

The Fund may, on a regular basis, obtain loans from credit institutions with the highest credit ratings which specialise in this type of business.

- a) The assets belonging to the Fund may not be pledged or otherwise encumbered, assigned as collateral or transferred as collateral unless they are loans as defined in (b) below, an option right is transferred to a third party, or financial futures contracts, currency futures contracts, swaps or other similar transactions are agreed.
- b) Loans encumbering the Fund may only be taken out for a short period of time and may not exceed 10% of the Fund's net assets if the borrowing conditions are in line with those prevailing on the market. As these may only be short-term loans, however, the related risks are low. Unless it is a value-date related overdraft, the loan requires the Depositary to consent to the lending terms. The Depositary must give its consent to the loan if it meets the stated requirements and complies with the relevant legal stipulations and with the Articles of Association.
- c) No loans may be granted to the detriment of the Fund's assets, nor may any guarantee obligations be entered into on behalf of third parties.

The risks associated with borrowing are presented in the risk notes under the section "Risks associated with borrowing".

## **6 TECHNIQUES AND INSTRUMENTS**

Under the conditions and within the limits set out by the CSSF, the respective sub-fund may employ techniques and instruments relating to transferable securities and money market instruments, provided that such techniques and instruments are used for the purpose of efficient portfolio management.



**Furthermore, the respective sub-fund is not permitted to diverge from its investment objectives set out in the Sales Prospectus and the Management Regulations when making use of techniques and instruments.**

**The Investment Company shall employ a risk-management process which takes account of the prudential supervisory requirements in Luxembourg and which enables it to monitor and measure at all times the risk associated with the investment holdings as well as their contribution to the overall risk profile of the investment portfolio. In particular, it shall not solely or mechanistically rely on credit ratings issued by credit rating agencies as defined in Article 3(1)(b) of Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies, for assessing the creditworthiness of the Fund's assets. More specific information is set out in the Sales Prospectus under "Risk management procedures". The respective sub-fund may invest in derivatives as part of its investment policy and within the limits specified under point 2, provided that the overall risk of the underlying assets does not exceed the investment limits specified under point 2. If a derivative is embedded in a transferable security or money market instrument, it must be taken into account with regard to compliance with the provisions set out in point 2.**

In accordance with the general provisions governing the investment policy referred to in Article 4 of the Management Regulations, the Management Company may make use of derivatives, securities financing transactions and other following techniques and instruments for sub-funds to ensure efficient portfolio management. The counterparties or financial counterparties as defined in Article 3(3) of Regulation (EU) 2015/2365 of the European Parliament and of the Council of 25 November 2015 on transparency of securities financing transactions and of reuse and amending Regulation (EU) No 648/2012 ("SFTR") to the aforementioned transactions must be institutions subject to prudential supervision and belong to one of the categories approved by the CSSF. They must also specialise in this type of transaction. When selecting counterparties and financial counterparties for securities financing transactions and total return swaps, criteria such as legal status, country of origin and credit rating of the counterparty are taken into account. The counterparties and/or financial counterparties must be subject to state supervision and have an equivalent rating. Details can be viewed free of charge on the Management Company's website referred to in the section entitled "Information for investors".

Derivatives and other techniques and instruments carry considerable opportunities but also high risks. Due to the leverage effect of these products, the sub-fund may incur substantial losses using relatively little capital. The following is a non-exhaustive list of derivatives, techniques and instruments that can be used for the sub-fund:

a) Option rights

An option right is a right to buy ("call option") or sell ("put option") a particular asset at a predetermined time ("exercise date") or during a predetermined period at a predetermined price ("strike price"). The price of a call or put option is the option premium.

For each respective sub-fund, both call and put options may only be bought or sold, insofar as the respective sub-fund is permitted to invest in the underlying assets pursuant to its investment policy as specified in the relevant Annex.



b) Financial futures contracts

Financial futures contracts are unconditionally binding agreements for both contracting parties to buy or sell a certain amount of a certain base value at a pre-determined time (maturity date) at a price agreed in advance.

For the respective sub-fund, financial futures contracts may only be completed insofar as the respective sub-fund is permitted to invest in the underlying assets pursuant to its investment policy as specified in the relevant Annex.

c) Derivatives embedded in financial instruments

Financial instruments with embedded derivatives may be acquired for the respective sub-fund. Financial instruments with embedded derivatives may consist of structured products (certificates, reverse convertible bonds, warrant-linked bonds, convertible bonds, credit linked notes, etc.) or warrants. The main feature of products included under "Derivatives embedded in financial instruments" is that the embedded derivative components affect the payment flows for the entire product. Alongside risk characteristics of transferable securities, the risk characteristics of derivatives and other techniques and instruments are also decisive.

d) Securities financing transactions

Securities financing transactions include, for example:

- Securities lending transactions
- Repurchase agreements

Securities financing transactions can be used for efficient portfolio management, e.g. to achieve the investment objective or to increase returns. They may affect the performance of each sub-fund.

The types of assets used in securities financing transactions may be those that are permissible in accordance with the investment policy of the relevant sub-fund.

All returns generated from securities financing transactions accrue to the Fund's assets net of all related costs including any transaction costs.

1. Securities lending

A securities lending transaction is a transaction whereby a counterparty transfers securities subject to a commitment that the party borrowing the securities returns equivalent securities at a later date or at the request of the transferring party. For the counterparty transferring the transferable securities, the transaction is a securities lending transaction, and for the counterparty to which they are transferred, it is a securities borrowing transaction.

In this context, and in order to generate additional capital or income or to reduce its costs or risks, the respective sub-fund may carry out transferable securities lending transactions, provided such transactions are in line with the applicable Luxembourg laws and regulations,

as well as CSSF circulars (including CSSF 08/356, CSSF 11/512 and CSSF 14/592) and the SFTR.

(a) The respective sub-fund may either lend transferable securities directly or through a standardised securities lending system organised by a recognised securities settlement or clearing institution such as CLEARSTREAM and EUROCLEAR, or by a financial institution that specialises in such transactions. The respective sub-fund must ensure that, at any time, it is able to recall securities transferred within the framework of securities lending and that securities lending transactions already entered into may be terminated. If the aforementioned institution is acting on its own account, it shall be considered to be the counterparty in the securities lending agreement. If the respective sub-fund lends its transferable securities to companies affiliated with the sub-fund by way of common management or control, specific attention must be paid to any conflicts of interest that may arise therefrom. The respective sub-fund must receive collateral in accordance with the prudential supervisory requirements in respect of the counterparty risk and collateral provision, either prior to or simultaneously with the securities lent being transferred. At maturity of the securities lending agreement, the collateral shall be remitted simultaneously or subsequently to the restitution of the transferable securities lent. Within the framework of a standardised securities lending system organised by a recognised securities settlement institution or a securities lending system organised by a financial institution which is subject to supervisory provisions that the CSSF considers to be equivalent to EU stipulations, and which specialises in this type of transaction, the transferable securities lent may be transferred before the receipt of the collateral if the intermediary (intermédiaire) in question assures the proper execution of the transaction. Such an intermediary may, instead of the borrower, provide the Fund with collateral that meets prudential supervisory requirements regarding counterparty risk and collateral provision. In this case, the agent is contractually bound to provide the collateral.

(b) The respective sub-fund must ensure that the volume of the securities lending transactions is kept to an appropriate level or that it is entitled to request the return of the transferable securities lent in a manner that enables it, at all times, to meet its redemption obligations and that these transactions do not jeopardise the management of the respective sub-fund's assets in accordance with its investment policy. Up to 100% of the assets that can be used in securities lending transactions may be loaned. For each securities lending transaction, the relevant sub-fund must ensure that the market value of the collateral is as high as the market value of the reused assets over the entire term of the lending transaction.

(c) Receipt of appropriate collateral

The respective sub-fund may take into account collateral conforming to the requirements stated herein in order to take into consideration the counterparty risk in transactions that include repurchase rights.

The respective sub-fund must proceed on a daily basis with the valuation of the collateral received. The agreement concluded between the respective sub-fund and the counterparty

must include provisions to the effect that the counterparty must provide additional collateral at very short term if the value of the collateral already provided proves to be insufficient in relation to the amount to be covered. In addition, this agreement must stipulate safety margins which take into consideration the exchange risks or market risks inherent to the assets accepted as collateral.

The assets accepted as collateral are those forms of collateral stated in the section entitled "Counterparty risk".

If securities lending transactions are used, the proportion of assets under management which is expected to be used in these transactions will be published for the respective sub-fund on the Management Company's website referred to in the section entitled "Information for investors".

## 2. Repurchase agreements

A repurchase agreement is a transaction pursuant to an agreement through which a counterparty sells transferable securities or guaranteed rights to transferable securities, and the agreement contains a commitment to repurchase the same transferable securities or rights – or failing that, securities with the same characteristics – at a fixed price and at a time fixed by the lender or to be fixed at a later date. Rights to transferable securities may be the subject of such a transaction only if they are guaranteed by a recognised exchange which holds the rights to the transferable securities, and if the agreement does not allow one of the counterparties to transfer or pledge a particular transferable security at the same time to more than one other counterparty. For the counterparty that sells the transferable securities, the transaction is a repurchase agreement, and for the other party that acquires them, the transaction is a reverse repurchase agreement.

On behalf of the respective sub-fund, the Management Company (acting as a buyer) may engage in transactions that include repurchase rights. Said transactions involve the purchase of securities where the contractual conditions grant the seller (counterparty) the right to buy back the sold securities from the sub-fund at a particular price and within a particular period agreed between the parties upon conclusion of the agreement. On behalf of the respective sub-fund, the Management Company (acting as a seller) may engage in transactions where the contractual conditions grant the sub-fund the right to buy back the sold securities from the buyer (counterparty) at a particular price and within a particular period agreed between the parties upon conclusion of the agreement. The Management Company may enter into repurchase agreements either as the buyer or seller. However, any transactions of this kind are subject to the following guidelines:

- a) Transferable securities may only be bought or sold via a repurchase agreement if the counterparty in the agreement is a financial institution that specialises in this type of transaction.
- b) During the term of the repurchase agreement, the transferable securities covered by the agreement may not be sold before the counterparty has exercised the right to repurchase the transferable securities or before the deadline for the repurchase has expired.

When the Management Company concludes a repurchase agreement, it must ensure that it is able, at any time, to recall the full amount of cash or to terminate the repurchase agreement on either an accrued basis or a market-to-market basis. In addition, the Management Company must ensure that it is able, at any time, to recall any transferable securities subject to the repurchase agreement and to terminate the repurchase agreement into which it has entered.

Up to 100% of the Fund's assets may be transferred to third parties as part of a repurchase agreement.

If repurchase agreements are used, the proportion of assets under management which is expected to be used in these transactions will be published for the respective sub-fund on the Management Company's website referred to in the section entitled "Information for investors".

e) Forward exchange contracts

The Management Company may enter into forward exchange contracts for the respective sub-fund.

Forward exchange contracts are unconditionally binding agreements for both contracting parties to buy or sell a certain amount of the underlying foreign currencies at a certain time (maturity date) at a price agreed in advance.

f) Swaps

The Management Company may conclude swaps on behalf of the respective sub-fund within the framework of the investment principles.

A swap is a contract between two parties based on the exchange of payment flows, assets, income or risk. The swaps made for the respective sub-fund may include, but are not limited to, the following: interest, currency, equity and credit default transactions.

An interest swap is a transaction in which two parties swap cash flows which are based on fixed or variable interest payments. The transaction can be compared with the adding of funds at a fixed interest rate and the simultaneous allocation of funds at a variable interest rate, with the nominal sums of the assets not being swapped.

Currency swaps usually consist of the swapping of nominal sums of assets. They can be compared to borrowing in one currency and simultaneously lending in another.

Asset swaps, also known as "synthetic securities", are transactions that convert the yield from a particular asset into another rate of interest (fixed or variable) or into another currency, by combining the asset (e.g. bond, floating-rate note, bank deposit, mortgage) with an interest swap or currency swap.

An equity swap is the exchange of payment flows, value adjustments and/or income from an asset in return for payment flows, value adjustments and/or income from another asset, where at least one of the exchanged payment flows or incomes from an asset represents a share or a share index.

A total return swap is a derivative contract as defined in Article 2, point 7 of Regulation (EU) 648/2012, in which one counterparty transfers to another the total return of a benchmark liability including income from interest and fees, gains and losses from exchange rate fluctuations, and credit losses.

The contracting parties may not exert any influence on the composition or management of the UCI's investment portfolio or the underlying assets of the derivatives. Transactions in connection with the UCI's investment portfolio do not require the consent of the counterparty.

Total return swaps may be used within the limits of the risk management process applied.

The types of assets used in total return swaps may be those that are permissible in accordance with the investment policy of the relevant sub-fund.

All returns generated from total return swaps accrue to the Fund's assets net of all related costs including any transaction costs.

If total return swaps are used, the proportion of assets under management which is expected to be used in these transactions will be published for the respective sub-funds on the Management Company's website referred to in the section entitled "Information for investors".

#### j) Swaptions

A swaption is the right, but not the obligation, to enter into a swap, the conditions of which are clearly specified, at a given time or within a given period. In addition, the principles listed in connection with option dealing apply.

#### k) Techniques for the management of credit risks

The Management Company may also use credit default swaps for the respective sub-fund to ensure the efficient management of the respective sub-fund assets.

Within the market for credit derivatives, a CDS represents the most widespread and the most quantitatively significant instrument. A CDS enables the credit risk to be separated from the underlying financial relationship. This separate trading of default risks extends the range of possibilities for systematic risk and income management. With a CDS, a protection buyer can hedge against certain risks arising from a debtor-creditor relationship by paying a periodic premium (calculated on the basis of the nominal amount) for transferring the credit risk to a protection seller for a defined period. This premium depends, among other things, on the quality of the underlying reference debtor(s) (= credit risk). The transferred risks are defined in advance as so-called credit events. As long as no credit event occurs, the CDS seller does not have to render a performance. If a credit event occurs, the seller pays the predefined amount (such as the par

value or an adjustment payment equalling the difference between the par value of the reference assets and their market value) after the credit event occurs ("cash settlement"). The buyer then has the right to tender an asset of the reference debtor which is qualified in the agreement, whilst the buyer's premium payments are stopped as of this point. The respective sub-fund can act either as protection buyer or protection seller.

CDS are traded over the counter (OTC market), such that more specific, non-standard requirements of both counterparties can be addressed - at the price of lower liquidity.

The commitment of the obligations arising from the CDS must not only be in the exclusive interests of the Fund, but also be in line with its investment policy. For the purpose of the investment limits in accordance with Article 4 of the Management Regulations, both the assets underlying the CDS and the particular issuer must be taken into account.

A CDS is valued on a regular basis using verifiable and transparent methods. The Management Company and the auditor will monitor the verifiability and transparency of the valuation methods. The Management Company will rectify any differences ascertained as a result of the monitoring procedure.

#### l) Remarks

The above-mentioned techniques and instruments can, where appropriate, be supplemented by the Management Company if new instruments corresponding to the investment objective are offered on the market, which the respective sub-fund may employ in accordance with the prudential supervisory and statutory provisions.

The use of techniques and instruments for efficient portfolio management may give rise to various direct/indirect costs, which are charged to the relevant Fund's assets or which reduce the Fund's assets. These costs may be incurred both in relation to third parties and parties associated with the Management Company or Depositary.

**The usage of the aforementioned techniques and instruments may cause potential conflicts of interest, which are described in more detail in the section entitled "Risk information".**

**Using the aforementioned techniques and instruments may have a positive or negative effect on the performance of the Fund.**

## **7 POSSIBLE AMENDMENTS TO THE INVESTMENT OBJECTIVES / INVESTMENT CONDITIONS**

**The Management Company is entitled, with the prior approval of the prudential supervisory authority, to amend the investment policy and investment objectives/strategy of the Fund. The investors shall be informed in such case in a suitable manner, as described above in the section entitled "Information for investors".**



## **8 EXCEEDING THE INVESTMENT LIMITS BY MEANS OTHER THAN INVESTMENT DECISIONS**

**If the aforementioned or fund-specific percentage limits are exceeded, the primary objective of the Fund must be to remedy this situation taking into account the interests of the investors.**

### **Article 5 – Units**

1. Units are units of the respective sub-fund. The units of the respective sub-fund are issued in the certificates and denominations stated in the Annex specific to the sub-fund. If registered units are issued, these are documented by the Registrar and Transfer Agent in the unit register kept on behalf of the Fund. Confirmation of entry into the unit register shall be sent to the investors at the address specified in the unit register. The investors shall not be entitled to the physical delivery of unit certificates, regardless of whether bearer or registered units are issued.
2. In principle, all units in a sub-fund have the same rights, unless the Management Company decides to issue different unit classes within the same sub-fund pursuant to point 3 of this Article.
3. The Management Company may decide, from time to time, to establish two or more unit classes within one sub-fund. The unit classes may differ from one another in terms of their characteristics and rights, their use of income, fee structures, the investors (investor group) that may acquire and hold shares, or other specific characteristics and rights. From the day they are issued, all units have the same entitlement to the income, price gains and liquidation proceeds of their particular unit class. Insofar as unit classes are established for a particular sub-fund, details of the specific characteristics or rights for each unit class can be found in the relevant Annex to this Sales Prospectus.
4. Pursuant to a decision taken by the Executive Board of the Management Company, the unit classes of the sub-funds may be subject to a unit split.
5. Pursuant to a decision taken by the Executive Board of the Management Company, unit classes may be merged within a sub-fund.

### **Article 6 – Calculation of the unit value**

1. The Fund's net assets are denominated in euro (EUR) (“reference currency”).
2. The value of a unit (“unit value”) is denominated in the currency set out in the respective Annex to the Sales Prospectus (“sub-fund currency”), insofar as no other currency is stipulated for any unit classes in the respective Annex to the Sales Prospectus (“unit class currency”).
3. The unit value is calculated by the Management Company or a third party commissioned by the Management Company, under the responsibility of the Management Company and under the supervision of the Depositary, on each day stated in the relevant Annex to the Fund (“valuation day”) and rounded to two decimal places. The Management Company may decide

on a different arrangement for individual sub-funds, in which case it should be taken into account that the unit value must be calculated at least once a month.

The Management Company may decide to determine the unit value on 24 and 31 December without these determinations of value being considered calculations of the unit value on a valuation day within the meaning of the first sentence of this point 3. Consequently, investors cannot demand the issue, redemption and/or exchange of units on the basis of a unit value determined on 24 December and/or 31 December of a given year.

4. In order to calculate the unit value, the value of the assets of each sub-fund less the liabilities of each sub-fund ("net sub-fund assets") is determined on each valuation day, and this figure is divided by the number of sub-fund units in circulation on the valuation day.
5. If applicable legal regulations or the provisions of these Management Regulations require the situation of the Fund's assets in their entirety to be described in the annual or semi-annual reports and/or in other financial statistics, the assets of the relevant sub-funds will be converted into the reference currency. Net sub-fund assets are calculated according to the following principles:
  - (a) Transferable securities, money market instruments, derivative financial instruments (derivatives) and other assets officially listed on a securities exchange are valued at the latest available trade price which provides a reliable valuation on the trading day preceding the valuation day.

The Management Company may stipulate for individual sub-funds that transferable securities, money market instruments, derivative financial instruments (derivatives) and other assets officially listed on a securities exchange are valued at the latest available closing price which provides a reliable valuation. Details on this can be found in the Annexes to the relevant sub-funds.

If transferable securities, money market instruments, derivative financial instruments (derivatives) and other assets are officially listed on several stock exchanges, the one with the highest liquidity shall be applicable.

- (b) Transferable securities, money market instruments, derivative financial instruments (derivatives) and other assets which are not officially listed on a securities exchange (or whose stock exchange rate is not deemed representative, e.g. due to lack of liquidity) but which are traded on another regulated market, shall be valued at a price no less than the bid price and no more than the offer price of the trading day preceding the valuation day, and which the Management Company considers in good faith to be the best possible price at which the transferable securities, money market instruments, derivative financial instruments (derivatives) and other investments can be sold.

For individual sub-funds, the Management Company may stipulate that transferable securities, money market instruments, derivative financial instruments (derivatives) and other assets which are not officially listed on a securities exchange (or whose stock exchange rates are not deemed representative, e.g. due to lack of liquidity) but which are traded on another regulated market be valued at the latest available price which

the Management Company considers in good faith to be the best possible price at which the transferable securities, money market instruments, derivative financial instruments (derivatives) and other assets can be sold. Details on this can be found in the Annexes to the relevant sub-funds.

- (c) OTC derivatives are valued on a daily basis by means of a valuation to be determined and able to be checked by the Management Company.
- (d) Units in UCI/UCITS are determined at the last redemption price set before the valuation day or are valued at the latest available price which provides a reliable valuation. If the redemption is suspended or no redemption prices are established for certain investment units, these units and all other assets will be valued at their appropriate market value, as determined in good faith by the Management Company in line with generally accepted and verifiable valuation rules.
- (e) If the prices in question are not fair market prices, if the financial instruments under (b) are not traded on a regulated market, and if no prices are set for financial instruments other than those listed under (a)–(d), then these financial instruments and the other legally permissible assets shall be valued at their current market value, as established in good faith by the Management Company on the basis of the probable selling price. The procedure for this is stipulated in the Management Company's valuation guidelines.
- (f) Liquid assets are valued at their par value, plus interest.
- (g) Amounts due (e.g. deferred interest claims and liabilities) shall, in principle, be rated at their par value.
- (h) The market value of transferable securities, money market instruments, derivatives and other assets denominated in a currency other than the relevant sub-fund currency shall be converted into the sub-fund currency at the exchange rate of the trading day preceding the valuation day, using WM/Reuters fixing at 17:00 (16:00 GMT). Profits and losses from foreign exchange transactions shall, on each occasion, be added or subtracted.

The Management Company may stipulate for individual sub-funds that transferable securities, money market instruments, derivative financial instruments (derivatives) and other assets denominated in a currency other than that of the sub-fund be converted into the sub-fund currency at the exchange rate of the valuation day. Profits and losses from foreign exchange transactions shall, on each occasion, be added or subtracted. Details on this can be found in the Annexes to the relevant sub-funds.

The net assets of the individual sub-fund will be reduced by any distributions paid to the investors of the relevant sub-fund, where applicable.

7. The unit value is calculated separately for each sub-fund pursuant to the aforementioned criteria. However, if there are different unit classes within a sub-fund, the calculation of the

unit value will be carried out separately for each unit class within this sub-fund pursuant to the aforementioned criteria.

Generally, the respective sub-fund's assets are valued by the Management Company. The Management Company may delegate the asset valuation and consult an external valuer that complies with the legal provisions. The valuer may not delegate this duty to a third party. The Management Company shall notify the competent prudential supervisory authority of the appointment of an external valuer. The Management Company shall remain responsible for the proper valuation of the respective sub-fund's assets and for the calculation and publication of the net asset value even if it has appointed an external valuer.

#### **Article 7 – Suspension of unit value calculation**

1. The Management Company is entitled to temporarily suspend the calculation of the unit value if and for as long as circumstances exist which render such suspension necessary and if this suspension is justified in view of the interests of investors. This is particularly the case
  - (a) during times when a stock exchange or other regulated market on which a significant proportion of the assets are officially listed or traded is closed (other than for public or bank holidays) or trading on such stock exchange or on the relevant market is suspended or restricted;
  - (b) in emergencies, if the Management Company cannot obtain access to the sub-fund assets or is unable to freely transfer the transaction value of investment purchases or sales or properly calculate the unit value;
  - (c) if, as a result of disruptions in the communications network or for any other reason, it is not possible to calculate the value of a key asset or several key assets either in a sufficiently timely or accurate manner.
2. As long as the calculation of the net asset value per unit has been temporarily suspended, the issue, redemption and exchange of units will also be suspended. The temporary suspension of the calculation of the net asset value of units in a sub-fund shall not lead to a temporary suspension of other sub-funds that are not affected by the event.
3. Investors who have issued a subscription, redemption or exchange order shall be immediately informed of any suspension of the unit value calculation and shall be immediately notified after the resumption of unit value calculation.
4. Subscription, redemption and exchange orders shall automatically become invalid if the calculation of the net asset value is suspended. The investors or potential investors shall be informed that the subscription, redemption or exchange orders must be resubmitted after the resumption of the calculation of the net asset value.

#### **Article 8 - Issue of units**

1. Units are issued on each valuation day at the issue price. This corresponds to the unit value plus a front-end load in favour of the respective intermediary, which may not exceed 4% of the unit value. The amount of the front-end load is set out in the Annex to the Sales

Prospectus. The issue price may be increased by fees or other charges payable in the particular countries where the Fund is sold.

2. Subscription orders for the acquisition of registered units may be submitted to the Management Company and any sales agent. The receiving agents are obliged to immediately forward all subscription orders to the Registrar and Transfer Agent. Receipt by the Registrar and Transfer Agent is decisive. This agent accepts the subscription orders on behalf of the Management Company.

Purchase orders for the acquisition of bearer units are forwarded to the Registrar and Transfer Agent by the entity at which the subscriber holds his custody account. Receipt by the Registrar and Transfer Agent is decisive.

Complete subscription applications for registered units and purchase orders of bearer units received on a valuation day by the relevant agent by the cut-off time specified in the Sales Prospectus shall be settled at the issue price of the following valuation day. In any case, the Management Company ensures that units are issued on the basis of a unit value previously unknown to the investor. If, however, an investor is suspected of engaging in late trading, the Management Company may reject the subscription or purchase order until the applicant has cleared up any doubts with regard to his order. Subscription applications of registered units and purchase orders for bearer units received on a valuation day by the relevant agent after the cut-off time specified in the Sales Prospectus shall be settled at the issue price of the next valuation day but one.

If the equivalent value of the registered units to be subscribed is not available at the time of receipt of the complete subscription order by the Registrar and Transfer Agent or if the subscription order is incorrect or incomplete, the subscription order shall be regarded as having been received by the Registrar and Transfer Agent on the date on which the equivalent of the subscribed units is available and the subscription order is submitted properly.

The bearer units are transferred step by step by the Registrar and Transfer Agent after accounting through payment/delivery transactions, i.e. against payment of the agreed investment amount to the agent with whom the subscriber holds his custody account.

The issue price is payable at the Depositary in Luxembourg in the respective sub-fund currency or, if there are several unit classes, in the respective unit class currency, within the number of banking days (specified in the Annex to the sub-fund) after the corresponding valuation day.

If the transaction value is deducted from the Fund's assets, in particular due to the cancellation of a payment instruction, the non-clearance of funds or for other reasons, the Management Company shall recall the respective units in the interests of the Fund. Any differences arising from the recall of units that have a negative effect on the Fund must be borne by the applicant.

3. In the event that the issue of units is reserved for certain investors, this shall be indicated in the Annex specific to the sub-fund.
4. The sub-fund may, in accordance with the stipulations of Luxembourg law that specify in particular a compulsory valuation by an auditor, issue units against contributions of assets

provided such asset contributions are consistent with the investment objectives, investment policy and the investment restrictions of the sub-fund.

#### **Article 9 – Restrictions on and the suspension of the issue of units**

1. The Management Company may at any time, at its discretion and without giving reasons reject a subscription order or temporarily restrict or suspend or permanently discontinue the issue of units or buy back units against payment of the redemption price, if this appears necessary in the interests of the investors, of the public or for the protection of the Fund/respective sub-fund. This applies in particular if:
  - a) there is a suspicion that the respective unitholder shall, on acquiring the units, engage in market timing, late trading or other market techniques that could be harmful to the investors as a whole,
  - b) the investor does not fulfil the conditions for acquiring units, or
  - c) the units have been acquired by a person who appears to have ties to the U.S., the units have been sold in a state or acquired by a person (e.g. U.S. citizen) in a state where the Fund is not authorised for sale or where such persons are not permitted to acquire units.
2. In such cases, the Registrar and Transfer Agent and/or sales agent shall immediately repay any incoming payments received, without interest, for subscription orders not already processed.
3. The issue of units shall in particular be temporarily suspended if the calculation of the net asset value per unit is suspended.

#### **Article 10 – Redemption and exchange of units**

1. Investors are entitled to request the redemption of their units at any time at the unit value in accordance with Article 6(4) of these Management Regulations, less any redemption fee (“redemption price”). This redemption will only be carried out on a valuation day. If a redemption fee is payable, then the maximum amount of this redemption fee for each sub-fund is listed in the relevant Annex to this Sales Prospectus. In certain countries, the redemption price may be reduced by local taxes and other charges. The corresponding unit is cancelled upon payment of the redemption price.
2. Payment of the redemption price, as well as any other payments to the investors, shall be made via the Depositary or the paying agents. The Depositary is only obliged to make payment insofar as there are no legal provisions, such as exchange control regulations or other circumstances beyond the Depositary's control, prohibiting the transfer of the redemption price to the country of the applicant.

The Management Company may buy back units unilaterally against payment of the redemption price if this appears necessary in the interests of the investors or for the protection of the investors or a sub-fund, in particular when:

- a) there is a suspicion that the respective unitholder shall, on acquiring the units, engage in market timing, late trading or other market techniques that could be harmful to the investors as a whole,
  - b) the investor does not fulfil the conditions for acquiring units, or
  - c) the units have been acquired from a person who appears to have ties to the U.S., it has been discovered that the investor has ties to the U.S. following the acquisition, the units have been sold in a state or acquired by a person (e.g. U.S. citizen) in a state where the Fund is not authorised for sale or where such persons are not permitted to acquire units.
3. The exchange of all units or of some units for units in another sub-fund will take place on the basis of the unit value of the relevant sub-funds calculated in accordance with Article 6(4) of these Management Regulations, taking into account the applicable exchange fee, which is set at a maximum of 1% of the unit value of the units to be subscribed to, but also at a minimum of the difference between the front-end load of the sub-fund of the units to be exchanged and that of the sub-fund whose units are being subscribed to. If no exchange fee is charged, this is specified for the sub-fund concerned in the relevant Annex to this Sales Prospectus.

If different unit classes are offered within a single sub-fund, it is also possible to exchange units of one class for units of another class within the same sub-fund, insofar as not otherwise stipulated in the relevant Annex to this Sales Prospectus and if the investor fulfils the conditions specified in the Annex for a direct investment in this unit class. In this case, no exchange fee is charged.

The Management Company may reject an order for the exchange of units, if this is deemed in the interests of the Fund or the sub-fund or in the interests of the investors, in particular if:

- a) there is a suspicion that the respective investor will, on acquiring the units, engage in market timing, late trading or other market techniques that could be harmful to the investors as a whole,
  - b) the investor does not fulfil the conditions for acquiring units, or
  - c) the units have been acquired by a person who appears to have ties to the U.S., it has been discovered that the investor has ties to the U.S. following the acquisition, the units are sold in a state where the relevant sub-fund or unit class is not authorised for sale or have been acquired by a person (e.g. U.S. citizen) who is not permitted to acquire the units.
4. Complete orders for the redemption or exchange of registered units can be submitted to the Management Company and any sales agent. The receiving agents are obliged to immediately forward the redemption or exchange orders to the Registrar and Transfer Agent. Receipt by the Registrar and Transfer Agent is decisive.

An order for the redemption or exchange of registered units shall only be deemed complete if it contains the name and address of the investor, the number and/or transaction value of

the units to be redeemed or exchanged, the name of the sub-fund and the signature of the investor.

Complete sales orders for the redemption of bearer units will be forwarded to the Registrar and Transfer Agent by the agent with whom the investor holds his custody account. Receipt by the Registrar and Transfer Agent is decisive. The exchange of bearer units is ruled out.

When redeeming units, the AIFM may also accept a payment in kind in the form of assets of the relevant sub-funds if this redemption is accompanied by a report by the auditor of the sub-fund. The payment in kind must not have a negative impact on other investors. All costs relating to the payment in kind may not be borne by the sub-fund.

Complete redemption/sales orders or complete exchange applications received on a valuation day by the cut-off time stated in the Sales Prospectus are settled at the unit value of the following valuation day. Any applicable redemption fees shall be deducted or the exchange fee taken into consideration. In any case, the Management Company ensures that units are redeemed or exchanged on the basis of a unit value previously unknown to the investor. Complete redemption/sales orders or complete exchange applications received on a valuation day after the cut-off time stated in the Sales Prospectus are settled at the unit value of the next valuation day but one. Any applicable redemption fees shall be deducted or the exchange fee taken into consideration.

The time of receipt of the redemption/sales order or exchange order by the Registrar and Transfer Agent shall be decisive.

The redemption price is payable in the respective sub-fund currency or, if there are several unit classes, in the respective unit class currency, within the number of banking days stipulated in the Annex to the sub-fund after the relevant valuation day. In the case of registered units, payment is made to the account specified by the investor.

5. The Management Company is obliged to temporarily suspend the redemption or exchange of units due to the suspension of the calculation of the unit value.
6. Subject to prior approval from the Depositary and while preserving the interests of the investors, the Management Company shall only be entitled to process significant volumes of redemptions after selling corresponding assets of the respective sub-fund without delay. In this case, the redemption shall occur at the redemption price valid at that time. The same shall apply for orders for the exchange of units. The Management Company shall, however, ensure that the respective sub-fund has sufficient liquid funds at its disposal such that, under normal circumstances, the redemption or exchange of units may take place immediately upon application from investors.

## **Article 11 – Costs**

Each sub-fund shall bear the following costs, provided they arise in connection with its assets:

1. In return for the management of the relevant sub-fund, the Management Company receives a fee payable from the net assets of this sub-fund; details on the maximum amount, calculation



and payment of this fee are contained for each sub-fund in the respective Annex to the Sales Prospectus. VAT shall be added to this fee, as applicable.

In addition, the Management Company or, if applicable, the Investment Adviser(s)/Fund Manager(s) may also receive a performance fee from the assets of the respective sub-fund. The relevant percentage amount, as well as calculation and payment methods for each sub-fund, can be found in the relevant Annex to the Sales Prospectus.

2. The Investment Adviser may receive a fee payable from the respective sub-fund assets or from the management fee of the Management Company; details of the maximum amount, the calculation and the payment of this fee are contained for each sub-fund in the respective Annexes to the Sales Prospectus. VAT shall be added to this fee, as applicable.
3. The Fund Manager may receive a fee payable from the respective sub-fund assets or from the management fee of the Management Company; details on the maximum amount, the calculation and the payment of this fee are contained for each sub-fund in the respective Annexes to this Sales Prospectus. VAT shall be added to this fee, as applicable.
4. In return for the performance of their duties stated in the Depositary and Central Administration Agent Agreements, the Depositary and the Central Administration Agent each receive a fee customary in the Grand Duchy of Luxembourg, which is both calculated and paid monthly in arrears. Details on the amount, calculation and payment are set out in the Annex to the Sales Prospectus. VAT shall be added to these fees, as applicable.
5. Pursuant to the Registrar and Transfer Agent Agreement, in return for the performance of its duties, the Registrar and Transfer Agent receives the a fee customary in the banking sector in the Grand Duchy of Luxembourg, which is calculated and paid in arrears as a fixed amount per investment account or per account with savings plan and/or withdrawal plan at the end of each calendar year. Furthermore, the Registrar and Transfer Agent receives for each sub-fund an annual basic fee, which is listed for the respective sub-fund in the relevant Annex to the Sales Prospectus. VAT shall be added to these fees, as applicable.
6. The sales agent may receive a fee payable from the respective sub-fund assets; details on the maximum amount, the calculation and the payment of this fee are contained for each sub-fund in the respective Annex to this Sales Prospectus. VAT shall be added to this fee, as applicable.
7. In addition to the aforementioned costs, the sub-fund shall also bear the following costs, provided they arise in connection with its assets:
  - a) costs incurred in relation to the acquisition, holding and disposal of assets, in particular customary bank charges for transactions in transferable securities and other assets and rights of the Fund and/or sub-fund and the safekeeping of such assets and rights, as well as customary bank charges for the safekeeping of foreign investment units abroad;
  - b) all foreign administration and safekeeping charges, which are charged by other correspondent banks and/or clearing agencies (e.g. Clearstream Banking S.A.) for the assets of each sub-fund, as well as all foreign settlement, dispatch and insurance fees

that are incurred in connection with the transferable securities transactions of each sub-fund in fund units;

- c) the transaction costs for the issue and redemption of Fund units;
- d) the expenses and other costs incurred by the Depositary, the Registrar and Transfer Agent and the Central Administration Agent in connection with the respective sub-fund's assets and due to the necessary use of third parties, particularly for the selection, analysis and usage of any sub-custodians, will also be reimbursed. Furthermore, the Depositary also receives customary bank fees;
- e) taxes levied on the Fund's/sub-fund's assets, its income and the expenses charged to the respective sub-fund;
- f) costs for legal advice incurred by the Management Company or the Depositary if they have acted in the interests of the investors of the respective sub-fund;
- g) auditor fees;
- h) costs for creating, preparing, deposit, publishing, printing and dispatch of all documents for the Fund, the Sales Prospectus, the annual and semi-annual reports, the statement of assets, the notices to the investors, the notices for convening meetings, sales notifications and/or applications for approval in the countries in which units in the Fund or in a sub-fund are sold and correspondence with the respective supervisory authorities;
- i) the administrative fees which are to be paid for the Fund or a sub-fund to the authorities, in particular the administrative fees of the Luxembourg supervisory authority and supervisory authorities in other countries, as well as the fees for the filing of documents for the Fund;
- j) costs in connection with any admission to stock exchanges;
- k) advertising costs and costs incurred directly in connection with the offer and sale of units;
- l) insurance costs;
- m) fees, expenses and other costs of the paying agents, the sales agents and other agents that must be appointed abroad, which are incurred in connection with the sub-fund assets;
- n) interest incurred within the scope of loans that are taken out in accordance with Article 4 of the Management Regulations;
- o) expenses of an investment committee, where applicable;
- p) expenses of the Executive Board;

- q) costs connected with the establishment of the Fund and/or the individual sub-funds and the initial issue of units;
- r) further administrative costs including costs for interest groups;
- s) costs for performance attribution;
- t) costs for assessing the Fund's/sub-fund's credit rating by nationally and internationally recognised credit rating agencies;
- u) reasonable costs for risk management;
- v) costs for an external valuer.

VAT may be charged on all the aforementioned costs, fees and expenditures.

In addition to the aforementioned fee for the management of the Fund, further costs (e.g. management fee, depositary fee, performance fee, etc.) are incurred indirectly for the target funds contained in the Fund.

If the Fund invests in target funds managed directly or indirectly by the Management Company or a company associated with the Management Company via a substantive direct or indirect holding, the Management Company or the other company is not allowed to apply any front-end load or redemption fee for the purchase or redemption of units.

However, if the Fund invests in target funds issued and/or managed by other companies, the resulting front-end load or redemption fees, if applicable, are to be taken into account. Furthermore, in all cases it should be noted that, in addition to the costs charged to the Fund as stipulated in the Sales Prospectus (with Annex) and these Management Regulations, the costs of the management and administration, the depositary fee, the costs of the auditors, taxes and other costs and fees of the target funds in which the Fund invests will be attributable to the assets of these target funds and therefore similar costs may be charged several times.

The annual and semi-annual reports shall publish the amount of front-end loads and redemption fees for the target fund units acquired for the Fund charged to the Fund for the purchase and redemption of units in target funds over the reporting period. The reports shall also include the fee that is charged to the Investment Fund by the Company itself, another management company or another company associated with the Management Company via a substantive direct or indirect holding or an investment company, including its management company, as a management fee for the units held in the Fund.

All costs will be charged first against each sub-fund's ordinary income and capital gains and then against the sub-fund assets.

A total cost ratio based on the figures for the previous financial year is calculated for each share class of the Fund. This total cost ratio includes costs, fees and expenses; any performance fee and the transaction costs incurred – with the exception of the Depositary's transaction costs – are not included in the figure.

The Management Company does not receive any reimbursements from the fees or expense refunds paid to the Depository or third parties from the Fund's assets.

In addition, the investor bears any front-end load, which may not exceed 4% of the net asset value per unit. No redemption fee is charged.

Costs incurred for the establishment of the Fund and the initial issue of units will be amortised over the first five financial years to the detriment of the assets of the sub-funds existing at the time of establishment. The set-up costs and the aforementioned costs that are not directly attributable to a specific sub-fund shall be allocated to the sub-funds on a pro rata basis by the Management Company. Costs that are incurred as a result of the launching of additional sub-funds will be amortised over a period of a maximum of five financial years after launch to the detriment of the assets of the sub-fund to which these costs can be attributed.

### **Article 12 – Use of income**

1. The sub-fund may obtain income from the interest, dividends and income from investment units occurring during the financial year and which are not used to cover costs. Other income may arise from the disposal of the assets held on behalf of the Fund.
2. The Management Company may either distribute income generated by a sub-fund to the investors in this sub-fund or reinvest this income in the relevant sub-fund. Details on this can be found for each sub-fund in the respective Annex to the Sales Prospectus.
3. Ordinary net income and realised gains may be distributed. Unrealised gains and other assets can also be distributed, provided the amount distributed does not cause the total net assets of the Fund to fall below EUR 1,250,000. The ordinary net income includes an income adjustment and an expenditure adjustment. These include net income accrued during the reporting period that was included in the issue price and compensated for in the redemption price (income adjustment).
4. Distributions are paid out on the basis of the units in circulation on the date of distribution. Dividends may be paid wholly or partially in the form of bonus units. Any fractions remaining may be paid in cash. Income not claimed five years after publication of notification of a distribution shall be forfeited in favour of the respective sub-fund.
5. Distributions to holders of registered units will be paid out via the reinvestment of the distribution amount in favour of the holders of registered units. If this is not desired, the holder of registered units may submit an application to the Registrar and Transfer Agent, within 10 days of the receipt of the notification of the distribution, for the payment of the distribution to the account that he specifies. Distributions to the holders of bearer units shall occur in the same manner as the payment of the redemption price to holders of bearer units.

### **Article 13 – Financial year and audit of annual accounts**

1. The financial year of the Fund shall begin on 01 October of each year and end on 30 September of the following year. The first financial year began with the launch of the Fund and ended on 30 September 2013.

2. The annual accounts of the Fund shall be audited by an auditor appointed by the Management Company.
3. No later than six months after the end of each financial year, the Management Company shall publish an audited annual report in accordance with the regulations applicable in the Grand Duchy of Luxembourg.
4. Three months after the end of the first half of the financial year, the Management Company shall publish an unaudited semi-annual report. The first report was an audited annual report as at 31 May 2013. Insofar as this is necessary for entitlement to distribute in other countries, additional audited and unaudited interim reports may also be drawn up.

#### **Article 14 – Publications**

1. The unit value, the issue and redemption prices, as well as all other information, may be obtained from the Management Company, the Depositary, any paying agent and the sales agent. This information shall also be published in the required media in each country of sale.
2. The current Sales Prospectus, the “Key Investor Information Document” and the annual and semi-annual reports for the Fund can be obtained free of charge from the Management Company’s website ([www.ipconcept.com](http://www.ipconcept.com)). Hard copies of the current Sales Prospectus and the annual and semi-annual reports of the Fund are available free of charge at the registered office of the Management Company, the Depositary, the paying agents and sales agent. A paper copy of the Fund's “Key Investor Information Document” is also available free of charge from the aforementioned offices and can be downloaded free of charge from the Management Company's website.
3. The applicable depositary agreement, the Articles of Association of the Management Company, and the Agreement on the transfer of the functions of the Central Administration, Registrar and Transfer Agent and Paying Agent are available for inspection at the registered offices of the Management Company.

#### **Article 15 – Merging of the Fund and of sub-funds**

1. In accordance with the conditions outlined below, the Executive Board of the Management Company may determine on the basis of a resolution to transfer the Fund or a sub-fund with another UCI or UCITS managed by the same management company or managed by another management company. A merger may in particular be decided on in the following cases:
  - insofar as the net fund assets or net sub-fund assets on a valuation day have fallen below an amount which appears to be a minimum amount for the purpose of managing the Fund or sub-fund in a manner which is economically viable. The Management Company has set this amount at EUR 5 million.
  - if, due to a significant change in the economic or political climate or for reasons of economic viability, it does not appear to make economic sense to manage the Fund or sub-fund.
  - As part of a rationalisation process.

2. The Executive Board of the Management Company may also decide to absorb into the Fund or sub-fund another fund or sub-fund managed by the same or by another management company.
3. Mergers are possible between two Luxembourg funds or sub-funds (domestic merger) or between funds or sub-funds that are based in two different Member States of the European Union (cross-border merger).
4. Such a merger may only be implemented if the investment policy of the fund or sub-fund to be absorbed does not contradict the investment policy of the absorbing fund or sub-fund.
5. Mergers shall be implemented by way of the liquidation of the fund/sub-fund to be absorbed and a simultaneous takeover of all assets by the absorbing fund or sub-fund. The investors of the absorbed fund receive the units in the absorbing fund; the number of these unit is calculated on the basis of the ratio of the unit values of the funds in question at the time of merger, along with any settlement of fractional units.
6. The absorbed fund or sub-fund will inform investors of the planned merger in an appropriate manner in line with the legal requirements of the respective distribution countries of the absorbed fund or sub-fund. 7. In the case of a merger between two or more funds or sub-funds, the funds or sub-funds in question may temporarily suspend the subscription, redemption and conversion of units if such suspension is justified for reasons of the protection of the unitholders.
8. Implementation of the merger will be audited and confirmed by an independent auditor. A copy of the auditor's report will be made available on request at no charge to the investors in the absorbed fund or sub-funds, as well as to the respective supervisory authority.
9. The above equally applies to the merger of two sub-funds within the Fund.

#### **Article 16 – Dissolution of the Fund or sub-fund**

1. The Fund is set up for an indefinite period. Notwithstanding this provision, the Fund or one or more sub-funds may be dissolved by the Management Company at any time, especially if considerable economic and/or political changes have occurred since the time of the launch of the Fund.
2. Liquidation of the Fund shall be obligatory in the following instances:
  - (a) if the appointment of the Depositary is terminated without a new depositary being appointed within two months;
  - (b) if insolvency proceedings are instituted against the Management Company and no other management company declares itself willing to take over the Fund or if the Management Company is liquidated;
  - (c) if the Fund's assets remain below EUR 312,500 for more than six months;
  - (d) in other instances as provided under the Law of 17 December 2010.

3. If a situation occurs which leads to the liquidation of the Fund or a sub-fund, the issue of units will be suspended. The redemption of units will continue to be possible if the equal treatment of the investors is ensured. The Depositary will distribute the liquidation proceeds less liquidation costs and fees, upon instruction from the Management Company or, if appropriate, the liquidators appointed by the Management Company or by the Depositary in agreement with the supervisory authority, among the investors of the respective sub-fund according to their respective claims. Any net liquidation proceeds that are not claimed by investors by the time the liquidation process has ended will be deposited by the Depositary after the liquidation process has ended at the *Caisse des Consignations* in Luxembourg for the account of the beneficiaries. These sums are then forfeited if they are not claimed within the statutory period.
4. The investors, their heirs, creditors or successors in title may apply neither for early dissolution nor for the partition of the Fund or a sub-fund.
5. The liquidation of the Fund pursuant to this Article will be published in accordance with legal provisions by the Management Company in the RESA and at least two national daily newspapers, of which one will be the "Tageblatt".
6. The liquidation of a sub-fund will be published in the manner described in the Sales Prospectus under "Notices to investors".

#### **Article 17 – Limitation period**

Claims of the investors against the Management Company or the Depositary can no longer be legally asserted once a period of five years has elapsed from the date on which the claim arises. This is without prejudice to the provisions of Article 16(3) of these Management Regulations.

#### **Article 18 – Applicable law, jurisdiction and contractual language**

1. The Management Regulations of the Fund are subject to the law of the Grand Duchy of Luxembourg. The same applies to legal relations between the investors, the Management Company and the Depositary, insofar as not otherwise agreed for these legal relations. In particular, in addition to the provisions set out in these Management Regulations, the provisions of the Law of 17 December 2010 shall apply. The Management Regulations have been deposited with the Trade and Companies Register in Luxembourg. Any dispute arising between investors, the Management Company and the Depositary shall be subject to the jurisdiction of the competent court in the judicial district of Luxembourg in the Grand Duchy of Luxembourg. The Management Company and the Depositary are entitled to submit themselves and the Fund to the jurisdiction and law of any country of sale, insofar as the claims involved are those of investors resident in the country in question and the matters relate to the Fund or sub-fund.

In the event of legal disputes, the German text of these Management Regulations shall prevail. With regard to units in the Fund sold to investors in non-German speaking countries, the Management Company and the Depositary may declare translations into the languages of the countries where such units are authorised for public sale to be binding upon themselves and the Fund.

2. If terms that are not defined in the Management Regulations require explanation, the provisions of the Law of 17 December 2010 shall apply. This shall apply in particular to definitions contained in Article 1 of the Law of 17 December 2010.

#### **Article 19 – Amendments to the Management Regulations**

1. With the consent of the Depositary and prior approval by CSSF, the Management Company may amend these Management Regulations at any time, in whole or in part.
2. Amendments to these Management Regulations shall be deposited with the Trade and Companies Register in Luxembourg and enter into force on the day on which they are signed, unless otherwise stipulated. The Management Regulations will be published in the RESA.

#### **Article 20 – Entry into force**

These Management Regulations shall enter into force on 01 January 2021.