

**PROTEA UCITS II**

**Société d'investissement à capital variable incorporated in Luxembourg**

**PROSPECTUS**

**May 2023**

No person is authorised to give any information other than that contained in the Prospectus and in documents referred to herein. The original English text of this Prospectus is the legal and binding version.

## **NOTE TO THE READERS**

The attention of the reader is drawn to the fact that this Prospectus is composed of two parts.

The main part of the Prospectus describes the nature of PROTEA UCITS II (the “**Fund**”), presents its general terms and conditions and sets out its management and investment parameters which apply to the Fund as well as to the different Compartments that compose the Fund.

The second part groups the appendices relating to each of the Compartments in operation. The investment policies of each Compartment, as well as their specific features, are described in the appendices attached to the end of the main body of the Prospectus.

The appendices are an integral part of this Prospectus; they will be updated with the creation of each new Compartment.

Finally, investors or individuals related to potential investors are hereby informed that the Appendix 2 to the Prospectus headed “Privacy Notice” (the “**Privacy Notice**”) applies to the processing of their personal data by the Fund. If investors share personal data on individuals relating to such investors with the Fund, investors must ensure that they have provided a fair processing notice informing the data subjects of the Fund’s processing of such personal data as described in the Privacy Notice, including notifying data subjects of any updates to the Privacy Notice. Where required, investors must obtain the necessary consent from data subjects to the processing of personal data as described in the Privacy Notice. Investors who share personal data relating to such investors with the Fund shall indemnify and hold the Fund harmless for any and against all direct and indirect damages and financial consequences arising from any breach of these warranties.

For further information, please refer to the table of contents on page 3 of this Prospectus.

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**MANAGEMENT AND ADMINISTRATION**

<b>Registered office of the Fund</b>	15, avenue J.-F. Kennedy L-1855 Luxembourg
<b>Board of Directors Chairman</b>	Mr Jean-François Pierrard Executive Vice FundPartner Solutions (Europe) S.A. 15, avenue J.-F. Kennedy L-1855 Luxembourg Grand-Duchy of Luxembourg
<b>Directors</b>	Mr Rémy Obermann Vice President President Pictet Asset Services 60, route des Acacias CH-1211 Genève 73 Switzerland  Mrs Michèle Berger Independent director 12, rue Guillaume Schneider L-2522 Luxembourg Grand-Duchy of Luxembourg
<b>Management Company</b>	FundPartner Solutions (Europe) S.A. 15, avenue J.F. Kennedy L-1855 Luxembourg Grand-Duchy of Luxembourg
<b>Board of directors of the Management Company</b>	Mr Marc Briol, <i>Chief Executive Officer, Pictet Asset Services</i>  Mr Dorian Jacob, <i>Chief Executive Officer FundPartner Solutions (Europe) S.A.</i>  Mr Geoffroy Linard de Guertechin, <i>Independent Director</i>
<b>Day-to-day managers of the Management Company</b>	Mr Dorian Jacob, <i>Chief Executive Officer</i>  Mr Abdellali Khokha, <i>Conducting Officer in charge of Risk Management, Conducting Officer in charge of Compliance</i>  Mr Pierre Bertrand, <i>Conducting Officer in charge of Fund Administration of Classic Funds and Valuation</i>  Mr Frédéric Bock, <i>Conducting Officer in charge of Fund Administration of Alternative Funds</i>

<b>Depository</b>	Pictet & Cie (Europe) S.A. 15A, avenue J.-F. Kennedy L-1855 Luxembourg
<b>Central Administration Agent</b>	FundPartner Solutions (Europe) S.A. 15A, avenue J.-F. Kennedy L-1855 Luxembourg
<b>Auditor</b>	Deloitte Audit, Société à responsabilité limitée 20, boulevard de Kockelscheuer L-1821 Luxembourg
<b>Legal advisor</b>	Allen & Overy, <i>Société en commandite simple</i> 5, avenue J.-F. Kennedy L-1855 Luxembourg Grand-Duchy of Luxembourg
<b>Investment Managers</b>	Banque Pictet & Cie S.A. Route des Acacias 60,1211 Genève Switzerland  Arbion Limited 1 Connaught Place London W2 2ET United Kingdom  AZG Capital LLC 355, Alhambra Circle, Suite 1550, Coral Gables 33134, State of Florida United States of America  Ethical Capital Opportunity Advisors LTD Redwood House, 65 Bristol Road, Keynsham BS31 2WB United Kingdom  Millennium Global Investments Limited Cleveland House, 33 King Street, London SW1Y 6RJ United Kingdom  Hottinger AG Hottingerstrasse 21 8024 Zurich Switzerland  Monaco Asset Management 27, bd Princesse Charlotte, Villa Les Fleurs, 98000 Monaco Principauté de Monaco  NAO Asset Management E.S.G., SGIIC, S.A. Plaza del Ayuntamiento, n° 27, 7 planta,

46002 Valencia  
Spain

Goldman Sachs Bank Europe SE  
Marienurm, Taunusanlage 9-10  
60329 Frankfurt am Main  
Germany

Citibank N.A., London Branch  
33 Canada Square, Canary Wharf  
London E14 5LB  
United Kingdom

## SUMMARY

The main part of the Prospectus describes the nature of the Fund, presents its general terms and conditions and sets out its management and investment parameters which apply to the Fund as well as to the different Compartments that compose the Fund.

The Directors, whose names appear under Section “Management And Administration” above, accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the importance of such information. The Directors accept responsibility accordingly.

The Shares are offered solely on the basis of the information and representations contained in this Prospectus and any further information given or representations made by any person may not be relied upon as having been authorised by the Fund, the Directors and/or the Management Company. Neither the delivery of this Prospectus nor the issue of Shares shall under any circumstances create any implication that there has been no change in the affairs of the Fund since the date hereof.

The information contained in this Prospectus will be supplemented by the KIDs, the financial statements and further information contained in the latest annual and semi-annual reports of the Fund, copies of which may be obtained free of charge from the registered office of the Fund.

The Fund is an open-ended investment company organised as a *société d’investissement à capital variable* (SICAV). The Fund is registered under Part I of the 2010 Law.

This Prospectus does not constitute an offer or solicitation to any person in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it would be unlawful to make such offer or solicitation.

**United States:** the distribution of this Prospectus and the offering of Shares in certain other jurisdictions may be restricted. Persons into whose possession this Prospectus comes are required by the Fund to inform themselves about and to observe any such restrictions. This Prospectus does not constitute an offer or solicitation to anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation.

None of the Shares have been or will be registered under the United States Securities Act of 1933, as amended (the “**1933 Act**”) or registered or qualified under applicable state statutes and (except in a transaction which is exempt from registration under the 1933 Act and such applicable state statutes) none of the Shares may be offered or sold, directly or indirectly, in the United States of America or in any of its territories or possessions (the “**United States**”), or to any US Person (as defined herein) regardless of location. The Fund, may at its discretion, sell Shares to US Persons on a limited basis and subject to the condition that such purchasers make certain representations to the Fund which are intended to satisfy the requirements imposed by US law on the Fund, which limit the number of its Shareholders who are US Persons, and which ensure that the Fund is not engaged in a public offering of its Shares in the United States. In addition, the Fund has not been and will not be registered under the United States Investment Company Act of 1940, as amended (the “**1940 Act**”) and investors will not be entitled to the benefit of the 1940 Act. Based on interpretations of the 1940 Act by the staff of the United States Securities and Exchange Commission relating to foreign investment entities, if the Fund has more than 100 beneficial owners of its Shares who are US Persons, it may become subject to the 1940 Act.

The Fund will not knowingly offer or sell Shares to any investor to whom such offer or sale would be unlawful, or might result in the Fund incurring any liability to taxation or suffering any other pecuniary disadvantages which the Fund might not otherwise incur or suffer or would result in the Fund being



required to register under the 1940 Act. Shares may not be held by any person in breach of the law or requirements of any country or governmental authority including, without limitation, exchange control regulations. Each investor must represent and warrant to the Fund that, amongst other things, he is able to acquire Shares without violating applicable laws. Power is reserved in the Articles to compulsorily redeem any Shares held directly or beneficially in contravention of these prohibitions.

However, it is contemplated that the Fund may decide to accept applications for Shares in the Fund from a limited number of accredited investors (as defined in the 1933 Act) in the United States provided that the Fund receives evidence satisfactory to it that the sale of Shares to such an investor is exempt from registration under the securities laws of the United States including, but not limited to, the 1933 Act and that, in all events there will be no adverse tax consequences to the Fund or to Shareholders as a result of such a sale.

**Generally:** the above information is for general guidance only, and it is the responsibility of any person or persons in possession of this Prospectus and wishing to make application for Shares to inform themselves of, and to observe, all applicable laws and regulations of any relevant jurisdiction. Prospective applicants for Shares should inform themselves as to legal requirements also applying and any applicable exchange control regulations and applicable taxes in the countries of their respective citizenship, residence or domicile.

For further information, please refer to the table of contents of this Prospectus. If you are in any doubt about the contents of this document you should consult your stockbroker, bank manager, accountant or other professional adviser.

In view of economic and share market risks, no assurance can be given that the Fund will achieve its investment objectives and the value of the Shares can rise or fall.

The Fund draws the investors' attention to the fact that any investor will only be able to fully exercise his investor rights directly against the Fund, notably the right to participate in General Meetings, if the investor is registered himself/herself/itself and in his/her/its own name in the Shareholders' register of the Fund. In cases where an investor invests in the Fund through an intermediary investing into the Fund in his/her/its own name but on behalf of the investor, it may not be possible for the investor to exercise certain Shareholder rights directly against the Fund. Investors are advised to take advice on their rights.

## **SFDR**

SFDR which is part of a broader legislative package under the European Commission's Sustainable Action Plan, came into effect on 10 March 2021. To meet the SFDR disclosure requirements, the Management Company identifies and analyses Sustainability Risk as part of its risk management process. The Investment Managers believe that the integration of this risk analysis could help to enhance long-term risk adjusted returns for investors, in accordance with the investment objectives and policies of the Compartments. Where Sustainability Risks occur for assets of a specific Compartment, there will be a negative impact on such Compartment that may result in a negative impact on the returns for the investors of such Compartment. The Management Company therefore requires the Investment Managers to integrate Sustainability Risks in their investment process.

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

Risks can either represent a risk of their own or have an impact on other risks and may contribute significantly to risks, such as market risks, operational risks, liquidity risks or counterparty risks. Assessment of Sustainability Risks is complex and may be based on ESG data which is difficult to obtain and incomplete, estimated, out of date or otherwise materially inaccurate. Even when identified, there can be no guarantee that these data will be correctly assessed. Consequent impacts to the occurrence of Sustainability Risks can be many and varied according to a specific risk, region or asset class.

Unless otherwise provided for a specific Compartment in the relevant Compartment's Appendix, the Compartment do not promote environmental or social characteristics, and do not have as objective sustainable investments (as provided by Articles 8 or 9 of SFDR). The Compartments which do not promote environmental or social characteristics nor have as objective sustainable investments (as provided by Articles 8 or 9 of SFDR) will remain subject to Sustainability Risks.

For the purposes of Article 7(2) of SFDR, the Management Company confirms in relation to the Fund and each Compartment, unless otherwise provided for a specific Compartment, that it does not consider the adverse impacts of investment decisions on sustainability factors at the present time. Sustainability factors are defined by SFDR as environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

The main reasons for which the Management Company is currently not considering adverse impacts is the absence of sufficient data and data of a sufficient quality to allow the Management Company to define material metrics for disclosure.

The Management Company intends to monitor the industry position closely and to update its approach in due course as the industry position evolves and further regulatory guidance is made available. Pictet Group, of which the Management Company is an integral part, has committed to comply with the provisions of a number of international and Swiss codes for responsible investment. In addition, as outlined in the Group's Sustainability & Responsible ambitions 2025, it is Pictet's intention to not only consider, but mitigate where possible, material adverse impacts of investments and operations.

**PERSONAL DATA SHALL NOT BE HELD FOR LONGER THAN NECESSARY WITH REGARD TO THE PURPOSE OF THE DATA PROCESSING.**

## DEFINITIONS

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

<b>“2010 Law”</b>	means the law dated 17 December 2010 on undertakings for collective investment, as may be amended from time to time;
<b>“Ancillary”</b>	must be read in each Compartment Appendix as “up to 49%” of a Compartment’s net assets;
<b>“Articles”</b>	means the articles of incorporation of the Fund as the same may be amended, supplemented or otherwise modified from time to time;
<b>“Appendix”</b>	means each supplement to this Prospectus describing the specific features of a Compartment. Each such supplement is to be regarded as an integral part of the Prospectus;
<b>“AUD”</b>	means Australian Dollar, the legal currency of the Commonwealth of Australia;
<b>“Auditor”</b>	means Deloitte Audit, Société à responsabilité limitée;
<b>“Benchmarks Regulation”</b>	Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds.
<b>“Board of Directors”</b>	means the board of directors of the Fund;
<b>“Business Day”</b>	means a day on which banks are open for business (during the whole day) in Luxembourg;
<b>“Business Year”</b>	means a 12 months period starting on 1st January of each year and ending on 31 December of each year;
<b>“CAD”</b>	means Canadian Dollar, the legal currency of Canada;
<b>“Calculation Day”</b>	means the Business Day on which the NAV, as defined below, will be calculated and published, as specified in each Compartment Appendix;
<b>“Cash Equivalents”</b>	means bank term deposits, Money Market Instruments, money market UCITS and/or other UCIs or, any other financial instruments (listed under article 41(1) of the 2010 Law) that are highly liquid assets and that can be easily converted into cash;
<b>“Central Administration”</b>	means FundPartner Solutions (Europe) acting as Registrar, Transfer, Domiciliary, Corporate, Paying and Administrative Agent;
<b>“CHF”</b>	means Swiss franc, the currency of the Swiss Confederation;
<b>“CAD”</b>	means Canadian Dollar, the legal currency of Canada;
<b>“Circular 04/146”</b>	means the CSSF circular 04/146 on the protection of UCIs and their investors against Late Trading and Market Timing practices;

<b>“CNY”</b>	refers to RMB traded in the People’s Republic of China;
<b>“Compartment”</b>	means a separate portfolio of assets established for one or more categories of Shares which is invested in accordance with a specific investment objective. The specifications of each Compartment will be described in their relevant Appendices;
<b>“CSSF”</b>	means the <i>Commission de Surveillance du Secteur Financier</i> , the Luxembourg supervisory authority;
<b>“Depository”</b>	means Pictet & Cie (Europe) S.A. acting as depository of the Fund;
<b>“Depository Agreement”</b>	means the agreement between the Fund and Pictet & Cie (Europe) S.A. acting as depository, as amended, supplemented or otherwise modified from time to time;
<b>“Directive 78/660/EEC”</b>	means Council Directive 78/660/EEC of 25 July 1978 based on Article 54 (3) g) of the Treaty on the annual accounts of certain types of companies, as amended from time to time;
<b>“Directive 83/349/EEC”</b>	means Council Directive 83/349/EEC of 13 June 1983 based on the Article 54 (3) (g) of the Treaty on consolidated accounts, as amended from time to time;
<b>“Directive 2007/16/EC”</b>	means Commission Directive 2007/16/EC of 19 March 2007 implementing Directive 85/611/EEC on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities, as amended;
<b>“Directive 2009/65/EC”</b>	means Directive 2009/65/EC of the European Parliament and of the Council of 13 July 2009 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (UCITS), as amended by Directive 2014/91/EU of the European Parliament and Council of 23 July 2014 as regards depository functions, remuneration policies and sanctions and as may be further amended in the future;
<b>“Directors”</b>	means the directors of the Fund, whose details are set out in this Prospectus and/or the annual and semi-annual reports;
<b>“Defaulted Securities”</b>	has the meaning as set out in Section 15.16 of the main body of the Prospectus; “Risk Consideration”;
<b>“Distressed Securities”</b>	has the meaning as set out in Section 15.16 of the main body of the Prospectus; “Risk Consideration”;
<b>“Eligible Investments”</b>	means eligible investments for investment by UCITS within the meaning of Article 41 (1) of the 2010 Law;
<b>“EPM Techniques”</b>	means techniques and instruments relating to Transferable Securities and Money Market Instruments;
<b>“ESG”</b>	means environmental, social and governance;

<b>“ESMA Guidelines 2014/937”</b>	ESMA Guidelines 2014/937 of 1 August 2014 on ETFs and other UCITS issues;
<b>“EU”</b>	means the European Union;
<b>“EU Member State”</b>	means a member State of the EU;
<b>“EU Savings Directive”</b>	means the Council Directive 2003/49/EC of 3 June 2003 on the taxation of savings income in the form of interest payments;
<b>“EUR”</b>	means Euro, the single currency of the EU Member States that have adopted the Euro as their lawful currency;
<b>“GBP”</b>	means Pound Sterling, the official currency of the United Kingdom;
<b>“General Meeting”</b>	means a general meeting of the Shareholders;
<b>“Grand-Ducal Regulation”</b>	means the Grand-Ducal regulation of 8 February 2008 relating to certain definitions of the amended law of 20 December 2002 on undertakings for collective investment and implementing Commission Directive 2007/16/EC of 19 March 2007 implementing Council Directive 85/611/EEC on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (UCITS) as regards the clarification of certain definitions;
<b>“Group of Companies”</b>	means companies belonging to the same body of undertakings and which must draw up consolidated accounts in accordance with Council Directive 83/349/EEC of 13 June 1983 on consolidated accounts and according to recognised international accounting rules;
<b>“HKD”</b>	means the Hong Kong dollar, the currency of Hong Kong;
<b>“Initial Subscription Date” or “Initial Subscription Period”</b>	means, with respect to each Compartment, the first offering of Shares in a Compartment made pursuant to the terms of the Prospectus and the Appendix of the relevant Compartment;
<b>“Initial Subscription Price”</b>	means the price at which Shares are issued in respect of subscriptions received during the Initial Subscription Period, as determined for each Compartment and category of Shares in the Appendix of the relevant Compartment;
<b>“Interested Parties” or “Interested Party”</b>	has the meaning as set out in Section 25.2 of the main body of the Prospectus;
<b>“Institutional Investor”</b>	means an investor meeting the requirements to qualify as an institutional investor for purposes of article 174 of the 2010 Law;
<b>“Investing Compartment”</b>	has the meaning as set out in Section 21.32 of the main body of the Prospectus;
<b>“Investment Adviser”</b>	means such entity from time to time appointed as investment adviser of a particular Compartment as disclosed in the relevant Appendix;

<b>“Investment Advisory Agreement”</b>	means the investment advisory agreement entered into with a particular Investment Adviser of a Compartment as further set out in the Appendix of the relevant Compartment;
<b>“Investment Company Act”</b>	means the U.S. Investment Company Act of 1940, as amended;
<b>“Investment Management Agreement”</b>	means the investment management agreement entered into with a particular Investment Manager of a Compartment as further set out in the Appendix of the relevant Compartment;
<b>“Investment Manager”</b>	means such entity from time to time appointed as investment manager of a particular Compartment as disclosed in the relevant Appendix;
<b>“JPY”</b>	means the Japanese yen, the legal currency of Japan;
<b>“KID”</b>	means key information document in respect of each Compartment or category of Shares (as appropriate) for the purposes of Regulation (EU) 1286/2014 of the European Parliament and of the Council of 26 November 2014 on key information documents for packaged retail and insurance-based investment products (PRIIPs), as amended;
<b>“Late Trading”</b>	means any late trading practice within the meaning of Circular 04/146 or as that term may be amended or revised by the CSSF in any subsequent circular, i.e., the acceptance of a subscription, conversion or redemption order after the time limit fixed for accepting orders (cut-off time) on the relevant day and the execution of such orders at the price based on the net asset value applicable to such same day;
<b>“Luxembourg”</b>	means the Grand Duchy of Luxembourg;
<b>“Management Company”</b>	means FundPartner Solutions (Europe) S.A.;
<b>“Management Company Services Agreement”</b>	means the agreement between the Fund and the Management Company as amended, supplemented or otherwise modified from time to time;
<b>“Market Timing”</b>	means any market timing practice within the meaning of Circular 04/146 or as that term may be amended or revised by the CSSF in any subsequent circular, i.e., an arbitrage method through which an investor systematically subscribes and redeems or converts units or shares of the same Luxembourg undertaking for collective investment within a short time period, by taking advantage of time differences and/or imperfections or deficiencies in the methods of determination of the net asset value of the UCI;
<b>“Money Market Instruments”</b>	means instruments normally dealt in on a money market which are liquid and have a value which can be accurately determined at any time;
<b>“Net Asset Value” or “NAV”</b>	means, (i) in relation to the Fund, the value of the net assets of the Fund, (ii) in relation to each Compartment, the value of the net assets attributable to such Compartment, and (iii) in relation to each category

of Shares in a Compartment, the value of the net assets attributable to such category of Shares, in each case, calculated in accordance with the provisions of the Articles and the Prospectus;

<b>“Net Asset Value per Share” or “NAV per Share”</b>	means the Net Asset Value of the relevant Compartment divided by the number of Shares in issue at the relevant time (including Shares in relation to which a Shareholder has requested redemption) or if a Compartment has more than one category of Shares in issue, the portion of the Net Asset Value of the relevant Compartment attributable to a particular category of Shares divided by the number of Shares of such category of Shares in the relevant Compartment which are in issue at the relevant time (including Shares in relation to which a Shareholder has requested redemption);
<b>“NOK”</b>	means Norwegian Krone, the currency of Norway;
<b>“NZD”</b>	means New Zealand Dollar, the currency of New Zealand;
<b>“OECD”</b>	means the Organisation for Economic Co-operation and Development;
<b>“OECD Member State”</b>	means any of the member States of the OECD;
<b>“OTC”</b>	means over-the-counter;
<b>“OTC Derivative”</b>	means any financial derivative instrument dealt in over-the-counter;
<b>“Other Regulated Market”</b>	means a market which is regulated, operates regularly and is recognised and open to the public, namely a market (i) that meets the following cumulative criteria: liquidity; multilateral order matching (general matching of bid and ask prices in order to establish a single price); transparency (the circulation of complete information in order to give clients the possibility of tracking trades, thereby ensuring that their orders are executed in current conditions); (ii) on which the securities are dealt in at a certain fixed frequency, (iii) which is recognised by a state or a public authority which has been delegated by that state or by another entity which is recognised by that state or by that public authority such as a professional association and (iv) on which the securities dealt in are accessible to the public;
<b>“Other State”</b>	means any state of Europe which is not a EU Member State and any state of America, Africa, Asia, Australia and Oceania and, as appropriate, of the OECD;
<b>“Prospectus”</b>	means the sales prospectus relating to the issue of Shares in the Fund, as amended from time to time;
<b>“Reference Currency”</b>	means, in relation to each Compartment, the currency in which the Net Asset Value of such Compartment is calculated, as stipulated in the Appendix of the relevant Compartment;
<b>“Regulated Market”</b>	means a regulated market as defined by the Directive 2004/39/EC of the European Parliament and of the Council of 21 April 2004 on markets in financial instruments (the “Directive 2004/39/CE”), namely a market which appears on the list of the regulated markets drawn up by each

Member State, which functions regularly, is characterised by the fact that regulations issued or approved by the competent authorities define the conditions for the operations of the market, the conditions for access to the market and the conditions that must be satisfied by a financial instrument before it can effectively be dealt in on the market, requiring compliance with all the reporting and transparency requirements laid down by the Directive 2004/39/CE;

- “Regulatory Authority”** means the Luxembourg authority or its successor in charge of the supervision of the undertakings for collective investment in the Grand Duchy of Luxembourg;
- “Repurchase Transaction”** means a transaction governed by an agreement by which a counterparty transfers securities or guaranteed rights relating to title to securities where that guarantee is issued by a recognised exchange which holds the rights to the securities and the agreement does not allow a counterparty to transfer or pledge a particular security to more than one counterparty at a time, subject to a commitment to repurchase them, or substituted securities of the same description at a specified price on a future date specified, or to be specified, by the transferor, being a Repurchase Transaction agreement for the counterparty selling the securities and a reverse Repurchase Transaction agreement for the counterparty buying them;
- “RESA”** means the Luxembourg Recueil électronique des sociétés et associations;
- “RMB”** means the legal currency of the People’s Republic of China;
- “Section”** means a section of this Prospectus;
- “Securities Act”** means the U.S. Securities Act of 1933, as amended;
- “Securities Financing Transaction” or “SFT”** means (i) a Repurchase Transaction; and (ii) Securities Lending and Securities Borrowing; as defined under the SFTR;
- “Securities Lending” or “Securities Borrowing”** Means a transaction by which a counterparty transfers subject to a commitment that the borrower will return equivalent securities on a future date or when requested to do so by the transferor, that transaction being considered as securities lending for the counterparty transferring the securities and being considered as securities borrowing for the counterparty to which they are transferred;
- “SEK”** means Swedish krona, the legal currency of the Kingdom of Sweden;
- “SFDR”** means Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector, as amended;
- “SFDR RTS”** means the Commission Delegated Regulation (EU) 2022/1288 of 6 April 2022 supplementing Regulation (EU) 2019/2088 of the European Parliament and of the Council with regard to regulatory technical standards specifying the details of the content and presentation of the information in relation to the principle of ‘do no significant harm’,



specifying the content, methodologies and presentation of information in relation to sustainability indicators and adverse sustainability impacts, and the content and presentation of the information in relation to the promotion of environmental or social characteristics and sustainable investment objectives in pre-contractual documents, on websites and in periodic reports;

- “SFT Agent”** Means any person involved in SFTs as agent, broker, collateral agent or service provider and that is paid fees, commissions, costs or expenses out of the Fund’s assets or any Compartment's assets (which can be the counterparty of a Compartment in an SFT);
- “SFTR”** Means Regulation (EU) 2015/2365 of the European Parliament and of the Council of 25 November 2015 on transparency of securities financing transactions and of reuse and amending Regulation (EU) No 648/2012;
- “SGD”** means Singapore dollar, the legal currency of the Republic of Singapore;
- “Shareholder”** means a person who is the registered holder of Shares in the Fund;
- “Shares”** means shares in the Fund, of such category of Shares and denominated in such currencies and relating to such Compartments as may be issued by the Fund from time to time;
- “Sustainable Investment”** means an investment in an economic activity that contributes to an environmental objective, as measured, for example, by key resource efficiency indicators on the use of energy, renewable energy, raw materials, water and land, on the production of waste, and greenhouse gas emissions, or on its impact on biodiversity and the circular economy, or an investment in an economic activity that contributes to a social objective, in particular an investment that contributes to tackling inequality or that fosters social cohesion, social integration and labour relations, or an investment in human capital or economically or socially disadvantaged communities, provided that such investments do not significantly harm any of those objectives and that the investee companies follow good governance practices, in particular with respect to sound management structures, employee relations, remuneration of staff and tax compliance;
- “Sustainability Risk”** means an environmental, social or governance event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of the investment and potentially a total loss of its value and therefore an impact on the Net Asset Value of the concerned Compartment;
- “Target Compartment”** has the meaning as set out in Section 21.32 of the main body of the Prospectus;
- “Taxonomy Regulation” or “TR”** means Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088;

<b>“TRS”</b>	means an agreement in which one party (total return payer) transfers the total economic performance of a reference obligation to the other party (total return receiver). Total economic performance includes income from interest and fees, gains or losses from market movements, and credit losses;
<b>“Transferable Securities”</b>	means <ul style="list-style-type: none"> <li>• shares and other securities equivalent to shares;</li> <li>• bonds and other debt instruments;</li> <li>• any other negotiable securities which carry the right to acquire any such transferable securities by subscription or to exchanges, with the exclusion of techniques and instruments, within the meaning of the 2010 Law;</li> </ul>
<b>“UCI”</b>	means an undertaking for collective investment within the meaning of article 1, paragraph (2), points a) and b) of the UCITS Directive, whether situated in a EU Member State or not, provided that: <ul style="list-style-type: none"> <li>• such UCI is authorised under laws which provide that it is subject to supervision that is considered by the CSSF to be equivalent to that laid down in EU law, and that cooperation between authorities is sufficiently ensured;</li> <li>• the level of guaranteed protection for Shareholders in such UCI is equivalent to that provided for Shareholders in a UCITS, and in particular that the rules on asset segregation, borrowing, lending, and uncovered sales of Transferable Securities and Money Market Instruments are equivalent to the requirements of the UCITS Directive;</li> <li>• the business of such UCI is reported in half-yearly and annual reports to enable an assessment to be made of the assets and liabilities, income and operations over the reporting period;</li> </ul>
<b>“UCITS”</b>	means an undertaking for collective investment in transferable securities under the UCITS Directive;
<b>“UCITS-CDR”</b>	means the Commission Delegated Regulation of 17 December 2015 supplementing Directive 2009/65/EC with regard to obligations of depositaries;
<b>“UCITS Directive”</b>	means Directive 2009/65/EC, as amended from time to time;
<b>“United States” or “U.S.”</b>	means the United States of America (including the States, the District of Columbia and the Commonwealth of Puerto Rico), its territories, possessions and all other areas subject to its jurisdiction;
<b>“USD”</b>	means the United States Dollar, the currency of the United States of America;

**“U.S. Person”**

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

**“Valuation Day”**

means each Business Day as of which the Fund’s assets will be priced (i.e. usually at market closure prices), as specified in each Compartment Appendix;

Time referred to in this Prospectus is Luxembourg time.

## MAIN PART OF THE PROSPECTUS

### 1. LEGAL STATUS

- 1.1 PROTEA UCITS II is an investment company with variable capital with multiple compartments (“*société d’investissement à capital variable*” - SICAV) governed by Luxembourg law, established in accordance with the provisions of Part I of the 2010 Law.
- 1.2 The Fund was incorporated for an indefinite period on 21 October 2009 under the name of “Axiom Fund”, with an initial capital of Euro 300,000, by an extraordinary General Meeting of the Shareholders, held on 21 October 2009. The Articles of the Fund were last amended on 11 September 2019, by notarial deed. Amendments were published in the RESA on 7 October 2019 under reference RESA\_2019\_231.
- 1.3 The Fund is registered with the Luxembourg trade and companies register under number B 148792.
- 1.4 The Fund’s capital shall at all times be equal to the value of its total net assets; it may never fall below the minimum capital as required by law. This minimum capital shall be reached within a period of six months following registration of the Fund in the official list of UCIs by the CSSF.

### 2. INVESTMENT OBJECTIVES AND FUND STRUCTURE

- 2.1 The purpose of the Fund is to offer investors access to a world-wide selection of markets and a variety of investment techniques via a range of speciality products (the “**Compartments**”) included under a same and single structural umbrella.
- 2.2 The investment policy implemented in the various segregated Compartments shall be laid down by the Board of Directors. A broad spread of risks will be achieved by diversifying investments over a large number of Transferable Securities and other assets permitted by the 2010 Law. The selection of securities will not be limited - except under the terms of the restrictions specified in the Section “Investment Restrictions” below - as regards geographical area or economic consideration, nor as regards the type of eligible instruments.
- 2.3 The Board of Directors is entitled to create new Compartments. A list of those Compartments in existence at present, together with a description of their investment policy and main features, is attached as Appendix to this Prospectus.
- 2.4 This list forms an integral part of this Prospectus and will be updated whenever new Compartments are created.

### 3. ORGANISATION OF MANAGEMENT AND ADMINISTRATION

- 3.1 The Board of Directors is responsible for managing the Fund, monitoring its operations as well as specifying and implementing investment policy.
- 3.2 Notwithstanding the foregoing, the Fund may designate a management company, in accordance with the relevant provisions of the 2010 Law.

## Management Company

### *Corporate information*

- 3.3 The Board of Directors have appointed FundPartner Solutions (Europe) S.A. to serve as its designated management company of the Fund (the “**Management Company**”) within the meaning of the 2010 Law and pursuant to a management company services agreement entered into between the Fund and the Management Company with effect as of 1 January 2013 (the “**Management Company Services Agreement**”).
- 3.4 FundPartner Solutions (Europe) S.A. was incorporated as a *société anonyme* (public limited liability company) under Luxembourg law for an indefinite period on 17 July 2008, under the denomination Funds Management Company S.A.

### *Duties*

- 3.5 The Management Company will provide, subject to the overall control of the Board of Directors, and without limitation: (i) asset management services; (ii) central administration, registrar and transfer agency services; and (iii) distribution services to the Fund. The rights and duties of the Management Company are further set out in articles 101 et seq. of the 2010 Law.
- 3.6 The Management Company must at all time act honestly and fairly in conducting its activities in the best interests of the Shareholders, and in conformity with the 2010 Law, this Prospectus and the Articles.
- 3.7 The Management Company is vested with the day-to-day management and administration of the Fund. In fulfilling its duties pursuant to the 2010 Law, and the Management Company Services Agreement, the Management Company is authorised, for the purposes of the efficient conduct of its business, to delegate, under its responsibility and control, and with the prior consent of the Fund, and subject to the approval of the CSSF, part, or all of its functions and duties to any third party, which, having regard to the nature of the functions, and duties to be delegated, must be qualified and capable of undertaking the duties in question.
- 3.8 The Management Company will require any such agent to which the Management Company intends to delegate its duties to comply with the provisions of the Prospectus, the Articles, and the relevant provisions of the Management Company Services Agreement, as well as the 2010 Law.
- 3.9 In relation to any delegated duty, the Management Company shall implement appropriate control mechanisms, and procedures, including risk management controls, and regular reporting processes in order to ensure the effective supervision of the third parties to whom functions, and duties have been delegated, and that the services provided by such third party service providers are in compliance with the Articles, this Prospectus and the agreements entered into with the relevant third party service providers, as well as the 2010 Law. When delegating a duty or a function, the Management Company shall ensure that nothing in the related agreement shall prevent it from giving at any time further instructions to the party to whom such duty or function has been delegated or from withdrawing the relevant mandate with immediate effect when this is in the interests of the Shareholders.
- 3.10 The Management Company shall be careful, and diligent in the selection, and monitoring of the third parties to whom functions and duties may be delegated, and ensure that the relevant third parties have sufficient experience, and knowledge, as well as the necessary authorisation required to carry out the functions delegated to such third parties.

- 3.11 The following functions have been delegated by the Management Company to third parties:
- (a) administration and registrar and transfer;
  - (b) investment management of the Compartments; and
  - (c) marketing and distribution,
- as further set out in this Prospectus.
- 3.12 The Management Company has established and applies a remuneration policy and practices that are consistent with, and promote, sound and effective risk management and that neither encourage risk taking which is inconsistent with the risk profiles, rules, this Prospectus or the Articles nor impair compliance with the Management Company’s obligation to act in the best interest of the Fund (the “**Remuneration Policy**”).
- 3.13 The Remuneration Policy includes fixed and variable components of salaries and applies to those categories of staff, including senior management, risk takers, control functions and any employee receiving total remuneration that falls within the remuneration bracket of senior management and risk takers whose professional activities have a material impact on the risk profiles of the Management Company, the Fund or the Compartments.
- 3.14 The Remuneration Policy is in line with the business strategy, objectives, values and interests of the Management Company, the Fund and the Shareholders and includes measures to avoid conflicts of interest.
- 3.15 In particular, the Remuneration Policy will ensure that:
- (a) the staff engaged in control functions are compensated in accordance with the achievement of the objectives linked to their functions, independently of the performance of the business areas that they control;
  - (b) the assessment of performance is set in a multi-year framework appropriate to the holding period recommended to the investors of the Fund in order to ensure that the assessment process is based on the longer-term performance of the Fund and its investment risks and that the actual payment of performance-based components of remuneration is spread over the same period;
  - (c) the fixed and variable components of total remuneration are appropriately balanced and the fixed component represents a sufficiently high proportion of the total remuneration to allow the operation of a fully flexible policy on variable remuneration components, including the possibility to pay no variable remuneration component;
  - (d) the measurement of performance used to calculate variable remuneration components or pools of variable remuneration components includes a comprehensive adjustment mechanism to integrate all relevant types of current and future risks;
  - (e) if at any point of time, the management of the Fund were to account for 50 % or more of the total portfolio managed by the Management Company, at least 50 %, of any variable remuneration component will have to consist of Shares, equivalent ownership interests, or share-linked instruments or equivalent non-cash instruments with equally effective incentives as any of the instruments referred to in this item (e); and

- (f) a substantial portion, and in any event at least 40%, of the variable remuneration component, is deferred over a period which is appropriate in view of the holding period recommended to the Shareholders and is correctly aligned with the nature of the risks of the Fund.
- 3.16 Details of the Remuneration Policy, including the persons in charge of determining the fixed and variable remunerations of the staff, a description of the key remuneration elements and an overview of how remuneration is determined, is available on the website [www.group.pictet/fps](http://www.group.pictet/fps).
- 3.17 A paper copy of the summarised Remuneration Policy is available free of charge to the Shareholders upon request.
- 3.18 The Management Company Services Agreement has been entered into for an undetermined period of time, and may be terminated, in particular, by either party upon serving to the other a written notice at least 3 (three) months prior to the termination.

### **Depositary**

- 3.19 Under the terms of the Depositary Agreement signed on 5 February 2010, Pictet & Cie (Europe) S.A. has been appointed for an indefinite period as depositary of the Fund's assets. The Depositary Agreement may be terminated by either signatory party by 90 days' notice.
- 3.20 The Depositary was incorporated as a *société anonyme* (public limited liability company) under Luxembourg law on 3 November 1989 for an indefinite period. Its fully paid-up capital, as at the date of this Prospectus, amounts to CHF 70,000,000.
- 3.21 The Depositary will assume its functions and responsibilities in accordance with applicable Luxembourg laws and regulations and the Depositary Agreement. With respect to its duties under the 2010 Law, the Depositary will ensure the safekeeping of the Fund's assets. The Depositary has also to ensure that the Fund's cash flows are properly monitored in accordance with the 2010 Law.
- 3.22 In addition, the Depositary will:
  - (a) ensure that the sale, issue, repurchase, redemption and cancellation of the Shares are carried out in accordance with Luxembourg law and the Articles;
  - (b) ensure that the value of the Shares is calculated in accordance with Luxembourg law and the Articles;
  - (c) carry out the instructions of the Fund and the Management Company, unless they conflict with Luxembourg law or the Articles;
  - (d) ensure that in transactions involving the Fund's assets any consideration is remitted to the Fund within the usual time limits;
  - (e) ensure that the Fund's incomes are applied in accordance with Luxembourg law and the Articles.
- 3.23 The Depositary may delegate its safekeeping duties with respect to the Fund's financial instruments held in custody or any other assets (except for the cash) in accordance with the UCITS Directive, the UCITS-CDR and applicable law.

- 3.24 An up-to-date list of the delegates (and sub-delegates) of the Depositary is available on the website <https://www.group.pictet/asset-services/custody>.
- 3.25 The Depositary will be liable to the Fund or to the Shareholders for the loss of the Fund's financial instruments held in custody by the Depositary or its delegates to which it has delegated its custody functions. A loss of a financial instrument held in custody by the Depositary or its delegate will be deemed to have taken place when the conditions of article 18 of the UCITS-CDR are met. The liability of the Depositary for losses other than the loss of the Fund's financial instruments held in custody will be incurred pursuant to the provisions of the Depositary Agreement.
- 3.26 In case of loss of the Fund's financial instruments held in custody by the Depositary or any of its delegates, the Depositary will return financials instruments of identical type or the corresponding amount to the Fund without undue delay. However, the Depositary's liability will not be triggered if the Depositary can prove that the conditions of article 19 of the UCITS-CDR are fulfilled.
- 3.27 In carrying out its functions, the Depositary shall act honestly, fairly, professionally, independently and solely in the interest of the Fund and the investors of the Fund.

Potential conflicts of interest may nevertheless arise from time to time from the provision by the Depositary and/or its delegates of other services to the Fund, the Management Company and/or other parties. As indicated above, Depositary's affiliates are also appointed as third-party delegates of the Depositary. Potential conflicts of interest which have been identified between the Depositary and its delegates are mainly fraud (unreported irregularities to the competent authorities to avoid bad reputation), legal recourse risk (reluctance or avoidance to take legal steps against the depositary), selection bias (the choice of the depositary not based on quality and price), insolvency risk (lower standards in asset segregation or attention to the depositary's solvency) or single group exposure risk (intragroup investments).

The Depositary (or any of its delegates) may in the course of its business have conflicts or potential conflicts of interest with those of the Fund and/or other funds for which the Depositary (or any of its delegates) acts.

The Depositary has pre-defined all kind of situations which could potentially lead to a conflict of interest and has accordingly carried out a screening exercise on all activities provided to the Fund either by the Depositary itself or by its delegates. Such exercise resulted in the identification of potential conflicts of interest that are however adequately managed. The details of potential conflicts of interest listed above are available free of charge from the registered office of the Depositary and on the following website: [https://www.group.pictet/corporate/fr/home/asset\\_services/custody\\_services/sub-custodians.html](https://www.group.pictet/corporate/fr/home/asset_services/custody_services/sub-custodians.html).

On a regular basis, the Depositary re-assesses those services and delegations to and from delegates with which conflicts of interest may arise and will update such list accordingly.

Where a conflict or potential conflict of interest arises, the Depositary will have regard to its obligations to the Fund and will treat the Fund and the other funds for which it acts fairly and such that, so far as is practicable, any transactions are effected on terms which shall be based on objective pre-defined criteria and meet the sole interest of the Fund and the investors of the Fund. Such potential conflicts of interest are identified, managed and monitored in various other ways including, without limitation, the hierarchical and functional separation of Depositary's functions from its other potentially conflicting tasks and by the Depositary adhering to its own conflicts of interest policy.



The Depositary or the Fund may terminate the Depositary's duties at any time, by giving at least three months' written notice to the other party; provided, however, that any decision by the Fund to end the Depositary's appointment is subject to another custodian bank taking on the duties and responsibilities of the Depositary, and provided further that, if the Fund terminates the Depositary's duties, the Depositary will continue to perform its duties until the Depositary has been relieved of all the Fund's assets that it held or had arranged to be held on behalf of the Fund. Should the Depositary itself give notice to terminate the contract, the Fund will be required to appoint a new custodian bank to take over the duties and responsibilities of the Depositary; provided, however, that, as of the date when the notice of termination expires and until a new depositary bank is appointed by the Fund, the Depositary will only be required to take any necessary measures to safeguard the best interests of shareholders.

Up-to-date information regarding the description of the Depositary's duties and of conflicts of interest that may arise as well as of any safekeeping functions delegated by the Depositary and any conflicts of interest that may arise from such a delegation will be made available to investors on request at the Depositary's registered office.

The Depositary is remunerated in accordance with customary practice in the Luxembourg financial market. Such remuneration is expressed as a percentage of the Fund's net assets and paid on a quarterly basis.

- 3.28 Under no circumstances will the Depositary be liable to the Fund, the Management Company or any other person for indirect or consequential damages and the Depositary will not in any event be liable for the following direct losses: loss of profits, loss of contracts, loss of goodwill, whether or not foreseeable, even if the Depositary has been advised of the likelihood of such loss or damage and regardless of whether the claim for loss or damage is made in negligence, for breach of contract or otherwise.
- 3.29 The Depositary is not involved, directly or indirectly, with the business affairs, organisation, sponsorship or management of the Fund and is not responsible for the preparation of this document and accepts no responsibility for any information contained in this document other than the above description. The Depositary will not have any investment decision-making role in relation to the Fund. Decisions in respect of the purchase and sale of assets for the Fund, the selection of investment professionals and the negotiation of commission rates are made by the Fund and/or the Management Company and/or their delegates. Shareholders may ask to review the Depositary Agreement at the registered office of the Fund should they wish to obtain additional information as regards the precise contractual obligations and limitations of liability of the Depositary.
- 3.30 The Depositary or the Fund may, at any time, by giving at least 90 days written notice to the other party, terminate the Depositary's appointment, it being understood that any decision by the Fund to end the Depositary's appointment is subject to the condition that another Depositary bank take on the functions and responsibilities of the Depositary within two months, as defined in the Articles, provided, furthermore, that if the Fund terminates the Depositary's appointment, the Depositary shall continue to assume the functions of Depositary until such time as the Depositary has been dispossessed of all the Fund's assets that it held or had arranged to be held on behalf of the Fund. Should the Depositary revoke the appointment, the Fund shall be required to appoint a new Depositary to take on the functions and responsibilities of the Depositary within two months, as defined in the Articles, it being understood that, from the date when the notice of termination expires until such time as a new Depositary is appointed by the Fund, the Depositary will only be obligated to undertake all necessary measures to ensure that the Shareholders' best interests are safeguarded.

### Central Administration

- 3.31 The Registrar, Transfer, Domiciliary, Corporate, Paying and Administrative Agent, whose tasks are fulfilled by the Management Company, is responsible for the provision of accounting services (in particular, carrying out the calculation of the NAV of the Fund and the drafting of the financial statements), processing subscriptions for, redemptions and conversions (if any) of, Shares, calculating issue and redemption proceeds and maintaining the records of the Fund as well as other general administrative services to the Fund, as further detailed in the relevant agreement, and, as Paying Agent of the Fund, responsible for, the payment of dividends and redemption proceeds (if any). As domiciliary agent, the Management Company is primarily responsible for receiving and keeping safely any and all notices, correspondence, telephonic advice or other representations and communications received for the account of the Fund, as well as for providing such other facilities as may from time to time be necessary in the course of the day-to-day administration of the Fund.
- 3.32 The Registrar, Transfer, Domiciliary, Corporate, Paying and Administrative Agent is entitled to a fee calculated as a percentage of the net assets of the Fund and payable on a quarterly basis, as further detailed under Section 14 “Fund Expenses” of the main part of the Prospectus. The fees paid to the Registrar, Transfer, Domiciliary, Corporate, Paying and Administrative Agent will be shown in the Fund’s financial statements.
- 3.33 When delegating a duty or a function, the Management Company shall ensure that nothing in the related agreement shall prevent it from giving at any time further instructions to the party to whom such duty or function has been delegated or from withdrawing the relevant mandate with immediate effect when this is in the interests of the Shareholders.

### Investment Managers and Investment Advisors

- 3.34 The Board of Directors is vested with the widest powers to act in any circumstances in the name of the Fund, subject to any powers explicitly granted by law or by the Articles to its General Meeting. The Board of Directors has delegated this duty to the Management Company.
- 3.35 The Board of Directors is responsible for the determination of the investment policy pursued by each of its Compartments. The Management Company is responsible for the general management of the Fund.
- 3.36 The Management Company may appoint, at the request and with the consent of the Fund, one or more several investment managers in respect of certain Compartments, as described in the Appendix of the relevant Compartment (the “**Investment Managers**”).
- 3.37 Each Investment Manager will be in charge of the day-to-day management of (all or portion of) the assets of the Compartments for which it has been appointed as investment manager and will deal in the relevant investments on account of the relevant Compartments on a discretionary basis, subject to and in accordance with instructions received from the Management Company from time to time, and in accordance with each Compartment’s investment objective, policy and restrictions.
- 3.38 With the consent of the Fund and the Management Company or, as the case may be, the CSSF, each Investment Manager may delegate its investment management function to third parties in respect of one or more Compartments for which it has been appointed as investment manager, in which case such delegation will be described in the relevant Appendix.
- 3.39 The Investment Managers may be assisted by investment advisers (the “**Investment Advisers**”) as set out in more details in each relevant Appendix. The Investment Advisers will provide the

Investment Managers with recommendations, advice and opinions regarding investment choice and selection of securities and any other assets that make up the portfolio of the various Compartments.

- 3.40 The Investment Managers may enter with broker-dealers that are entities and not individuals into soft commission arrangements only where there is a direct and identifiable benefit to the clients of the Investment Managers, including the relevant Compartment, and where the Investment Managers are satisfied that the transactions generating the soft commissions are made in good faith, in strict compliance with applicable regulatory requirements and in the best interest of the relevant Compartment. Any such arrangement must be made by the Investment Managers on terms commensurate with best market practice. The use of soft commissions shall be disclosed in the periodic reports.

### **Distributors and Nominees**

- 3.41 FundPartner Solutions (Europe) S.A. in its capacity as management company of the Fund will be in charge of the distribution of the Shares. The Management Company may appoint one or more distributors with the consent of the Fund.
- 3.42 It is expected that the Management Company and/or any distributor(s) will offer to enter into arrangements with investors to provide nominee services to those investors in relation to the shares or arrange for third party nominee service providers to provide such nominee services to the underlying investors.
- 3.43 All distributors that are entitled to receive subscription monies and/or subscription, redemption or conversion orders on behalf of the Fund and nominee service providers must be (i) professionals of the financial sector of a FATF member state which are subject under their local regulations to anti money laundering rules equivalent to those required by Luxembourg law or (ii) professionals established in a non-FATF member state provided they are a subsidiary of a professional of the financial sector of a FATF member state and they are obliged to follow anti money laundering and terrorism financing rules equivalent to those required by Luxembourg law because of internal group policies. Whilst and to the extent that such arrangements subsist, underlying investors will not appear in the register of the Fund and will have no direct right of recourse against the Fund.
- 3.44 The distributors or nominee service providers holding their shares through Euroclear or Clearstream or any other relevant clearing system as an accountholder also will not be recognised as the registered Shareholder in the register. The relevant nominee of Euroclear or Clearstream or the other relevant clearing system will be recognised as the registered Shareholder in the register in such event, and in turn would hold the shares for the benefit of the relevant accountholders in accordance with the relevant arrangements.
- 3.45 The terms and conditions of any (sub-)distribution agreement(s) with arrangements to provide nominee services will have to allow that an underlying investor who (i) has invested in the Fund through a nominee and (ii) is an Eligible Investor, may at any time, require the transfer in his/her/its name of the shares subscribed through the nominee. After this transfer, the investor will receive evidence of his shareholding at the confirmation of the transfer from the nominee.
- 3.46 Investors may not subscribe directly to the Fund but have to go through any distributors or nominee.
- 3.47 The Management Company and any Investment Manager or Investment Adviser may enter into retrocession fee arrangements with any distributor in relation to their distribution services. Any

such retrocession fee will be paid by the Management Company, the Investment Manager or the Investment Adviser out of its own remuneration.

#### **Auditors**

- 3.48 The auditing has been entrusted to Deloitte Audit, *Société à responsabilité limitée*, whose registered office is at 20, boulevard de Kockelscheuer, L-1821 Luxembourg.

### **4. RIGHTS OF THE SHAREHOLDERS**

#### **Shares**

- 4.1 The Shares in each Compartment are issued in registered form, with no par value and fully paid-up.
- 4.2 The Board of Directors may also decide to issue Shares in a dematerialised form, in which case, a holder of dematerialised Shares will have its Shares deposited on a securities account in the name of its beneficiary. Fractions of Shares may be issued up to three decimals. Fractional Shares do not confer the right to vote, however do confer the right to participate, in pro rata, to any proceeds upon liquidation and dividend distributions.
- 4.3 No certificates will be issued. All owners of the Shares will have their names entered into the Shareholders' register which will be held at the Fund's registered office. Shares repurchased by the Fund shall be cancelled.
- 4.4 All Shares are freely transferable and have an equal entitlement to any profits, proceeds of liquidation and dividends relating to the Compartment (or the category of Shares respectively) to which they pertain.
- 4.5 Each Share has one vote. Shareholders are also entitled to the general Shareholder rights as described in the Luxembourg law dated 10th August 1915 on commercial companies and its subsequent amendments, with the exception of pre-emption rights to subscribe to new Shares.
- 4.6 Shareholders will only receive confirmation that their names have been recorded in the Shareholders' register.
- 4.7 The Fund draws the attention of the investors to the fact that any investor will only be able to fully exercise his/her/its investor rights directly against the Fund if the investor is registered himself/herself/itself on in his own name in the Shareholders' register of the Fund. In cases where an investor invests in the Fund through an intermediary investing into the Fund in his/her/its own name but on behalf of the investor, it may not always be possible for the investor to exercise certain Shareholder rights directly against the Fund.

#### **Compartments**

- 4.8 The Appendix to this Prospectus lists the current Compartments. The Board of Directors may, at any time, decide to create additional Compartments.
- 4.9 The subscription price for Shares in each Compartment is invested in the assets of the relevant Compartment. In principle, all assets and liabilities related to a specific Compartment are allocated to that Compartment. To the extent that costs and expenses are not directly chargeable to a specific Compartment, they shall be shared out proportionally among the various Compartments according to their net asset values or, if circumstances warrant it, allocated on

an equal footing to each Compartment. The assets of a specific Compartment will only meet the liabilities, commitments and obligation relating to such Compartment.

### **Categories of Shares**

- 4.10 The Board of Directors may also decide to create for each Compartment two or more categories of Shares whose assets are generally invested in accordance with the specific investment policy of the relevant Compartment, but where categories of Shares may be distinguished by specific commission and/or redemption structures, by specific exchange-risk hedging policies, by specific distribution policies and/or by specific management or advisory commission or by other specific characteristics applying to each category of Shares.
- 4.11 The Appendix to this Prospectus lists the possible categories of Shares.

### **General Meetings**

- 4.12 The annual General Meeting shall be held each year at the Fund's registered office or at any other location in Luxembourg which will be specified in the convening notice to the meeting.
- 4.13 The annual General Meeting shall be held on the fourth Thursday of October at 2:00 p.m. or, if this happens to be an official holiday in Luxembourg, on the next Business Day thereafter. The Board of Directors may also convene the annual general meeting on such other date, time and place in Luxembourg as may be specified in the notice of the meeting.
- 4.14 Convening notices shall be sent to all registered Shareholders at least 8 days prior to the annual General Meeting. These notices shall include details of the time and place of this meeting, the agenda, conditions for admission and requirements concerning the quorum and majority voting rules as laid down by Luxembourg law.
- 4.15 In accordance with the Articles and Luxembourg law, all decisions taken by the Shareholders pertaining to the Fund shall be taken at the General Meeting. Any decisions affecting Shareholders in one or several Compartments may be taken by just those Shareholders in the relevant Compartments to the extent that this is permitted by law. In this particular instance, the requirements on quorum and majority voting rules as laid down in the Articles shall apply.

### **Asset Pooling**

- 4.16 In order to reduce settlement procedures, transactions costs and fees related to the portfolio management instructions given for the Fund's Compartments, the Management Company with the consent of the Board of Directors may decide to have the Fund's Depository organize the technical pooling of the Compartments' assets into a "Pool-account".
- 4.17 Such Pool-account may only be used for internal management purposes. The Pool-account does not constitute a distinct legal entity and may not be directly accessible to investors. Each pooled Compartment has its own assets allocated to it.
- 4.18 When managing Compartments through a Pool-account, the assets initially attributable to each pooled Compartment are determined according to each Compartment's initial participation in the Pool-account. Thereafter, the composition of the assets vary according to contributions or withdrawals made by each Compartment. This apportionment system applies to each investment line of the Pool-account. Additional investments made on behalf of the pooled Compartments are therefore allocated to these Compartments according to their respective entitlements, while assets sold will be similarly deducted from the assets attributable to each of the pooled Compartments.

- 4.19 All banking transactions involved in the running of the Compartments (dividends, interest, non-contractual fees, expenses) are accounted for in the Pool-account and reassigned for accounting to each of the Compartments on a pro rata basis on the day the transactions are recorded (provisions for liabilities, bank recording of income and/or expenses). Contractual fees (custody, administration, management and advisory fees (including license fees), etc.) may be accounted at the pool or at the Compartments level but in no case duplication of such fees will occur.
- 4.20 In order to ensure the continued economic segregation of each Compartment's assets, the assets and liabilities attributable to each Compartment are identifiable at any given moment.
- 4.21 The pooling technique does not infringe the investment policy of each of the Compartments concerned and will not exceed the maximum fees provided for each Compartment in the relevant Appendix.

## 5. SUBSCRIPTIONS

- 5.1 The list of Compartments already in operation is included in Appendix 1 to this Prospectus.
- 5.2 Appendix 1 will be updated to take into account the activation or the decision to activate any added Compartment or any added category of Shares.
- 5.3 Subscriptions for Shares in each Compartment already in operation shall be accepted at the issue price, as defined hereunder in Section 7 "Issue Price", at the office of the Depositary as well as at any other establishments authorised to do so by the Fund.
- 5.4 At the discretion of the Board of Directors, Shares may be issued against contributions of Transferable Securities or other eligible assets to the Compartments provided that these assets are Eligible Investments and the contributions comply with the investment policies and restrictions laid out in this Prospectus and have a value equal to the issue price of the Shares concerned. The assets contributed to the Compartment, as described above, will be valued separately in a special report of the Auditor.
- 5.5 Unless specifically mentioned under Appendix 1, for any subscription received by the Fund or by the distributor, prior to 4 p.m., at the latest, on the last Business Day before the Valuation Day, the Net Asset Value calculated as of the said Valuation Day will be applicable.
- 5.6 For any subscription arriving at the Fund or at the distributor after the deadline set at 4 p.m. on the last Business Day before a Valuation Day, the Net Asset Value applicable will be the Net Asset Value as calculated on the next following Valuation Day.
- 5.7 The amount for the subscription shall be paid or transferred, in the reference currency of the relevant category of Shares of the relevant Compartment, into the account of the Depositary, to the order of the Fund with reference to the Compartment(s) concerned within four Business Days counting from the relevant Valuation Day or any other day as set out in the Appendix 1.
- 5.8 The Fund does not permit practices of Market Timing or Late Trading and both the Fund and the day-to-day managers reserve the right to reject subscription and conversion orders from an investor who the Fund suspects of using such practices and, if appropriate, to take the necessary measures to protect the other investors of the Fund.
- 5.9 The Fund may also, at any time and at its discretion, temporarily discontinue, cease permanently or limit the issue of Shares in one or more Compartments to persons or corporate bodies resident or domiciled in some countries or territories. The Fund may prohibit them from acquiring

Shares if such a measure is necessary to protect the Shareholders as a whole and the Fund. In particular, the Fund is entitled to reject, at its discretion, any application to subscribe to Shares.

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

- 6.1 A number of Luxembourg laws and regulations relating to money laundering and the financing of terrorism impose obligations on those working in the financial sector to prevent the use of investment funds for money-laundering and financing of terrorism purposes. As a result, in order that a subscription be considered as valid and acceptable by the Fund, the identity of subscribers must be revealed to the Fund by means of a certified copy of the passport or identity card for natural persons and, for legal persons, a copy of the articles of incorporation accompanied by a recent original extract from the national trade and companies register, the indication of the beneficial owner of the company and, where applicable, a certified copy of the authorisation to operate issued by the competent authority; these documents shall be attached to the subscription form. Such information shall be collected for verification purposes only and shall be covered by the banking and professional secrecy imposed on the Depositary and the Central Administration Agent.
- 6.2 The Central Administration Agent will check the identity of subscribers except where the subscription form is transmitted to the Fund by a financial intermediary submitted to anti-money laundering obligations considered as similar to those applied in Luxembourg and where this financial intermediary is submitted to a prudential supervision considered as equivalent to the one carried out by the CSSF. Further to their subscription(s) in the Fund, Shareholders may be requested to provide additional and/or updated identification documents, from time to time, to allow the Central Administration Agent to perform its ongoing client due diligence, as required under applicable laws and regulations.
- 6.3 The absence of documents required for identification purposes may lead to the suspension of a request for subscription and/or redemption.

## **7. ISSUE PRICE**

- 7.1 The issue price for Shares in each Compartment is equal to the Net Asset Value of each Share (or each category of Shares, respectively) in that Compartment, calculated as of the first Valuation Day following the day of subscription.
- 7.2 Under certain circumstances, the Board of Directors has the power to charge a “dilution levy” on the issue price as described hereafter under Section 10 “Dilution Levy”. In any case, the effective dilution levy charged on any Valuation Day shall be identical for all issues effected on such day.
- 7.3 The issue price will also be increased to cover any duties, taxes and stamp duties which may have to be paid.

## **8. REDEMPTIONS**

### **General**

- 8.1 Shareholders are entitled at any time to redeem all or part of their Shares at the redemption price as further set out in Sections 8.7 to 8.11 “Redemption price” below, by addressing an irrevocable application for redemption to the Fund, or other authorised establishments.

- 8.2 Unless specifically mentioned under Appendix 1, for any request for redemption received by the Fund or by a distributor by 4 p.m., at the latest, on the last Business Day before a Valuation Day, the Net Asset Value calculated as of that Valuation Day shall be applicable.
- 8.3 For any request for redemption received by the Fund or by a distributor after the deadline of 4 p.m. on the last Business Day before a Valuation Day, the Net Asset Value applicable will be calculated on the following Valuation Day thereafter.
- 8.4 If, because of applications for redemption or conversion, it is necessary on a given Valuation Day to repurchase or convert more than 10% of the Shares issued in a particular Compartment, the Board of Directors may decide that redemptions or conversions have to be postponed to the Valuation Day. On that Valuation Day, applications for redemption or conversion which had been postponed (and not withdrawn) shall be given priority over applications for redemption or conversion received for that particular Valuation Day (and which had not been postponed).
- 8.5 The Fund is entitled to repurchase, at any time, Shares which have been acquired in violation of a measure of exclusion taken by virtue of the Fund.
- 8.6 The price for the Shares presented for redemption shall be paid by transfer in the reference currency of the Compartment concerned within four Business Days following Valuation Day (see Sections 8.7 to 8.11 on “Redemption price” below) or any day as set out in the Appendix 1.

### **Redemption price**

- 8.7 The redemption price for Shares in each Compartment is equal to the Net Asset Value of each Share (or each category of Shares respectively) in that Compartment as calculated on the first applicable day after the application for redemption has been made.
- 8.8 No redemption commission shall be deducted.
- 8.9 Under certain circumstances, the Board of Directors has the power to charge a dilution levy on the redemption price as described hereafter under Section 10 “Dilution Levy”. In any case, the effective dilution levy charged on any Valuation Day shall be identical for all redemptions effected on such day.
- 8.10 The redemption price may also be reduced to cover any duties, taxes and stamp duties which might have to be paid.
- 8.11 The redemption price could be higher or lower than the subscription price paid, depending on how the Net Asset Value has changed in the intervening period.

## **9. CONVERSION**

- 9.1 Subject to any potential restriction which may be set out in the Appendix to the Prospectus, any Shareholder may request the conversion of all or part of his/her/its Shares (or categories of Shares, respectively) in one Compartment into Shares of another Compartment, on the basis of the respective Net Asset Values as calculated on the Valuation Day of the Compartments (or category of Shares) concerned plus the amounts charged for the issue and the redemption as mentioned above.
- 9.2 Unless specifically mentioned under Appendix 1, for any conversion requests received by the Fund or by a distributor by 4 p.m., at the latest, on the last Business Day before a Valuation Day, the Net Asset Value calculated as of the said Valuation Day will be applicable.



- 9.3 For any conversion requests received by the Fund or a distributor after the deadline of 4 p.m. on the last Business Day before a Valuation Day, the Net Asset Value applicable will be calculated as of the next following Valuation Day thereafter.
- 9.4 Under certain circumstances, the Board of Directors has the power to charge a dilution levy on the conversion price as described hereafter under the Section 10 “Dilution Levy”. In any case, the effective dilution levy charged on any Valuation Day shall be identical for all redemptions effected on such day.

## **10. DILUTION LEVY**

- 10.1 Under certain circumstances (for example, large volumes of deals) investment and/or disinvestments costs may have an adverse effect on the Shareholders’ interest in the Fund. In order to prevent this effect, called “dilution”, the Board of Directors has the power to charge a dilution levy on the issue, redemption and/or conversion of Shares. If charged, the dilution levy will be paid into the relevant Compartment and will become part of the relevant Compartment.
- 10.2 The dilution levy for each Compartment will be calculated by reference to the costs of dealing in the underlying investments of that Compartment, including any dealing spreads, commission and transfer taxes.
- 10.3 The need to charge a dilution levy will depend on the volume of issues, redemptions or conversions. The Board of Directors may charge a discretionary dilution levy on the issue, redemption and/or conversion of Shares, if in its opinion, the existing Shareholders (for issues) or remaining Shareholders (for redemptions) might otherwise be adversely affected. In particular, the dilution levy may be charged in the following circumstances:
- (a) where a Compartment is in constant decline (large volume of redemption requests);
  - (b) on a Compartment experiencing substantial issues in relation to its size;
  - (c) in the case of “large volumes” of redemptions, subscriptions and /or conversions where “large volumes” refers to net redemptions or subscriptions exceeding 5% of the Compartment’s entire assets;
  - (d) in all other cases where the Board of Directors considers the interests of Shareholders require the imposition of a dilution levy.
- 10.4 In any case the dilution levy shall not exceed 2% of the Net Asset Value per Share.

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

- 11.1 The Net Asset Value as well as issue, redemption and conversion prices for Shares are calculated by the Central Administration Agent for each Compartment in the Reference Currency used for the Compartment on the basis of the last known prices, at intervals which may vary for each Compartment and are specified in Appendix 1.
- 11.2 If the Calculation Day is not a Business Day, the Net Asset Value for that Compartment will be calculated on the next Business Day.
- 11.3 The Net Asset Value of a Share in each Compartment will be calculated by dividing the net assets of that Compartment by the total number of Shares outstanding of that Compartment. The Net Asset Value of a Compartment corresponds to the difference between the total assets and the total liabilities of the Compartment.

- 11.4 If different categories of Shares are issued for a Compartment, the Net Asset Value of each category of Shares in the Compartment concerned will be calculated by dividing the total Net Asset Value as calculated for the Compartment concerned and attributable to that category of Shares, by the total number of Shares issued for that category of Shares.
- 11.5 The percentage of the total Net Asset Value of the Compartment concerned attributable to each category of Shares, which was initially identical to the percentage of the number of Shares represented by that category of Shares, will change in respect of the distributions carried out in connection with dividend Shares as follows:
- (a) Upon payment of a dividend or any other distribution in respect of dividend Shares, the total net assets attributable to that category of Shares will be reduced by the amount of such distribution (the effect being to reduce the percentage of total net assets of the Compartment concerned attributable to dividend Shares), and the total net assets attributable to capitalisation Shares will remain identical (resulting in an increase in the percentage of the total net assets of the Compartment attributable to capitalisation Shares);
  - (b) Upon the capital increase of the Compartment concerned by the issue of new Shares in one of the -category of Shares, the total net assets attributable to the category of Shares concerned will be increased by the amount received for such issue;
  - (c) Upon the redemption by the Compartment concerned of the Shares in a particular category of Shares, the total net assets attributable to the corresponding category of Shares will be reduced by the price paid for the redemption of such Shares;
  - (d) Upon the conversion of the Shares in one category of Shares into Shares in another category of Shares, the total net assets attributable to that category of Shares will be reduced by the Net Asset Value of the Shares thus converted, the total net assets attributable to the category of Shares concerned being increased by that amount.
- 11.6 The Reference Currency of the Fund is the EUR and corresponds to the difference between the total assets and the total liabilities of the Fund. In order to calculate this value, the net assets of each Compartment will, unless they are already expressed in EUR, be converted into EUR, and added together.
- 11.7 The assets of the Fund shall be valued as follows:
- (a) Securities and other assets listed or dealt in on a stock exchange or any Other Regulated Market will be valued at the last available price; where such securities or other assets are listed or dealt in one or by more than one stock exchange or any Other Regulated Market, the Board of Directors shall make regulations for the order of priority in which stock exchanges or other regulated markets will be used for the provisions of prices of securities or assets;
  - (b) Assets not listed on an official stock exchange or not traded on any Regulated Market and assets so listed or dealt in with an official listing for which the last available price is not representative of a fair market value will be valued, prudently and in good faith, on the basis of their estimated sale prices;
  - (c) Cash and other liquid assets will be valued at their face value with interest accrued;
  - (d) The units/shares of open-ended UCIs will be valued on the basis of the last known net asset value or, if the price so determined is not representative of their fair market value,

will be valued as the Board of Directors may deem fair and reasonable. The units/shares of closed-ended UCIs will be valued on the basis of the last known market value;

- (e) Liquidities and Money Market Instruments not listed on stock exchanges or not traded on any Regulated Market and with remaining maturity of less than 12 months are valued at their nominal value, increased by any interest accrued thereon, if any; the total value being amortised in accordance with the amortised cost method;
  - (f) Futures, forward and options contracts not dealt in on a stock exchange or another regulated market will be valued at their liquidating value determined pursuant to the policies established in good faith by the Board of Directors, on a basis consistently applied for each different variety of contracts. The liquidating value of futures, forward and options contracts dealt in on a stock exchange or another organised market will be based on the last available settlement prices published by such stock exchange or other regulated market where these particular futures, forward or options contracts are traded. If a futures, forward or options contract could not be liquidated on the Valuation Day of the relevant assets, the basis for determining the liquidating value of such contract shall be such value as the Board of Directors may deem fair and reasonable;
  - (g) Cash flows which result from swap transactions are calculated at the date of valuation of the zero-coupon swap rate corresponding to the maturity date of these cash flows. The value of the swaps is therefore derived from the difference between these two calculations;
  - (h) For each Compartment, securities whose value is expressed in a currency other than the reference currency of that Compartment will be converted into that reference currency at the average rate between the last available buy/sell rate in Luxembourg or, failing that, in a financial centre which is most representative for those securities;
  - (i) any other security, instrument or asset will be valued, prudently and in good faith, on the basis of their estimated sale prices by the Board of Directors.
- 11.8 The Board of Directors is entitled to adopt any other appropriate principles for valuing the Fund's assets in the event that extraordinary circumstances make it impracticable or inappropriate to determine the values according to the criteria specified above.
- 11.9 In cases when applications for subscription or redemption are sizeable, the Board of Directors may assess the value of the Share on the basis of rates during the trading session on the stock exchanges or markets during which it was able to buy or sell the necessary securities for the Fund. In such cases, a single method of calculation will be applied to all applications for subscription or redemption received at the same time.

## **12. SUSPENSION OF THE CALCULATION OF NET ASSET VALUE, ISSUE, REDEMPTION AND CONVERSION PRICES**

- 12.1 The calculation of the Net Asset Value or the issue, redemption and conversion prices of Shares in one or more Compartments may be suspended in the following circumstances:
- (a) When one or more stock exchanges or markets, which provide the basis for valuing a substantial portion of the Fund's assets, or when one or more foreign exchange markets in the currency in which the Net Asset Value of Shares is expressed or in which a substantial portion of the Fund's assets is held, are closed other than for ordinary holidays or if dealings therein are suspended, restricted or subject to major short-term fluctuations;

- (b) When, as a result of political, economic, military, monetary or social events, strikes or other circumstances outside the responsibility and control of the Fund, the disposal of the Fund's assets is not reasonably or normally practicable without being seriously detrimental to the Shareholders' interests;
  - (c) In the case of a breakdown in the normal means of communication used to calculate the value of an asset in the Fund or when, for whatever reason, the value of an asset in the Fund cannot be calculated as rapidly and as accurately as required;
  - (d) If, as a result of exchange controls or other restrictions on the movement of capital, transactions for the Fund are rendered impracticable or if purchases or sales of the Fund's assets cannot be made at normal rates of exchange;
  - (e) In the case of suspension, of the calculation of the net asset value of one or several of the target UCIs in which the Fund has invested a substantial portion of its assets;
  - (f) On the occurrence of any event entailing the liquidation of the Fund or one of its Compartments.
- 12.2 In such cases of suspension, Shareholders who have submitted applications to subscribe to, redeem or convert Shares in Compartments affected by the suspensions shall be notified immediately in the event that the suspension period is extended.
- 12.3 The Fund may, at any time and at its discretion, temporarily discontinue, cease permanently or limit the issue of Shares in one or more Compartments to persons or corporate bodies resident or domiciled in some countries or territories. The Fund may also prohibit them from acquiring Shares if such a measure is necessary to protect the Shareholders as a whole and the Fund.
- 12.4 In addition, the Fund is entitled to:
- (a) reject, at its discretion, any application to subscribe to Shares ;
  - (b) repurchase at any time, Shares which have been acquired in violation of a measure of exclusion taken by virtue of the Fund.
- 12.5 For the reasons outlined in Section "US Tax considerations" hereafter, the Shares of the Fund may not be offered, sold, assigned or delivered to investors who are not i) participating foreign financial institutions, (ii) deemed-compliant foreign financial institutions, (iii) non-reporting IGA foreign financial institutions, (iv) exempt beneficial owners (v), Active Non-Financial Foreign Entity ("**Active NFFE**") or (vi) non-specified US persons, all as defined under FATCA, the US FATCA final regulations and/or any applicable intergovernmental agreement on the implementation of FATCA. Such FATCA non-compliant investors may not hold Shares of the Fund and Shares may be subject to compulsory redemption if this is deemed appropriate for the purpose of ensuring compliance of the Fund with FATCA. Investors will be required to provide evidence of their status under FATCA by means of any relevant tax documents, in particular a "W-8BEN-E" form of the US Internal Revenue Service that must be renewed on a regular basis according to applicable regulations.
- 12.6 The Fund does not knowingly allow investments which are associated with Market Timing practices or any other excessive transactional practice which may adversely affect the performance of the Fund or harm investors. The Fund reserves the right to reject any subscription or conversion request by, or may decide to redeem the whole holding of, an investor suspected of such practices. It will also take all necessary steps to protect investors in the Fund.

**13. INCOME DISTRIBUTION**

- 13.1 The Fund issues, unless otherwise provided for a specific Compartment in Appendix 1 of the present Prospectus, non-distributing Shares (“**Non-Distributing Shares**”). Non-Distributing Shares capitalise their entire earnings.

**14. FUND EXPENSES****Operations, administration and Management Company remuneration**

- 14.1 The Fund will pay out of the assets of the relevant Compartment all expenses incurred by it, which will include but not be limited to: all taxes which may be due on the assets and the income of the Fund; the reasonable disbursements and out-of-pocket expenses (including without limitation telephone, and postage expenses) incurred by the Depositary and any custody charges of banks and financial institutions to whom custody of assets of the Fund is entrusted; usual banking fees due on transactions involving securities or other assets (including derivatives) held in the portfolio of the Fund (such fees to be included in the acquisition price and to be deducted from the selling price); the fees, expenses and all reasonable out-of-pocket expenses properly incurred by the Fund, the Investment Manager and the service providers and any other agent appointed by the Fund; legal expenses incurred by the Fund, the Investment Manager or the service providers while acting in the interests of the Shareholders; the cost and expenses of preparing and/or filing and printing the Articles and all other documents concerning the Fund (in such languages as are necessary), including registration statements, prospectuses and explanatory memoranda with all authorities (including local securities dealers’ associations) having jurisdiction over the Fund or the marketing of Shares of the Fund; the cost of preparing, in such languages as are necessary for the benefit of the Shareholders, and distributing annual reports and such other reports or documents as may be required under applicable laws or regulations; the cost of accounting, bookkeeping and calculating the Net Asset Value (and Adjusted Price); the cost of preparing and dispatching notices to the Shareholders; reasonable marketing expenses; the costs incurred with the admission and the maintenance of the Shares on the stock exchanges on which they are listed (if listed); the fees, expenses and reasonable out-of-pocket expenses in relation with the Fund’s compliance with local and international tax regulations, as applicable; the remuneration of the Board of Directors’ members and the reasonable costs and expenses incurred by the same in attending board meetings of the Fund. The Fund may accrue in its accounts for administrative and other expenses of a regular or recurring nature based on an estimated amount rateably for yearly or other periods.
- 14.2 Other costs charged to the Fund include the remuneration of the Depositary, its correspondents, the Administrative Agent and the Management Company which shall not, in aggregate, exceed a maximum of 1.6% p.a. (exclusive of any applicable VAT) on the total average net assets of the Fund and which shall be paid on a quarterly basis.

**Remuneration of the Investment Manager(s) or Investment Adviser(s).**

- 14.3 If an Investment Manager or Investment Adviser is entitled to receive a remuneration out of the assets of a Compartment, then such remuneration will be disclosed in the relevant Compartment appendices.

**Formation and launching expenses.**

- 14.4 All formation and launching expenses (including but not limited to legal fees related to the set-up of the Fund, travel expenses, etc.) incurred on behalf of, or in connection with, the formation of the Fund except for the direct costs in relation to the launching of the Initial Compartments (together the Fund Formation Expenses) will be borne by the Fund (and the Initial

Compartments). Expenses incurred in connection with the creation of any additional Compartment (Additional Compartment Formation Expenses) may be borne by the relevant Compartment and be written off over a period not exceeding five years.

#### **Annual subscription tax (*Taxe d'abonnement*)**

- 14.5 The Fund's assets are subject to tax (*taxe d'abonnement*) in Luxembourg at a rate of 0.05% p.a. on net assets (except for Compartments or categories of Shares which are reserved to Institutional Investors which are subject to a tax at a reduced rate of 0.01% p.a. on net assets), payable quarterly. Some Compartments are exempt from the subscription tax.
- 14.6 Charges involved in the calculation of the Net Asset Values of the various Compartments shall be spread between the Compartments in proportion to their net assets, except in cases where charges specifically involve one Compartment, in which case they will be charged to that Compartment, as more fully described in Section 16 "Tax Status".

### **15. RISK CONSIDERATIONS**

**The Fund bears the general risks laid down below. However, each Compartment is subject to specific risks, which the Board of Directors will seek to lower, as listed in the relevant Appendix.**

#### **General**

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

#### **Equity Securities**

- 15.2 Investing in equity securities may offer a higher rate of return than other investments. However, the risks associated with investments in equity securities may also be higher, because the performance of equity securities depends upon factors which are difficult to predict. Such factors include the possibility of sudden or prolonged market declines and risks associated with individual companies. The fundamental risk associated with equity portfolio is the risk that the value of the investments it holds might decrease in value. Equity security value may fluctuate in response to the activities of an individual company or in response to general market and/or economic conditions. Historically, equity securities have provided greater long-term returns and have entailed greater short-term risks than other investment choices.

#### **Investment in UCIs**

- 15.3 Investment in UCIs may embed a duplication of the fees and expenses which will be charged to the Fund, i.e. setting-up, filing and domiciliation costs, subscription, redemption or conversion fees, management fees, Depositary bank fees and other service providers' fees. The accumulation of these costs may cause higher costs and expenses that would have been charged

to the Fund if the latter had invested directly. The Fund will however seek to avoid any irrational multiplication of costs and expenses to be borne by Shareholders.

- 15.4 When a Compartment invests in UCIs linked to the Fund by common management or control, or by a substantial direct or indirect holding, or managed by a management Fund linked to the relevant Investment Manager, no subscription or redemption fees may be charged to the Fund on account of its investment in the units of such UCIs.
- 15.5 Also, the Fund must ensure that its portfolios of target UCIs present appropriate liquidity features to enable them to meet their obligation to redeem or repurchase their Shares. However, there is no guarantee that the market liquidity for such investments will always be sufficient to satisfy redemption requests favourably at the exact time they are submitted. Any absence of liquidity may impact in the liquidity of the Shares and the value of its investments.

**Investment in warrants**

- 15.6 Investors should be aware of and prepared to accept the greater volatility in the prices of warrants which may result in greater volatility in the price of the Shares. Thus, the nature of the warrants will involve Shareholders in a greater degree of risk than is the case with conventional securities.

**Stock market volatility**

- 15.7 The Net Asset Value of the Fund will reflect the volatility of the stock market. Stock markets are volatile and can move significantly in response to the issuer, demand and supply, political, regulatory, market and economic developments.

**Issuer-specific risk**

- 15.8 The value of an individual security or particular type of security can be more volatile than the market as a whole and can perform differently from the value of the market as a whole.

**Interest rate risks**

- 15.9 The Net Asset Value of the Fund will change in response to fluctuations in interest rates. Generally, interest rate risk involves the risk that when interest rates decline, the market value of bonds tends to increase, and vice versa. The extent to which the price of a bond changes as the interest rates move may differ by the type of the debt securities.

**Market/Settlement risk**

- 15.10 Although it is intended that the portfolio of the Fund will be diversified, the investments of the Fund are subject to normal market fluctuations and to the risks inherent in investment in equities, fixed income securities, currency instruments, derivatives and other similar instruments. The prices of the Shares can go down as well as up and investors may not be able to realise their investment objective. Although the Board of Directors will attempt to restrict the exposure of the Fund to market movements, there is no guarantee that this strategy will be successful.
- 15.11 Furthermore, the following settlement risks may also exist:
- The securities markets in some countries lack the liquidity, efficiency and regulatory and supervisory controls of more developed markets.

- Lack of liquidity may adversely affect the ease of disposal of assets. The absence of reliable pricing information in a particular security held by a Compartment may make it difficult to assess reliably the market value of assets.
- The share register may not be properly maintained and the ownership or interest may not be (or remain) fully protected.
- Registration of securities may be subject to delay and during the period of delay it may be difficult to prove beneficial ownership of the securities.
- The provision for custody of assets may be less developed than in other more mature markets and thus provides an additional level of risk for the Funds.
- Settlement procedures may be less developed and still be in physical as well as in dematerialised form.

### **Investment in derivative instruments**

- 15.12 The use of futures, options and forward contracts exposes the Fund to additional investment risks. Financial futures prices are highly volatile and influenced by a variety of diverse factors including, i.a., changing supply and demand relationships, government, fiscal, monetary and exchange control programs and policies, national and international political and economic events and government intervention in certain markets, particularly in the currency and interest rate markets. Transactions in futures thus carry a high degree of risk. The amount of the initial margin is small relative to the value of the futures contract so that transactions are “leveraged” or “geared”. A relatively small market movement will have a proportionately larger impact which may work for or against the investor. The placing of certain orders which are intended to limit losses to certain amounts may not be effective because market conditions may make it impossible to execute such orders. Futures are also subject to illiquid situations when market activity decreases or when a daily price fluctuation limit has been reached.
- 15.13 Transactions in options also carry a high degree of risk as the trading of options, including options on futures contracts and OTC options, is speculative and highly leveraged. Specific market movements of futures contracts or securities underlying an option cannot be accurately predicted. Selling (“writing” or “granting”) an option generally entails considerably greater risk than purchasing options. Although the premium received by the seller is fixed, the seller may sustain a loss well in excess of that amount. The seller will also be exposed to the risk of the purchaser exercising the option and the seller will be obliged either to settle the option in cash or to acquire or deliver the underlying investment. If the option is “covered” by the seller holding a corresponding position in the underlying investment or a future on another option, the risk may be reduced. Options traded OTC are not regulated.
- 15.14 In respect of such trading, the Fund is subject to the risk of counterparty failure or the inability or refusal by a counterparty to perform with respect to such contracts. Market illiquidity or disruption could result in major losses to the Fund.

### **Leverage**

- 15.15 A Compartment may use financial derivatives instruments which may result in the Compartment being leveraged and may result in material fluctuations in the value of the Compartment. OTC Derivatives are traded off-exchange with specific terms and conditions which consequently generates counterparty risk and increases liquidity risk. Leverage on certain type of transactions including derivatives may impair the Compartment's liquidity, cause it to liquidate positions at unfavourable times or otherwise cause the Compartment not to



achieve its intended objective. Leverage occurs when the economic exposure created by the use of derivatives is greater than the amount invested resulting in the Compartment being exposed to a greater loss than the initial investment

### **Investment in Distressed and Defaulted Securities**

- 15.16 Investment in a security issued by a company that is either in default ("**Defaulted Securities**") or in high risk of default ("**Distressed Securities**") involves significant risk. Distressed Securities have a credit rating between maximum CC and minimum C (as measured by Standard and Poor) or equivalent (as measured by any leading credit agencies or with quality considered as equivalent by the Investment Manager if unrated) and Defaulted Securities have a maximum credit rating of D (as measured by Standard and Poor) or equivalent (as measured by any leading credit agencies or with quality considered as equivalent by the Investment Manager if unrated). Such investments will only be made when the relevant Investment Manager believes it is reasonably likely that the issuer of the securities will make an exchange offer or will be the subject of a plan of reorganisation; however, there can be no assurance that such an exchange offer will be made or that such a plan of reorganisation will be adopted or that any securities or other assets received in connection with such an exchange offer or plan of reorganisation will not have a lower value or income potential than anticipated when the investment was made. In addition, a significant period of time may pass between the time at which the investment in Distressed Securities and Defaulted Securities is made and the time that any such exchange offer or plan of reorganisation is completed. During this period, it is unlikely that any interest payments on the Distressed Securities and Defaulted Securities will be received, there will be significant uncertainty as to whether or not the exchange offer or plan of reorganisation will be completed, and there may be a requirement to bear certain expenses to protect the investing Compartment's interest in the course of negotiations surrounding any potential exchange or plan of reorganisation. In addition, as a result of participation in negotiations with respect to any exchange offer or plan of reorganisation with respect to an issuer of Distressed Securities and Defaulted Securities, the investing Compartment may be precluded from disposing of such securities. Furthermore, constraints on investment decisions and actions with respect to Distressed Securities and Defaulted Securities due to tax considerations may affect the return realised on the Distressed Securities and Defaulted Securities.

### **Foreign exchange/currency risk**

- 15.17 Although Shares may be denominated in a particular currency, the Fund may invest its assets in securities denominated in a wide range of currencies, some of which may not be freely convertible. The Net Asset Value of the Fund as expressed in its base currency will fluctuate in accordance with the changes in the foreign exchange rate between that currency and the currencies in which the Fund's investments are denominated. The Fund may therefore be exposed to a foreign exchange/currency risk as follows:
- Conversion into foreign currency or transfer from some markets of proceeds received from the sale of securities cannot be guaranteed.
  - The value of the currency in some markets, in relation to other currencies, may decline such that the value of the investment is adversely affected.
  - Exchange rate fluctuations may also occur between the trade date for a transaction and the date on which the currency is acquired to meet settlement obligations.
  - It may not be possible or practicable to hedge against the consequent foreign exchange/currency risk exposure.

**Political and/or regulatory risks**

- 15.18 The value of the Fund's assets may be affected by uncertainties such as international political developments, changes in government policies, changes in taxation, restrictions on foreign investment and currency repatriation, currency fluctuations and other developments in the laws and regulations of countries in which investment may be made. Furthermore, the legal infrastructure and accounting, auditing and reporting standards in certain countries in which investment may be made may not provide the same degree of investor protection or information to investors as would generally apply in major securities markets.

**Cyber security risk**

- 15.19 As part of their respective businesses, the Management Company and each of the Investment Managers process, store and transit large amounts of electronic information, including information relating to the transactions of the Fund, and personally identifiable information on Shareholders. Service providers, such as the Administrative Agent, may also process, store and transmit such information. Each of the Management Company and the Investment Managers have procedures and systems in place to protect such information and prevent data loss and security breaches. However, such measure cannot provide absolute security. The techniques used to obtain unauthorised access to data, disable or degrade service, or sabotage systems change frequently and may be difficult to detect for long periods of time. Hardware or software acquired from third-parties may contain defects in design or manufacture or other problems that could unexpectedly compromise information security. Network connected services provided by third-parties to the Management Company and/or the Investment Managers may be susceptible to compromise, leading to a breach of the Management Company's and/or any Investment Manager's network. The systems or facilities of each of the Management Company and the Investment Managers may also be susceptible to compromise. Breaches of the information systems of the Management Company and/or the Investment Manager may cause information relating to transactions of the Fund and personally identifiable information to the Shareholders to be lost or improperly accessed, used or disclosed.
- 15.20 Any service providers of the Fund, the Management Company and any Investment Manager are subject to the same electronic information security threats as the Management Company and the Investment Managers. If a service provider fails to adapt or adhere to adequate data security policies, or in the event of a breach of its networks, information relating to the transactions of the Fund and personally identifiable information of the Shareholders may be lost or improperly accessed, used or disclosed.
- 15.21 The loss or improper access, use or disclosure of the proprietary information of the Fund, the Management Company or any Investment Manager may cause each of the foregoing to suffer inter alia financial losses, the disruption of their respective business, liability to third parties, regulatory intervention or reputational damage. Such event may have a material adverse effect on the Management Company, the Fund and/or the Investment Managers and the Compartments they manage.

**Talent risk and human errors**

- 15.22 The success of each of the Compartment's respective investment strategies depends among others on the Management Company and the Investment Managers and, in particular, on their human resources. It cannot be avoided that qualified employees leave the Management Company or any of the Investment Managers, which may result in lengthy searches to attract capable talents to replace the respective employees and their specific knowledge in among others the accurate calculation of price relationships, the maintenance of algorithms and the communication of precise trading instructions. Furthermore, such instructions depend on

humans and there can be no guarantee that humans do not make mistakes. Human errors in the design and the implementation of the systems of the Management Company and/or the Investment Managers (including in respect of algorithms used by Investment Managers) may result in mistakes in this process and lead to trading losses.

- 15.23 The use of algorithms by certain Investment Managers in certain Compartments as sources for strategic decision-making may result in errors or vulnerabilities which can result in losses and may put an Investment Manager at a competitive disadvantage.

#### **Risk of programming and modelling errors when using algorithms**

- 15.24 The research and modelling process engaged in by the Investment Manager may be extremely complex and involve financial, economic, econometric and statistical theories, research and modelling; the results of that process must then be translated into computer code. Although Investment Managers seek to hire individuals skilled in each of these functions and to provide appropriate levels of oversight, the complexity of the individual tasks, the difficulty of integrating such tasks, and the limited ability to perform “real world” testing of the end product raises the chances that the finished model may contain an error; one or more of such errors could adversely affect a Compartment’s performance and, depending on the circumstances, would generally not constitute a trade error under that Compartment’s policies.

#### **Trading methods**

- 15.25 The trading methods employed by certain Investment Manager on behalf of a Compartment may be proprietary to the Investment Manager of the Compartment or a third party. Therefore, subject to disclosure and transparency requirements under applicable laws and regulations, Shareholders will not be able to determine details of such trading methods or whether they are being followed.

#### **Regulatory risk**

- 15.26 There can be no guarantee that the Compartments will continue to be able to operate in its present manner and future regulatory changes may adversely affect the performance of the Compartments and/or their ability to deliver their investment objectives. Furthermore, in respect of Compartments making use of algorithms, depending on their calibration, such algorithms may take decisions that breach applicable laws (in particular in case of changes in applicable restrictions not reflected or not reflected in time in the algorithms), circumvent existing rules and regulations or take decisions which may result in regulatory and legal actions.

#### **Emerging markets risks**

- 15.27 Some of the securities held in the concerned Compartment may involve a greater degree of risk than generally associated with similar investments in major securities markets, due, in particular, to political and regulatory factors, as described hereunder. The prospects for economic growth in a number of these markets are considerable and returns have the potential to exceed those in mature markets where growth is achieved. Investments in emerging markets offer diversification opportunities as correlations between those markets and major markets are generally quite low. However, price and currency volatility are generally higher in emerging markets.
- 15.28 Emerging markets securities may be substantially less liquid and more volatile than those of mature markets. Securities of companies located in emerging markets may be held by a limited number of persons. This may adversely affect the timing and pricing of the Compartments’ acquisition or disposal of securities. Practices in relation to settlement of securities transactions

in emerging markets involve higher risks than those in developed markets, in part because the Compartments will need to use brokers and counterparties, which are less well capitalised, and custody and registration of assets in some countries may be unreliable. However, the Depositary is responsible for the proper selection and supervision of its correspondent banks in all relevant markets, in accordance with Luxembourg law and regulations. The Company will seek, where possible, to use counterparties, whose financial status is such that this risk is reduced. However, there can be no certainty that the Company will be successful in eliminating this risk for the Compartments, particularly as counterparties operating in emerging markets frequently lack the substance or financial resources of those in developed countries.

- 15.29 The legal infrastructure, in certain countries in which investments may be made, may not provide with the same degree of investors' protection or information to investors, as would generally apply to major securities markets. Generally accepted accounting, auditing and financial reporting practices in emerging markets may be significantly different from those in developed markets. Compared to mature markets, some emerging markets may have a low level of regulations, enforcement of regulations and monitoring of investors' activities. Those activities may include practices such as trading on material non-public information.
- 15.30 Some governments exercise substantial influence over the private economic sector and investments may be affected by political and economic instability. In adverse social and political circumstances, governments have been involved in policies of expropriation, confiscatory taxation, nationalisation, intervention in the securities market and trade settlement and imposition of foreign investment restrictions and exchange controls, and these could be repeated in the future. In addition to withholding taxes on investment income, some emerging markets may impose differential capital gain taxes on foreign investors.
- 15.31 As per example, in the Russian Federation, registrars are not subject to effective government supervision, nor are they always independent from issuers. The possibility of fraud, negligence, undue influence being exerted by the issuer or refusal to recognise ownership exists, which, along with other factors, could result in the registration of a shareholding being completely lost. Therefore, investors should be aware that the Compartments may suffer loss arising from these registration problems and may have no successful claim for compensation.

### **Russian Market**

- 15.32 The Compartment's investments in Russia, other than those which are listed on the "MICEX-RTS", combined with investments that are made in other assets as referred in item 1, (A) (2) of the chapter "Investment restrictions", shall not exceed 10% of the net assets of the Compartment.

### **Custody risk**

- 15.33 Local custody services in some of the market countries in which the Fund may invest may not be the same as those in more developed market countries and there is a transaction and custody risk involved in dealing in such markets.

### **Taxation**

- 15.34 Potential investors' attention is drawn to the taxation risks associated with investing in the Fund. Further details relating to the Luxembourg tax legislation are given under Section 16 "Tax Status". Investors should note in particular that the proceeds from the sale of securities in some markets or the receipt of any dividends and other income may be or may become subject to tax, levies, duties or other fees or charges imposed by the authorities in that market, including taxation levied by withholding at source. Tax law and practice in certain countries into which

the Fund invests or may invest in the future (in particular emerging markets) is not clearly established. It is therefore possible that the current interpretation of the law or understanding of practice might change, or that the law might be changed with retrospective effect. As a result, the Fund could become subject to additional taxation in such countries that is not anticipated either at the date of this Prospectus or when investments are made, valued or disposed of. However, nothing in this Prospectus may be construed any tax advice and investors should consult their own professional advisers regarding any tax issues in the context of any contemplated investment in the Fund.

#### **Execution and Counterparty risk**

- 15.35 The Fund may be subject to the risk of the inability of the counterparty, or any other entities in or with which an investment or transaction is made, to perform with respect to transactions, whether due to insolvency, bankruptcy or other causes.
- 15.36 In some markets there may be no secure method of delivery against payment which would minimise the exposure to counterparty risk. It may be necessary to make payment on a purchase or delivery on a sale before receipt of the securities or, as the case may be, sale proceeds.

#### **High yield debt securities**

- 15.37 Some of the high yield securities held in the portfolio may involve increased credit and market risk; such securities are subject to the risk of an issuer's inability to meet principal and interest payments on its obligations (credit risk) and may also be subject to price volatility due to such factors as interest rate sensitivity, market perception of the creditworthiness of the issuer and general market liquidity. In selecting securities, the Compartment will consider among other things, the price of the securities, and the issuer's financial history, condition, management and prospects. The Compartment will endeavour to mitigate the risks associated with high yield securities, by diversifying its holdings by issuer, industry and credit quality.

#### **Asset-Backed and Mortgage-Backed Securities**

- 15.38 Some Compartments may invest in securities that represent an interest in a pool of mortgages ("**mortgage-backed securities**") and, subject to applicable law, credit card receivables or other types of loans ("**asset-backed securities**"). Payments of principal and interest on the underlying loans are passed through to the holders of such securities over the life of the securities. Most mortgage-backed securities and asset-backed securities are subject to early prepayment of principal, which can be expected to accelerate during periods of declining interest rates. Such prepayments can usually be reinvested only at the lower yields then prevailing in the market. Therefore, during periods of declining interest rates, these securities are less likely than other fixed income obligations to appreciate in value and less effective at locking in a particular yield. On the other hand, mortgage-backed securities and asset-backed securities are subject to substantially the same risk of depreciation during periods of rising interest rates as other fixed income securities.
- 15.39 Asset-backed securities present certain credit risks that are not presented by mortgage-backed securities because asset-backed securities generally do not have the benefit of a security interest over the collateral that is comparable to mortgage assets. There is the possibility that, in some cases, recoveries on repossessed collateral may not be available to support payments on these securities.

### **Illiquidity/Suspension of Share dealings**

- 15.40 Some Compartments may face temporary illiquidity situations due to parameters such as market activity, small volumes of investments or difficulties in the pricing of underlying investments.
- 15.41 Under certain exceptional circumstances, such as unusual market conditions, an unusual volume of repurchase requests or other, illiquidity situations may lead the Fund to suspend or postpone the redemption or conversion of Shares. On the next Valuation Day following this period, such outstanding redemption or conversion requests will be met in priority to later requests.

### **Liquidity risk**

- 15.42 Liquidity refers to the speed and ease with which investments can be sold or liquidated or a position closed. On the asset side, liquidity risk refers to the inability of a Compartment to dispose of investments at a price equal or close to their estimated value within a reasonable period of time. On the liability side, liquidity risk refers to the inability of a Compartment to raise sufficient cash to meet a redemption request due to its inability to dispose of investments. In certain circumstances, investments may become less liquid or illiquid due to a variety of factors including adverse conditions affecting a particular issuer, counterparty, or the market generally, and legal, regulatory or contractual restrictions on the sale of certain instruments. In addition, a Compartment may invest in financial instruments traded over-the-counter or OTC, which generally tend to be less liquid than instruments that are listed and traded on exchanges. Market quotations for less liquid or illiquid instruments may be more volatile than for liquid instruments and/or subject to larger spreads between bid and ask prices. Difficulties in disposing of investments may result in a loss for a Compartment and/or compromise the ability of the Compartment to meet a redemption request.

### **Potential conflicts of interest**

- 15.43 The Investment Managers and other companies of the Investment Manager's group can carry out operations in which they directly or indirectly have an interest that could conflict with their obligations towards the Fund. The Investment Managers will ensure that these operations are carried out under conditions that are as favourable for the Fund as those that would have prevailed in the absence of the potential conflict of interest and that applicable policies and procedures are complied with. Such conflicts of interest or commitments may arise from the fact that the Investment Managers or other members of their group have directly or indirectly invested in the Fund. More specifically, the Investment Managers by virtue of the rules of conduct applicable to them, must endeavour to avoid all conflicts of interest and, if such a conflict cannot be avoided, ensure that its clients (including the Fund) are treated equally.

### **SFTs**

- 15.44 SFTs and related collateral may create risks for the Compartment, provided such Compartment makes use of SFTs, such as (i) counterparty risk (as described below), (ii) legal risk, (iii) custody risk, (iv) liquidity risk (i.e. risk resulting from the difficulty to buy, sell, terminate or value an asset or a transaction due to a lack of buyers, sellers, or counterparties), and, if relevant, (v) operational risk (as described below) and (vi) risks arising from the reuse of such collateral (i.e. mainly the risk that such collateral posted by the Compartment might not be returned due to the failure of the counterparty for example).

### **Collateral Management**

- 15.45 The principal risk when engaging in SFTs or financial derivatives instruments is the risk of default by a counterparty who has become insolvent or is otherwise unable or refuses to honour its obligations to return securities or cash to the Fund as required by the terms of the transaction. Counterparty risk is mitigated by the transfer or pledge of collateral in favour of the Fund. However, transactions may not be fully collateralised. Fees and returns due to the Fund may not be collateralised. In addition, the value of collateral may decline in between collateral rebalancing dates or may be incorrectly determined or monitored. In such a case, if a counterparty defaults, the Fund may need to sell non-cash collateral received at prevailing market prices, thereby resulting in a loss to the Fund.
- 15.46 A Compartment may also incur a loss in reinvesting cash collateral received. Such a loss may arise due to a decline in the value of the investments made. A decline in the value of such investments would reduce the amount of collateral available to be returned by the Compartment to the counterparty as required by the terms of the transaction. The Compartment would be required to cover the difference in value between the collateral originally received and the amount available to be returned to the counterparty, thereby resulting in a loss to the Compartment.

### **Operational risk**

- 15.47 SFTs also entail operational risks such as the non-settlement or delay in settlement of instructions and legal risks related to the documentation used in respect of such transactions.

### **Counterparty risk**

- 15.48 To the extent, this is allowed under the relevant Appendix, a Compartment may enter into SFTs with other companies in the same group of companies as the Investment Manager, affiliated counterparties, if any, will perform their obligations under any SFTs concluded with the Compartment in a commercially reasonable manner. In addition, the Investment Manager will select counterparties and enter into transactions in accordance with best execution and at all times in the best interests of the Compartment and its investors. However, investors should be aware that the Investment Manager may face conflicts between its role and its own interests or that of affiliated counterparties.

### **Nominee arrangements**

- 15.49 The Fund draws the investors' attention to the fact that any investor will only be able to fully exercise his/her/its investor rights directly against the Fund, in particular the right to participate in general meetings of Shareholders, if the investor is registered himself/herself/itself and in his/her/its own name in the register of the Shareholders. In cases where an investor invests in the Fund through an intermediary investing into the Fund in his/her/its own name but on behalf of the investor, it may not always be possible for the investor to exercise certain shareholder rights directly against the Fund. Investors are advised to take advice on their rights.

### **Investments in China**

- 15.50 Investing in the People's Republic of China (the "PRC") is subject to the risks of investing in emerging markets and additional risks which are specific to the PRC market. The economy of China is in a state of transition from a planned economy to a more market oriented economy and investments may be sensitive to changes in law and regulation together with political, social or economic policy which includes possible government intervention. In extreme circumstances, a Compartment investing in the PRC may incur losses due to limited investment

capabilities, or may not be able to fully implement or pursue its investment objectives or strategy, due to local investment restrictions, illiquidity of the PRC domestic securities market, and/or delay or disruption in execution and settlement of trades. Any Compartment investing directly (or indirectly through a UCITS and other UCIs) in China may be adversely affected by such losses.

- 15.51 China is one of the world's largest emerging markets. As with investing in any emerging market country, investments in China may be subject to greater risk of loss than investments made in a developed market. This is due, among other things, to greater market volatility, lower trading volume, greater risk of market shut down, and more governmental limitations with respect to foreign-inward investment. The companies in which a Compartment invests may be held to lower disclosure, corporate governance, accounting and reporting standards than companies listed or traded in more developed markets. In addition, some of the securities held by a Compartment may be subject to higher transaction and other costs, foreign ownership limits, the imposition of taxes, or may have liquidity issues which make such securities more difficult to sell at reasonable prices. These factors may increase the volatility and hence the risk of an investment in a Compartment investing in China.

#### **Risks related to using ESG criteria for investments**

- 15.52 Applying ESG and sustainability criteria to the investment process may exclude securities of certain issuers for non-investment reasons and therefore some market opportunities available to funds that do not use ESG or sustainability criteria may be unavailable for the such Compartment, and such Compartment's performance may at times be better or worse than the performance of relatable funds that do not use ESG or sustainability criteria. The selection of assets may in part rely on a proprietary ESG scoring process or ban lists that rely partially on third party data. The lack of common or harmonised definitions and labels integrating ESG and sustainability criteria at EU level may result in different approaches by the Investment Manager when setting ESG objectives and determining that these objectives have been met by the funds they manage. This also means that it may be difficult to compare strategies integrating ESG and sustainability criteria to the extent that the selection and weightings applied to select investments may to a certain extent be subjective or based on metrics that may share the same name but have different underlying meanings. Investors should note that the subjective value that they may or may not assign to certain types of ESG criteria may differ substantially from the Investment Manager's methodology. The lack of harmonised definitions may also potentially result in certain investments not benefitting from preferential tax treatments or credits because ESG criteria are assessed differently than initially thought.

#### **SFDR**

- 15.53 SFDR is not a fund labelling regime, and accordingly, no reliance should be placed on the Compartment being given any particular classification under SFDR. Investors should also be aware that the SFDR classification process is inherently uncertain at present, as SFDR has only come into force relatively recently and it is not yet clear how all aspects of the regime should be interpreted. The Fund may therefore wish to reconsider the classification of a Compartment from time to time; e.g. to reflect views in the market on SFDR (which are continuing to evolve), new regulatory guidance, amendments to SFDR made over time, or a decision by a court clarifying its interpretation. Investors and other third parties should therefore take this into account when considering a Compartment for investment. It is reminded that a decision whether to invest in a Compartment should be based on the legal documentation of the Fund (including, but not limited to the relevant Appendix relating to such Compartment and their SFDR RTS annexes, where relevant) in its entirety and not only on the sustainability-related disclosures made under SFDR.



## 16. TAX STATUS

The Fund is subject to Luxembourg tax legislation.

### The Fund

**16.1 In accordance with current Luxembourg law, the Fund is not subject to any tax on income, capital gains tax or wealth tax.**

16.2 However, income collected by the Fund on securities in its portfolios may be subject to withholding tax which, in normal circumstances, cannot be reclaimed.

16.3 The Fund's net assets are subject to a subscription tax of 0.05% per annum (except for certain Compartments or categories of Shares specifically reserved for to Institutional Investors and for money market funds, which benefit from the reduced rate of 0.01% per annum), payable at the end of each quarter and calculated on the basis of the total net assets at the end of the relevant quarter. This tax is not applicable for the portion of the assets of a Compartment invested in other Luxembourg undertakings for collective investment already subject to *taxe d'abonnement*.

16.4 Interest and dividend income received by the Compartment may be subject to non-recoverable withholding tax in the countries of origin. The Compartment may further be subject to tax on the realised or unrealised capital appreciation of its assets in the countries of origin.

16.5 No stamp duty or other tax is payable in Luxembourg on the issue of Shares in the Compartment except a one-off payment of EUR 1,250 upon incorporation of the Compartment.

### Shareholders

16.6 According to legislation and current practice in Luxembourg, Shareholders, other than those domiciled, residing or permanently established in Luxembourg and certain former residents of Luxembourg holding more than 10% of the Fund's share capital, are not liable to pay any Luxembourg tax on income, capital gains, donations or legacies. However, it is incumbent upon any purchasers of Shares in the Fund to inform themselves about the relevant legislation and tax regulations applicable to the acquisition, holding and sale of Shares with regard to their residence qualifications and nationality.

### European Union Tax Considerations

16.7 The Council of the European Union adopted on June 3, 2003, a Council Directive 2003/48/EC on taxation of savings income in the form of interest payments (the "**EU Savings Directive**"). Under the EU Savings Directive, EU Member States will be required to provide the tax authorities of another EU Member State with details of payments of interest or other similar income paid by a person within its jurisdiction to an individual resident in that other EU Member State. Austria, Belgium and Luxembourg have opted instead for a withholding tax system for a transitional period in relation to such payments. Certain other countries, including the Swiss Confederation, the Caribbean countries, UK Channel Islands, Isle of Man, the Principality of Monaco and the Principality of Liechtenstein, will also be introducing measures equivalent to information reporting or withholding tax.

16.8 The law implementing the EU Savings Directive in national legislation in Luxembourg was adopted on June 21, 2005 (the "**2005 Law**").

16.9 The applicable withholding tax rate is 35%.

- 16.10 Article 9 of the 2005 Law provides that no withholding tax will be withheld if the beneficial owner expressly authorises the paying agent to report information in accordance with the provisions of the 2005 Law.
- 16.11 If withholding tax is applied, any dividends distributed by a fund will be subject to the directive if more than 15% of a fund's assets are invested in debt claims (as defined in the EU Savings Directive). Proceeds realised by Shareholders on the disposal of Shares will be subject to such reporting or withholding if more than 25% of a fund's assets are invested in debt claims.
- 16.12 Because of the investment policies pursued by the Compartments currently in operation, it is presently expected that capital gains realized by Shareholders on the disposal of Shares in the Compartments may be subject to such reporting or withholding.
- 16.13 Under the directive 2015/2060/EU, the Savings Directive has been repealed and will no longer apply once all the reporting obligations concerning year 2015 will have been complied with.
- 16.14 Meanwhile, the Organisation for Economic Cooperation and Development (the "OECD") received a mandate by the G8/G20 countries to develop a common reporting standard ("CRS") to achieve a comprehensive and multilateral automatic exchange of information ("AEOI") in the future on a global basis. The CRS will require Luxembourg financial institutions to identify financial assets holders and establish if they are fiscally resident in countries with which Luxembourg has a tax information sharing agreement. Luxembourg financial institutions will then report financial account information of the assets holder to the Luxembourg tax authorities, which will thereafter automatically transfer this information to the competent foreign tax authorities on a yearly basis. Unitholders may therefore be reported to the Luxembourg and other relevant tax authorities under the applicable rules.

On this basis, a Council Directive 2014/107/EU amending the Council Directive amending Directive 2011/16/EU as regards mandatory automatic exchange of information in the field of taxation (the "**Euro-CRS Directive**") has been adopted on 9 December 2014 in order to implement the CRS among the EU Member States. Under the Euro-CRS Directive, the first AEOI must be applied by 30 September 2017 within the limit of the EU Member States for the data relating to calendar year 2016.

The measures of cooperation provided thus by the Directive should be progressively replaced by the implementation of the Euro-CRS Directive. Under transitional arrangements, the Directive continued to be operational until the end of 2015 and has been replaced by the Euro-CRS Directive since 1 January 2016. Provided the proposal to repeal the Directive is adopted by the Council of the European Union, the Luxembourg laws dated 21 June 2005 implementing the Directive will no longer apply and the amendments to the Directive, which had been adopted by the Council on 24 March 2014, will not become applicable.

In addition, Luxembourg tax authorities signed the OECD's multilateral competent authority agreement ("**Multilateral Agreement**") to automatically exchange information under the CRS. A bill of law (n°6858) was filed with the Luxembourg Parliament in order to implement the EURO-CRS Directive (the "**Bill of Law**").

Under the Bill of Law, the first exchange of information is expected to be applied by 30 September 2017 for information related to the year 2016. Accordingly, the Fund would be committed as of 1 January 2016 to run additional due diligence process on its Shareholders and to report the identity and residence of financial account holders (including certain entities and their controlling persons), account details, reporting entity, account balance/value and income/sale or redemption proceeds to the local tax authorities of the country of residency of the foreign investors to the extent that they are resident of another EU Member State or of a

country for which the Multilateral Agreement is in full force and applicable. Shareholders should consult their professional advisors on the possible tax and other consequences with respect to the implementation of the CRS.

### **US Tax considerations**

- 16.15 The US Foreign Account Tax Compliance Act (“**FATCA**”) aims at preventing US tax evasion by requiring foreign (non-US) financial institutions to report to the US Internal Revenue Service information on financial accounts held outside the United States by US investors. US securities held by a non-US financial institution that does not comply with the FATCA reporting regime will be subject to a US tax withholding of 30% on gross sales proceeds and income, commencing on 1 July 2014.
- 16.16 Luxembourg has entered into a Model I Intergovernmental Agreement (the “**IGA**”) with the US on 28 March 2014. Under the terms of the IGA, the Fund will be obliged to comply with the provisions of FATCA under the terms of the IGA and under the terms of Luxembourg legislation implementing the IGA (the “**Luxembourg IGA Legislation**”). Under the IGA, Luxembourg-resident financial institutions that comply with the requirements of the Luxembourg IGA Legislation will be treated as compliant with FATCA and, as a result, will not be subject to withholding tax under FATCA (“**FATCA Withholding**”). In order to elect for and keep such FATCA status, the Fund only allows (i) participating foreign financial institutions, (ii) deemed-compliant foreign financial institutions, (iii) non-reporting IGA foreign financial institutions, (iv) exempt beneficial owners (v), Active NFFE or (vi) non-specified US persons, all as defined under FATCA as shareholders; accordingly, investors may only subscribe for and hold Shares through a financial institution that complies or is deemed to comply with FATCA. The Fund may impose measures and/or restrictions to that effect, which may include the rejection of subscription orders or the compulsory redemption of Shares, as further detailed in this Prospectus and in the Articles, and/or the withholding of the 30% tax from payments to the account of any shareholder found to qualify as a “recalcitrant account” or “non-participating foreign financial institution” under FATCA. Prospective investors should (i) consult their own tax advisors regarding the impact of FATCA further to an investment in the Fund and (ii) be advised that although the Fund will attempt to comply with all FATCA obligations, no assurance can be given that it will be able to satisfy the such obligations and therefore to avoid FATCA Withholding. The attention of US taxpayers is drawn to the fact that the Fund qualifies as a passive foreign investment company (“**PFIC**”) under US tax laws and does not intend to provide information that would allow such investors to elect to treat the Fund as a qualified electing fund (so-called “**QEF election**”).

## **17. BUSINESS YEAR**

The Business Year runs from January 1st to December 31st of each year. Exceptionally, due to a change of dates of the Business Year, the 2019 Business Year ran from 1st July 2019 to December 2019.

## **18. PERIODICAL REPORTS AND PUBLICATIONS**

- 18.1 The Fund will publish an audited annual report within 4 months after the end of the Business Year and an unaudited semi-annual report within 2 months after the end of the period to which it refers.
- 18.2 The reports include accounts of the Fund and of each Compartment.

- 18.3 All these reports will be made available to the Shareholders at the registered office of the Fund, the Depositary, the distributor and other establishments appointed by the Depositary. The first report was an audited annual report as at 30th June 2010.
- 18.4 The Net Asset Value per Share of each Compartment as well as the issue and redemption prices will be made to the public at the offices of the Depositary.
- 18.5 Any amendments to the Articles will be published in the RESA.

## **19. LIFETIME, MERGER AND LIQUIDATION OF THE FUND AND COMPARTMENTS**

### **The Fund**

- 19.1 The Fund has been established for an indefinite period, but the Board of Directors may, at any time, propose the dissolution of the Fund to an extraordinary General Meeting.
- 19.2 If the capital of the Fund falls below two thirds of the minimum capital required by the law, the Board of Directors must submit the question of the dissolution of the Fund to a General Meeting for which no quorum shall be required and which shall decide by a simple majority of the Shares represented at this meeting.
- 19.3 If the capital of the Fund falls below one fourth of the minimum capital, the Board of Directors must submit the question of the dissolution of the Fund to a General Meeting for which no quorum shall be required; dissolution may be resolved by a simple majority of the Shareholders holding one fourth of the Shares represented at this meeting.
- 19.4 The liquidation of the Fund shall be carried out in accordance with the provisions of the 2010 Law which specifies the steps to be taken to enable Shareholders to participate in the liquidation distributions and in the connection provides for deposit in escrow at the *Caisse des Consignations* in Luxembourg of any such amounts which it has not been possible to distribute to the Shareholders at the close of liquidation. Amounts not claimed within the prescribed period are liable to be forfeited in accordance with the provisions of Luxembourg law. The net liquidation proceeds shall be distributed to the Shareholders in proportion to their respective holdings.

### **Merger of the Fund and the Compartments**

- 19.5 In accordance with the provisions of the 2010 Law and of the Articles, the Board of Directors may decide to merge or consolidate the Fund with, or transfer substantially all or part of the Fund's assets to, or acquire substantially all the assets of, another UCITS established in Luxembourg or another EU Member State. For the purpose of this Section 19.5, the term UCITS also refers to a compartment of a UCITS and the term Fund also refers to a Compartment.
- 19.6 Any merger leading to termination of the Fund must be approved by a Shareholders meeting subject to the quorum and the majority requirement applying to the modification of the Articles. For the avoidance of doubt, this provision does not apply in respect of a merger leading to the termination of a Compartment.
- 19.7 The Fund will provide appropriate and accurate information on the proposed merger to its Shareholders so as to enable them to make an informed judgment of the impact of the merger on their investment and to exercise their rights under this Section 19 and the 2010 Law.

- 19.8 The Shareholders have the right to request, without any charge other than those retained by the Fund to meet disinvestment costs, the redemption of their Shares.
- 19.9 The Board of Directors may decide to allocate the assets of a Compartment to those of another existing Compartment within the Fund or to another Luxembourg UCITS or to another compartment within such other Luxembourg UCITS (the “**New Compartment**”) and to repatriate the Shares of the category of Shares or categories of Shares concerned as Shares of another category of Shares (following a split or consolidation, if necessary, and the payment of the amount corresponding to any fractional entitlement to Shareholders). Such decision will be published in the same manner as described in Section 19.7 above one month before its effectiveness (and, in addition, the publication will contain information in relation to the New Compartment), in order to enable the Shareholders to request redemption of their Shares, free of charge, during such period.
- 19.10 Notwithstanding the powers conferred to the Board of Directors by Section 19.9 above, a contribution of the assets and of the liabilities attributable to any Compartment to another Compartment within the Fund may in any other circumstances be decided by a general meeting of Shareholders of the category of Shares or categories of Shares issued in the Compartment concerned for which there will be no quorum requirements and which will decide upon such a merger by resolution taken by simple majority of those present or represented and voting at such meeting.
- 19.11 If the interest of the Shareholders of the relevant Compartment or in the event that a change in the economic or political situation relating to a Compartment so justifies, the Board of Directors may proceed to the reorganisation of a Compartment by means of a division into two or more Compartments. Information concerning the New Compartment(s) will be provided to the relevant Shareholders. Such publication will be made one month prior to the effectiveness of the reorganisation in order to permit Shareholders to request redemption of their Shares free of charge during such one month prior period.

#### **Liquidation of Compartments**

- 19.12 The Board of Directors may also propose to dissolve a Compartment at a General Meeting of that Compartment. The proceedings at this General Meeting shall be subject to quorum requirements in conformity with the Articles and the decision to dissolve the Compartment shall be taken by the majority of the Shares in that Compartment represented at this meeting.
- 19.13 If the net assets of a Compartment fall below or fail to achieve the amount set by the Board of Directors as the minimum value that allows this Compartment or category of Shares to be managed efficiently, or if a change in the economic or political situation so justifies, or as part of a policy of rationalisation, the decision to execute a forced redemption of the category of Shares in question and/or all categories of Shares at the Net Asset Value applicable on the Valuation Day on which this resolution comes into effect. The Fund will communicate this decision to the Shareholders of the category or categories of Shares in question before the forced redemption comes into effect, stating the reasons for the forced redemption and explaining the procedure to be followed: holders of registered Shares will be informed in writing. Provided that the Board of Directors does not specify otherwise with a view to ensuring equal treatment of Shareholders and in the interests of the latter, the Shareholders may still apply to redeem or exchange their Shares at no charge (although with due regard to the current sale prices of the assets and to any associated costs) before the date of the forced redemption.
- 19.14 If a Compartment is dissolved, the liquidation process shall be conducted in conformity with the provisions of the 2010 Law. This legislation stipulates the procedures to be followed to enable Shareholders to share in the proceeds of the liquidation and, in this respect, specifies

that any amount not distributed to Shareholders once the dissolution process has been completed shall be first kept at the Depositary bank for a period of six months; should the proceeds not be claimed during this period, they will be then surrendered to the *Caisse des Consignations in Luxembourg*. The net proceeds of the liquidation for each Compartment shall be distributed to the Shareholders of that particular Compartment in proportion to the number of Shares held in the relevant Compartment.

## 20. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents are deposited and kept available for inspection at the Fund's registered office:

- the Articles;
- the latest annual and semi-annual reports of the Fund;
- the KIDs;
- the Depositary Agreement;
- the Management Company Services Agreement;
- each Investment Management Agreement.

In addition, the Contingency Plan referred to in Section 24 "Benchmarks Regulation" may be obtained free of charge upon request at the registered office of the Management Company.

## 21. INVESTMENT RESTRICTIONS

21.1 The Fund has adopted the following restrictions relating to the investment of the Fund's assets and its activities. These restrictions and policies may be amended from time to time by of the Fund if and as it shall deem it to be in the best interests of the Fund, in which case this Prospectus will be updated.

21.2 The investment restrictions imposed by Luxembourg law must be complied with by each Compartment.

### **Investments in eligible assets**

21.3 Investments in the Fund shall comprise exclusively:

- (a) Transferable Securities and Money Market Instruments listed or dealt on a Regulated Market; and /or
- (b) Transferable Securities and Money Market Instruments dealt on an Other Regulated Market in a EU Member State; and /or
- (c) Transferable Securities and Money Market Instruments admitted to official listing on a stock exchange in an Other State or dealt on an Other Regulated Market in an Other State; and/or
- (d) recently issued Transferable Securities and Money Market Instruments, provided that the terms of issue include an undertaking that application will be made for admission to official listing on a Regulated Market, an official stock exchanges in an Other State

or on an Other Regulated Market referred to above under Sections 21.3(a) to 21.3(c) of the main part of the Prospectus and that such a listing will be obtained within one year of the date of issue;

- (e) units/shares of UCITS and/or other UCIs, whether situated in a EU Member State or not, provided that:
  - (i) such other UCIs have been authorised under the laws which provide that they are subject to supervision considered by the CSSF to be equivalent to that laid down in EU law, and that cooperation between authorities is sufficiently ensured (at the time of the present Prospectus, the EU law and/or OCDE Member States as well as Hong Kong, Jersey, Guernsey and Liechtenstein);
  - (ii) the level of protection for shareholders in such other UCIs is equivalent to that provided for shareholders in a UCITS, and in particular that the rules on assets segregation, borrowing, lending, and uncovered sales of Transferable Securities and Money Market Instruments are equivalent to the requirements of the UCITS Directive;
  - (iii) the business of such other UCIs is reported in half-yearly and annual reports to enable an assessment of the assets and liabilities, income and operations over the reporting period;
  - (iv) no more than 10% of the assets of the UCITS or of the other UCIs, whose acquisition is contemplated, can, according to their constitutional documents, in aggregate be invested in units/shares of other UCITS or other UCIs; and/or
- (f) deposits with credit institutions which are repayable on demand or have the right to be withdrawn, and maturing in no more than 12 months, provided that the credit institution has its registered office in a EU Member State or, if the registered office of the credit institution is situated in an Other State provided that it is subject to prudential rules considered by the CSSF as equivalent to those laid down in EU law; and/or
- (g) financial derivative instruments, including equivalent cash-settled instruments, dealt in on a Regulated Market, stock exchange in an Other State or on an Other Regulated Market referred to under Sections 21.3(a) to 21.3(c) of the main part of the Prospectus above, and/or OTC Derivatives, provided that:
  - (i) the underlying consists of instruments covered by this Section 21.3, financial indices, interest rates, foreign exchange rates or currencies, in which the Compartments may invest according to their respective investment objective;
  - (ii) the counterparties to OTC Derivative transactions are institutions subject to prudential supervision, and belonging to the categories approved by the CSSF;
  - (iii) the OTC Derivatives are subject to reliable and verifiable valuation on a daily basis and can be sold, liquidated or closed by an offsetting transaction at any time at their fair value at the Fund's initiative; and/or
- (h) Money Market Instruments other than those dealt in on a Regulated Market or on an Other Regulated Market, if the issue or the issuer of such instruments are themselves regulated for the purpose of protecting investors and savings, and provided that such instruments are:

- (i) issued or guaranteed by a central, regional or local authority or by a central bank of an EU member state, the European Central Bank, the European Union or the European Investment Bank, an Other State or, in case of a Federal State, by one of the members making up the federation, or by a public international body to which one or more Member States belong, or
  - (ii) issued by an undertaking any securities of which are dealt in on Regulated Markets or Other Regulated Market referred to Sections 21.3(a) to 21.3(c) of the main part of the Prospectus above, or
  - (iii) issued or guaranteed by an establishment subject to prudential supervision, in accordance with criteria defined by EU law, or by an establishment which is subject to and complies with prudential rules considered by the CSSF to be at least as stringent as those laid down by EU law, or
  - (iv) issued by other bodies belonging to the categories approved by the CSSF provided that investments in such instruments are subject to investor protection equivalent to that laid down in the first, the second or the third indent and provided that the issuer is a company whose capital and reserves amount to at least ten million Euro (EUR10,000,000) and which presents and publishes its annual accounts in accordance with Directive 78/660/EEC, is an entity which, within a Group of Companies which includes one or several listed companies, is dedicated to the financing of the group or is an entity which is dedicated to the financing of securitisation vehicles which benefit from a banking liquidity line.
- (i) In addition, the Fund may invest a maximum of 10% of the net assets of any Compartment in Transferable Securities and Money Market Instruments other than those referred to under Section 21.3 above.

21.4 However, each Compartment may:

- (a) hold up to 20% of its net assets in bank deposits at sight, such as cash held in current accounts with a bank and accessible at any time, (i) for treasury purposes, or (ii) for the time necessary to reinvest in eligible assets provided under article 41 (1) of the 2010 Law, or (iii) for a period of time strictly necessary in case of unfavourable market conditions. This restriction shall only be temporarily breached for a period of time strictly necessary when, because of exceptionally unfavourable market conditions, circumstances so require and where such breach is justified having regard to the interests of the Shareholders;
- (b) for treasury purposes (in normal market conditions), invest in Cash Equivalents;
- (c) in case of unfavourable financial market conditions, on a temporary basis, invest up to 100% of its net assets in Cash Equivalents. For the avoidance of doubt, and unless otherwise provided in the relevant Compartment's Appendix, investment in such assets in such proportions is not part of the core investment policy of the Compartment.

**Risk diversification**

21.5 Each Compartment may not invest more than 10% of its net assets in Transferable Securities or Money Market Instruments issued by the same body.



- 21.6 Each Compartment may not invest more than 20% of its net assets in deposits made with the same body.
- 21.7 Furthermore, where any Compartment holds investments in Transferable Securities and Money Market Instruments of any issuing body which individually exceed 5% of the Net Asset Value of such Compartment, the total value of all such investments must not account for more than 40% of the Net Asset Value of such Compartment. This limitation does not apply to deposits and OTC Derivative transactions made with financial institutions subject to prudential supervision.
- 21.8 The counterparty risk of a Compartment arising from OTC Derivative transactions and EPM Techniques may not exceed 10% of its net assets when the counterparty is a credit institution referred to in Section 21.3(f) above or 5% in any other case.
- 21.9 Investment in financial derivative instruments shall only be made provided that the exposure to the underlying assets does not exceed in aggregate the investment limits set forth in Sections 21.5, 21.7, 21.8, 21.13 to 21.15, 21.17 and 21.19 of the main part of the Prospectus. When the Compartment invests in index-based financial derivative instruments, these investments do not have to be combined to the limits set forth in Sections 21.5, 21.7, 21.8, 21.13 to 21.15, 21.17 and 21.19 of the main part of the Prospectus.
- 21.10 When a Transferable Security or Money Market Instrument embeds a derivative, the latter must be taken into account when complying with the requirements of Sections 21.11 and 21.12 below as well as with the risk exposure and information requirements laid down in this Prospectus.
- 21.11 The Fund shall ensure that its global exposure relating to derivative instruments does not exceed the total net value of its portfolio.
- 21.12 The exposure is calculated taking into account the current value of the underlying assets, the counterparty risk, foreseeable market movements and the time available to liquidate the positions.
- 21.13 Notwithstanding the individual limits laid down in Sections 21.5, 21.7 and 21.8 above a Compartment may not combine:
- (a) investments in Transferable Securities or Money Market Instruments issued by,
  - (b) deposits made with, and/or
  - (c) exposures arising from OTC Derivative transactions undertaken with, a single body in excess of 20% of its net assets.
- 21.14 The limit of 10% laid down in Section 21.4(b) above shall be 35% in respect of Transferable Securities or Money Market Instruments which are issued or guaranteed by a EU Member State, its local authorities or by any Other State or by public international bodies of which one or more EU Member States are members.
- 21.15 The limit of 10% set forth under Section 21.5 above is increased up to 25% in respect of:
- (a) debt obligations that are issued by a credit institution in accordance with the provisions of the law of 8 December 2018 on the issue of covered bonds, as amended from time to time (the “**Covered Bonds Law**”) and that is secured by cover assets that comply with article 4 of the Covered Bonds Law to which covered bonds investors and the counterparties of derivative contracts complying with the provisions of article 7(3) of

the Covered Bonds Law have direct recourse as preferred creditors (“**Covered Bonds**”); and

- (b) qualifying debt securities issued before 8 July 2022 by a credit institution which has its registered office in a EU Member State and which, under applicable law, is submitted to specific public control in order to protect the holders of such qualifying debt securities. For the purposes hereof, “qualifying debt securities” are securities issued before 8 July 2022 the proceeds of which are invested in accordance with applicable law in assets providing a return which will cover the debt service through to the maturity date of the securities and which will be applied on a priority basis to the payment of principal and interest in the event of a default by the issuer. To the extent that a relevant Compartment invests more than 5% of its net assets in debt securities issued by such an issuer, the total value of such investments may not exceed 80% of the net assets of such Compartment.
- 21.16 The securities and Money Market Instruments specified under Sections 21.14 and 21.15 above shall not be included in the calculation of the limit of 40% under Section 21.7.
- 21.17 The limits set out in Sections 21.5, 21.7, 21.8, 21.13 to 21.15 above, may not be aggregated and, accordingly, the value of investments in Transferable Securities and Money Market Instruments issued by the same body, in deposits or derivative instruments made with this body, effected in accordance with Sections 21.5, 21.7, 21.8, 21.13 to 21.15 above may not, in any event, exceed a total of 35% of each Compartment’s Net Asset Value.
- 21.18 Companies which are included in the same group for the purposes of consolidated accounts, as defined in accordance with Directive 83/349/EEC or in accordance with recognised international accounting rules, are regarded as a single body for the purpose of calculating the limits contained in Sections 21.5 to 21.19 of the main part of the Prospectus.
- 21.19 A Compartment may cumulatively invest up to 20% of its net assets in Transferable Securities and Money Market Instruments within the same group.
- 21.20 Subject to having due regard to the principle of risk spreading, a Compartment need not comply with the limits set out in articles 43 to 46 of the 2010 Law for a period of 6 months following the date of its authorisation and launch.

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

- 21.21 Where any Compartment has invested in accordance with the principle of risk spreading in Transferable Securities and Money Market Instruments issued or guaranteed by a EU Member State, by its local authorities or by any OECD Member State, by certain non-OECD Member States (currently Brazil, Indonesia, Russia, Singapore, Hong-Kong and South-Africa), or by public international bodies of which one or more EU Member States are members, the Fund may invest 100% of the net assets of any Compartment in such Transferable Securities and Money Market Instruments provided that such Compartment must hold securities from at least six different issues and the value of securities from any one issue must not account for more than 30% of the net assets of the Compartment.
- 21.22 Without prejudice to the limits set forth hereafter under Section 21.33 below, the limits set forth in Sections 21.6 to 21.19 above are raised to a maximum of 20% for investments in shares and/or bonds issued by the same body when the aim of the Compartment’s investment policy is to replicate the composition of a certain stock or bond index which is recognised by the CSSF, on the following basis:

- (a) the composition of the index is sufficiently diversified;
- (b) the index represents an adequate benchmark for the market to which it refers;
- (c) it is published in an appropriate manner.

The limit of 20% is raised to 35% where that proves to be justified by exceptional market conditions in particular in Regulated Markets where certain Transferable Securities or Money Market Instruments are highly dominant. The investment up to this limit is only permitted for a single issuer.

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

- 21.23 Each Compartment may acquire units of the UCITS and/or other UCIs referred to in Section 21.3(e) above, provided that no more than 20% of a Compartment's net assets are invested in the units of a single UCITS or other UCI.
- 21.24 For the purpose of the application of investment limits, each compartment of a UCI with multiple compartments is to be considered as a separate issuer provided that the principle of segregation of the obligations of the various compartments vis-à-vis third parties is ensured.
- 21.25 Investments made in units of UCIs other than UCITS may not in aggregate exceed 30% of the net assets of a Compartment.
- 21.26 When a Compartment invests in the units of other UCITS and/or other UCIs linked to the Fund by common management or control, or by a substantial direct or indirect holding, or managed by a management company linked to the relevant Investment Manager, no subscription or redemption fees may be charged to the Fund on account of its investment in the units of such other UCITS and/or UCIs.
- 21.27 In respect of a Compartment's investments in UCITS and other UCIs linked to the Fund as described in the preceding Section, the total management fee (excluding any performance fee, if any) charged to such Compartment and each of the UCITS or other UCIs concerned shall not exceed 2.5% of the relevant net assets under management. The Fund will indicate in its annual report the total management fees charged both to the relevant Compartment and to the UCITS and other UCIs in which such Compartment has invested during the relevant period.
- 21.28 The Fund may acquire no more than 25% of the units of the same UCITS and/or other UCI. This limit may be disregarded at the time of acquisition if at that time the gross amount of the units in issue cannot be calculated. In case of a UCITS or other UCI with multiple compartments, this restriction is applicable by reference to all units issued by the UCITS and/or UCI concerned, all Compartments combined.
- 21.29 The underlying investments held by the UCITS or other UCIs in which the Compartments invest do not have to be considered for the purpose of the investment restrictions set forth under Sections 21.6 to 21.19 above.
- 21.30 The investment limits laid down above may be exceeded whenever subscription rights attaching to securities which form part of the Fund's assets are being exercised.
- 21.31 If such limits are exceeded as a result of exercising subscription rights or for reasons beyond the Fund's control, the Fund shall endeavour as a priority aim to redress the balance, while taking due account of the interests of the Shareholders.

### **Investments between Compartments**

21.32 A Compartment (the “**Investing Compartment**”) may invest in one or more other Compartments. Any acquisition of shares of another Compartment (the “**Target Compartment**”) by the Investing Compartment is subject to the following conditions:

- (a) the Target Compartment may not invest in the Investing Compartment;
- (b) the Target Compartment may not invest more than 10% of its net assets in UCITS (including other Compartments) or other UCIs referred to in Section 21.3(e) above;
- (c) the voting rights attached to the shares of the Target Compartment are suspended during the investment by the Investing Compartment; and
- (d) the value of the share of the Target Compartment held by the Investing Compartment are not taken into account for the purpose of assessing the compliance with the EUR1,250,000 minimum capital requirement.

### **Prohibited investments**

21.33 The Fund is prohibited from:

- (a) borrowing for the account of any Compartment, unless:
  - (i) the loan is only temporary and does not exceed 10% of the net assets of the Compartment in question;
  - (ii) the borrowing is in the form of a back-to back loan;
- (b) acquiring shares carrying voting rights which would enable the Fund to exercise significant influence over the management of the issuing body;
- (c) acquiring more than:
  - (i) 10% of the non-voting shares of the same issuer;
  - (ii) 10% of the debt securities of the same issuer;
  - (iii) 10% of the Money Market Instruments of the same issuer.

However, the limits laid down in the second and third incidents above may be disregarded at the time of acquisition if at that time the gross amount of the debt securities or of the Money Market Instruments or the net amount of instruments in issue cannot be calculated.

The limits set out in sub-paragraphs (b) and (c) of Section 21.33 above shall not apply to:

- (i) Transferable Securities and Money Market Instruments issued or guaranteed by a Member State or its local authorities;
- (ii) Transferable Securities and Money Market Instruments issued or guaranteed by any Other State;

- (iii) Transferable Securities and Money Market Instruments issued by public international bodies of which one or more Member States are members; or
  - (iv) Shares held in the capital of a company incorporated in a non-EU member state which invests its assets mainly in the securities of issuing bodies having their registered office in that state where, under the legislation of that state, such holding represents the only way in which such Compartment's assets may invest in the securities of the issuing bodies of that state, provided, however, that such company in its investment policy complies with the limits laid down in articles 43, 46 and 48(1) and (2) of the 2010 Law.
- (d) making investments in precious metals or certificates representing these;
  - (e) entering into transactions involving commodities or commodity contracts, except that the Fund may employ techniques and instruments relating to Transferable Securities within the limits set out in Section 22 below;
  - (f) purchasing or selling real estate or any option, right or interest therein, provided the Fund may invest in securities secured by real estate or interests therein or issued by companies which invest in real estate or interests therein;
  - (g) carrying out uncovered sales of Transferable Securities, other financial instruments or Money Market Instruments referred to in Sections 21.3(e), 21.3(g) and 21.3(h) above;
  - (h) mortgaging, pledging, hypothecating or otherwise encumbering as security for indebtedness any securities held for the account of any Compartment, except as may be necessary in connection with the borrowings mentioned in sub-paragraph (a) of Section 21.33 above, and then such mortgaging, pledging, or hypothecating may not exceed 10% of the net assets of each Compartment. In connection with swap transactions, option and forward exchange or futures transactions the deposit of securities or other assets in a separate account shall not be considered a mortgage, pledge or hypothecation for this purpose;
  - (i) underwriting or sub-underwriting securities of other issuers.

## **22. EFFICIENT PORTFOLIO MANAGEMENT TECHNIQUES**

### **General**

- 22.1 Unless otherwise set out in the relevant Compartment's Appendix, the Compartments will not make use of SFTs and TRS.
- 22.2 If a Compartment makes use of SFTs, in addition to the disclosures included under Sections 22.1 to 22.13 of the main part of the Prospectus, the relevant Appendix will include additional disclosures in line with the SFTR and the CSSF SFTR FAQ, including, among others, the maximum and expected proportion of assets that may be subject to SFTs, as well as the types of assets that are subject to SFTs and the identity of the appointed SFT Agents.
- 22.3 Without prejudice to Section 22.1 and to the extent the Fund and any of its Compartments employs EPM Techniques, such EPM Techniques are used for the purposes of efficient portfolio management within the meaning of, and under the conditions set out in, applicable laws, regulations and circulars issued by the CSSF from time to time.
- 22.4 If a Compartment employs EPM Techniques, such use is subject to the following conditions:

- (a) they are economically appropriate in that they are realised in a co-effective way;
- (b) they are entered into for one or more of the following specific aims:
  - (i) reduction of risk;
  - (ii) reduction of cost;
  - (iii) generation of additional capital or income for the relevant Compartment with a level of risk which is consistent with its risk profile and applicable risk diversification rules;
  - (iv) their risks are adequately captured by the Fund's risk management process; and
  - (v) they are taken into account by the Management Company when developing its liquidity risk management process in order to ensure that the Fund is able to comply at any time with its redemption obligations.

22.5 The risk exposure to a counterparty resulting from EPM Techniques (including SFTs) and OTC Derivatives must be combined when calculating counterparty risk limits referred to under Section 21.8 above.

22.6 Assets subject to SFTs will be safe-kept by the Depositary.

22.7 The Fund's semi-annual and annual reports will further contain additional information on the use of SFTs in line with Section A of the Annex of the SFTR.

22.8 Except as otherwise set out in the relevant Compartment's Appendix, any revenues from EPM Techniques not received directly by the relevant Compartment will be returned to that Compartment, net of direct and indirect operational costs and fees (which do not include hidden revenue (i.e., revenues that do not correspond to costs and fees of services rendered to that Compartment)). Information on direct and indirect operational costs and fees that may be incurred in this respect as well as the identity of the entities to which such costs and fees are paid will be available in the annual report of the Fund. To the extent a Compartment engages in Securities Lending, the Management Company or Investment Manager may appoint an SFT Agent, which may receive a fee in relation to its Securities Lending activities. Any operational costs arising from such Securities Lending activities shall be borne by the SFT Agent out of its fee. SFT Agents or counterparties to the OTC Derivatives may be affiliates of the Management Company or an Investment Manager.

#### **Eligible counterparties**

22.9 Where a Compartment makes use of SFTs, the counterparties to SFTs will be selected and approved through a robust selection process and will be establishments located in OECD Member States and have a minimum rating of BBB- or the equivalent by any leading rating agencies. The Management Company's risk management team will assess the creditworthiness of the proposed counterparties, their expertise in the relevant transaction, the costs of service and others factors related to best execution in line with the Management Company's best execution policy.

### **Securities Lending and Repurchase Transactions**

- 22.10 If a Compartment uses EPM Techniques in accordance with Section 22.4 of the main body of the Prospectus above, such EPM Techniques will include one or more SFTs disclosed in the relevant Appendix and that are subject to the conditions set out below:
- (a) When entering into a Securities Lending agreement, the Fund will ensure that it is able at any time to recall any security that has been lent out or terminate the Securities Lending agreement.
  - (b) When entering into a reverse Repurchase Transaction agreement, the Fund will ensure that it is able at any time to recall:
    - (i) the full amount of cash or to terminate the reverse Repurchase Transaction on either an accrued basis or a mark-to-market basis. When the cash is recallable at any time on a mark-to-market basis, the mark-to-market value of the reverse Repurchase Transaction will be used for the calculation of the net asset value of the relevant Compartment; and/or
    - (ii) any securities subject to the Repurchase Transaction agreement or to terminate the Repurchase Transaction agreement into which it has entered.
  - (c) Fixed-term Repurchase Transaction and reverse Repurchase Transaction agreements that do not exceed seven days will be considered as arrangements on terms that allow the assets to be recalled at any time by the Fund.
- 22.11 To the extent a Compartment uses EPM Techniques, the Management Company takes into account these EPM Techniques when developing its liquidity risk management process in order to ensure that the Fund is able to comply at any time with its redemption obligations.

### **Management of collateral and collateral policy for OTC Derivatives transactions and EPM Techniques**

- 22.12 In the context of OTC Derivatives transactions and EPM Techniques (including SFTs), the Fund may receive collateral with a view to reduce its counterparty risk. This Section sets out the collateral policy applied by the Fund in such case. All assets received by the Fund in the context of EPM Techniques (including SFTs) shall be considered as collateral for the purposes of this Section.
- 22.13 The risks linked to the use of SFTs as well as risks linked to the collateral management, such as operational, custody and legal risks and, where applicable, the risks arising from its reuse are further described hereunder in Section 15 of the main body of the Prospectus.

### **Eligible collateral**

- 22.14 Collateral received by the Fund or a Compartment may be used to reduce its counterparty risk exposure if it complies with the criteria set out in applicable laws, regulations and circulars issued by the CSSF from time to time notably in terms of liquidity, valuation, issuer credit quality, correlation, risks linked to the management of collateral and enforceability. In particular, collateral should comply with the following conditions:
- (a) Any collateral received other than cash should be of high quality, highly liquid and traded on a Regulated Market or multilateral trading facility with transparent pricing in order that it can be sold quickly at a price that is close to pre-sale valuation;

- (b) It should be valued on at least a daily basis and assets that exhibit high price volatility should not be accepted as collateral unless suitably conservative haircuts are in place;
- (c) It should be issued by an entity that is independent from the counterparty and is expected not to display a high correlation with the performance of the counterparty;
- (d) It should be sufficiently diversified in terms of country, markets and issuers with a maximum exposure of 20% of the Fund's or Compartment's net assets to any single issuer on an aggregate basis, taking into account all collateral received. By way of derogation, a Compartment may be fully collateralised in different Transferable Securities and Money Market Instruments issued or guaranteed by a EU Member State, one or more of its local authorities, a third country, or a public international body to which one or more EU Member States belong, provided the Compartment receives securities from at least six different issues and any single issue does not account for more than 30% of the Compartment's NAV. Accordingly a Compartment may be fully collateralised in securities issued or guaranteed by an eligible OECD Member State;
- (e) Where there is a title transfer, collateral received should be held by the Depositary or one of its sub-custodians to which the Depositary has delegated the custody of such collateral. For other types of collateral arrangement (e.g. a pledge), collateral can be held by a third party custodian which is subject to prudential supervision and which is unrelated to the provider of the collateral;
- (f) It should be capable of being fully enforced by the Fund at any time without reference to or approval from the counterparty.

22.15 Subject to the abovementioned conditions, collateral received by the Fund may consist of:

- (a) Cash and cash equivalents, including short-term bank certificates and Money Market Instruments;
- (b) Bonds issued or guaranteed by a OECD Member State or by their local public authorities or by supranational institutions and undertakings with EU, regional or worldwide scope;
- (c) Shares or units issued by money market UCIs calculating a daily net asset value and being assigned a rating of AAA or its equivalent;
- (d) Shares or units issued by UCITS investing mainly in bonds/shares mentioned in (e) and (f) below;
- (e) Bonds issued or guaranteed by first class issuers offering adequate liquidity;
- (f) Shares admitted to or dealt in on a Regulated Market of a EU Member State or on a stock exchange of a OECD Member State, on the condition that these shares are included in a main index.

22.16 Notwithstanding the previous Section, in line with the CSSF Circular 14/592, which transposed the Guidelines issued by the European Securities and Market Authority (ESMA) "ESMA/2014/937", at the date of the Prospectus, collateral will be only received in:

- (a) Cash and cash equivalents, including short-term bank certificates and Money Market Instruments;



- (b) Bonds issued or guaranteed by a OECD Member State or by their local public authorities or by supranational institutions and undertakings with EU, regional or worldwide scope;
- (c) To the extent that this policy should be reviewed by the Investment managers, the Prospectus will be amended accordingly.

**Level of collateral required**

22.17 The level of collateral required across all EPM Techniques or OTC Derivatives will be at least 100% of the exposure to the relevant counterparty. This will be achieved by applying the haircut policy set out under Sections 22.18 to 22.20 below.

**Haircut policy**

22.18 Collateral will be valued on a daily basis, using available market prices and taking into account appropriate discounts which will be determined by the Fund for each asset class based on its haircut policy. This policy takes into account a variety of factors, depending on the nature of the collateral received, such as the issuer’s credit standing, the maturity, currency, price volatility of the assets and, where applicable, the outcome of liquidity stress tests carried out by the Fund under normal and exceptional liquidity conditions. No haircut will generally be applied to cash collateral.

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

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

Government debts and supranational debt securities	Remaining stated maturity of	Haircut applied
	Not exceeding 1 year	1%
	1 to 5 years	3%
	5 to 10 years	4%
	10 to 20 years	7%
	20 to 30 years	8%

**Reinvestment of collateral**

22.21 Non-cash collateral received by the Fund may not be sold, re-invested or pledged.

22.22 Cash collateral received by the Fund can only be:

- (a) placed on deposit with credit institutions which have their registered office in a EU Member State or, if their registered office is located in a third-country, are subject to prudential rules considered by the CSSF as equivalent to those laid down in EU law;

- (b) invested in highly rated government bonds;
- (c) used for the purpose of reverse repurchase transactions provided the transactions are with credit institutions subject to prudential supervision and the Fund is able to recall at any time the full amount of cash on accrued basis;
- (d) invested in short-term money market funds as defined in the Guidelines on a Common Definition of European money market funds.

Re-invested cash collateral should be diversified in accordance with the diversification requirements applicable to non-cash collateral under Section 22.14 above.

22.23 The Fund may incur a loss in reinvesting the cash collateral it receives. Such a loss may arise due to a decline in the value of the investment made with cash collateral received. A decline in the value of such investment of the cash collateral would reduce the amount of collateral available to be returned by the Fund to the counterparty at the conclusion of the transaction. The Fund would be required to cover the difference in value between the collateral originally received and the amount available to be returned to the counterparty, thereby resulting in a loss to the Fund.

### 23. RISK MANAGEMENT PROCESS

The Fund will employ a risk-management process which enables it with the Investment Managers to monitor and measure at any time the risk of the positions and their contribution to the overall risk profile of each Compartment. The Fund or the relevant Investment Manager will employ, if applicable, a process for accurate and independent assessment of the value of any OTC Derivatives.

### 24. BENCHMARKS REGULATION

In accordance with the provisions of the Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds (the “**Benchmarks Regulation**”), supervised entities, such as the Fund, may use benchmarks within the meaning of the Benchmarks Regulation provided that such benchmarks’ administrators are included in the register of administrators maintained by ESMA pursuant to Article 36 of the Benchmarks Regulation (the “**Register**”).

Supervised entities may also use benchmarks provided by third countries administrators in case where (i) such benchmarks have been endorsed under the Benchmarks Regulation by an administrator listed in the Register or (ii) such benchmarks’ administrators are located in an equivalent jurisdiction or (iii) such benchmarks’ administrators are individually recognised under the Benchmarks Regulation.

Benchmark administrators whose indices are used by the Fund are listed on the ESMA register pursuant to article 36 of the Benchmarks Regulation. Benchmark administrators whose indices are used by the Fund are detailed in the description of the Compartment.

The Management Company maintains a written plan setting out the actions that will be taken in the event that an index materially changes or ceases to be provided (the “**Contingency Plan**”). The Contingency Plan is available upon request and free of charge at the registered office of the Management Company, as indicated in Section 20 “Documents Available for Inspection”.

The benchmarks listed in the table below are being provided by the entity specified next to the name of the relevant benchmark, in its capacity as administrator, as defined in the Benchmarks Regulation (each a “**Benchmark Administrator**”).

The status of each Benchmark Administrator in relation to the Register as of the date of this visa-stamped Prospectus is set out next to the name of the relevant Benchmark Administrator in the table below:

<b>Compartments</b>	<b>Benchmark(s)</b>	<b>Benchmark Administrator</b>	<b>Status of the Benchmark Administrator</b>
<b>Protea UCITS II - Victory Far East Opportunity</b>	USD Libor 3 Months	ICE Benchmark Administration Limited	Listed on the ESMA register pursuant to article 36 of the Benchmarks Regulation
<b>Protea UCITS II - ECO Advisors ESG Absolute Return</b>	Euribor 3 Month ACT/360	European Money Market Institute	Listed in Register as an administrator authorised pursuant to article 34 of the Benchmarks Regulation.
<b>Protea UCITS II - ECO Advisors ESG Absolute Return</b>	SARON	SIX Swiss Exchange	Listed on the ESMA register pursuant to article 33 of the Benchmarks Regulation
<b>Protea UCITS II - ECO Advisors ESG Absolute Return</b>	SONIA	Bank of England	Exempted pursuant to article 2.2(a) of the Benchmarks Regulation
<b>Protea UCITS II - ECO Advisors ESG Absolute Return</b>	Stockholm Interbank Offered Rates 3 Month	Sveriges Riksbank	Exempted pursuant to article 2.2(a) of the Benchmarks Regulation
<b>Protea UCITS II - ECO Advisors ESG Absolute Return</b>	SOFR	Federal Reserve Bank of New York	Exempted pursuant to article 2.2(a) of the Benchmarks Regulation

## 25. CONFLICTS OF INTEREST

25.1 The Directors, the Management Company, the distributors, the Investment Managers, the Investment Advisers, the Depositary and the Central Administration may, in the course of their business, have potential conflicts of interests with the Fund. Each of the Directors, the Management Company, the distributor(s), the Investment Managers, the Investment Advisers, the Depositary and the Central Administration will have regard to their respective duties to the Fund and other persons when undertaking any transactions where potential or actual conflicts of interest may arise. In the event that such conflicts do arise, each of such persons has undertaken or will be requested by the Fund to undertake to use its reasonable endeavours to resolve any such conflicts of interest fairly (having regard to its respective obligations and duties) and to ensure that the Fund and the Shareholders are fairly treated.

**Interested dealings**

- 25.2 The Directors, the Management Company, the distributors, the Investment Managers, the Investment Advisers, the Depositary and the Central Administration and any of their respective subsidiaries, affiliates, associates, agents, directors, officers, employees or delegates (together the “**Interested Parties**” and, each, an “**Interested Party**”) may:
- (a) contract or enter into any financial, banking or other transaction with one another or with the Fund including, without limitation, investment by the Fund, in securities in any company or body any of whose investments or obligations form part of the assets of the Fund or any Compartment, or be interested in any such contracts or transactions;
  - (b) invest in and deal with shares, securities, assets or any property of the kind included in the property of the Fund for their respective individual accounts or for the account of a third party;
  - (c) act as counterparty to the derivative transactions or contracts entered on behalf of the Fund or act as index sponsor or calculation agent in respect of underlyings to which the Fund will be exposed via derivative transactions;
  - (d) act as agent or service provider in the context of EPM Techniques/Securities Financial Transactions (including SFT Agents); and
  - (e) deal as agent or principal in the sale, issue or purchase of securities and other investments to, or from, the Fund through, or with, the Investment Managers or the Depositary or any subsidiary, affiliate, associate, agent or delegate thereof.
- 25.3 Any assets of the Fund in the form of cash may be invested in certificates of deposit or banking investments issued by any Interested Party. Banking or similar transactions may also be undertaken with or through an Interested Party (provided it is licensed to carry out this type of activity).
- 25.4 There will be no obligation on the part of any Interested Party to account to Shareholders for any benefits so arising and any such benefits may be retained by the relevant party.
- 25.5 Any such transactions involving Interested Parties must be carried out as if effected on normal commercial terms negotiated at arm's length.
- 25.6 As at the date of this Prospectus, the Management Company has not identified any material conflicts of interest involving SFT Agents.
- 25.7 Notwithstanding anything to the contrary herein and unless otherwise provided for in the relevant Compartment’s Appendix for such Compartment, the Management Company, the relevant Investment Manager and/or relevant Investment Adviser and their respective affiliates may actively engage in transactions on behalf of other investment funds and accounts which involve the same securities and instruments in which the Compartment will invest. The Management Company, the Investment Managers or the Investment Advisers and their respective affiliates may provide investment management/advisory services to other investment funds and accounts that have investment objectives similar or dissimilar to those of the Compartments and/or which may or may not follow investment programs similar to the Compartments, and in which the Compartments will have no interest. The portfolio strategies of the Management Company, the Investment Managers or the Investment Advisers and their respective affiliates used for other investment funds or accounts could conflict with the transactions and strategies advised by the Management Company, the Investment Managers or

the Investment Advisers in managing a Compartment and affect the prices and availability of the securities and instruments in which such Compartment invests.

- 25.8 The Management Company, the Investment Managers or the Investment Advisers and their respective affiliates may give advice or take action with respect to any of their other clients which may differ from the advice given or the timing or nature of any action taken with respect to investments of a Compartment. The Management Company, the Investment Managers or the Investment Advisers have no obligation to advise any investment opportunities to a Compartment which they may advise to other clients.
- 25.9 The Management Company, the Investment Managers or the Investment Advisers will devote as much of their time to the activities of a Compartment as they deem necessary and appropriate. The Management Company, the Investment Managers or the Investment Advisers and their respective affiliates are not restricted from forming additional investment funds, from entering into other investment advisory/management relationships, or from engaging in other business activities, even though such activities may be in competition with a Compartment. These activities will not qualify as creating a conflict of interest.
- 25.10 Additional considerations relating to conflicts of interest may be applicable, as the case may be, for a specific Compartment as further laid down in the relevant Compartment's Appendix.

**APPENDIX 1 - COMPARTMENTS ALREADY IN OPERATION**

This appendix will be updated to take account of any changes in any of the Compartments already in operation, or whenever a new Compartment is set up.

**1. PROTEA UCITS II – GLOBAL OPPORTUNITIES****Objectives and investment policy**

- 1.1 The objective of this Compartment is to achieve capital appreciation over the medium to long term, through an opportunistic strategy, by investing its assets across all the asset classes, including in a selected number of investment funds / undertakings for collective investment within the meaning of Article 41(1) e) of the Law of 2010 (UCIs). The opportunistic strategy will materialise as an allocation of the assets between several different strategies defined by the Investment Manager, depending on the market opportunities.
- 1.2 The Compartment is actively managed. The Compartment has no benchmark index and is not managed in reference to a benchmark index.
- 1.3 In order to achieve its objective, the Compartment will mainly offer an exposure in all kinds of securities, with fixed or variable income, including, but not limited to, bonds of any type (including but not limited to zero-coupon, inflation-indexed bonds, convertible bonds and high yield bonds), equities and equity related securities (including closed-ended REITs whereby the exposure into REITS will not represent more than 10% of the net assets of the Compartment), all kind of financial derivative instruments, money market instruments and structured products.
- 1.4 The Investment Manager may under certain circumstances, in order to achieve its objective, have a substantial exposure to financial derivative instruments. In such case, the Compartment could, in certain cases, which the Investment Manager considers unlikely to occur often, hold a substantial part of its assets up to 100% in the form of cash deposits.
- 1.5 In order to achieve its objective, the Compartment may invest either:
  - directly in the securities mentioned in the previous paragraph; and/or
  - in UCITS and/or other UCIs
- 1.6 The Compartment can be exposed to fixed-income or debt securities, without constraint on average credit rating or maturity.
- 1.7 The choice of investments will not be limited to a geographic sector (including emerging countries), a particular sector of economic activity or a given currency. However, depending on market conditions, this exposure may be focused on one country or on a limited number of countries and/or one economic activity sector and/or one currency
- 1.8 It is understood that:
  - Due to the fact that the Compartment invests a substantial part of its assets in UCITS and other UCIs, the shareholder is exposed to a possible duplication of fees and charges. However, the maximum percentage of the fixed management fee at the level of the target UCITS and/or other UCIs will be 2%.
  - The Compartment can be exposed to investment grade and non-investment grade debt securities.

- However, the Compartment intends to be ultimately exposed directly or indirectly through investments into UCITS and other UCIs to a maximum of:
    - o 49% of its net assets in non-investment grade debt securities (including non-rated bonds investments);
    - o 10% of its net assets to Distressed Securities and Defaulted Securities;
    - o 20% of its net assets to contingent convertible bonds.
- 1.9 For hedging and for investment purposes, within the limits set out in the investment restrictions in the main body of the Prospectus, the Compartment may use all types of financial derivative instruments traded on a regulated market and/or over the counter (OTC) provided they are contracted with leading financial institutions specialized in this type of transactions and subject to regulatory supervision.
- 1.10 The Compartment may take exposure through any financial derivative instruments such as but not limited to futures, options, and forwards on underlyings in line with the 2010 Law and any other related regulation as well as with the investment policy of the Compartment, including but not limited to, currencies (including non-delivery forwards), interest rates, transferable securities, basket of transferable securities, indices and UCITS and other UCIs.
- 1.11 Nevertheless, in normal market conditions, the Investment Manager intends to use listed options and futures offering an exposure to debt securities and currency derivatives (such as forward foreign exchange contracts).
- 1.12 Investment grade debt securities may be subject to the risk of being downgraded to non-investment grade debt securities. In the event of downgrading in the credit ratings of a security or an issuer, the Compartment may, at the discretion of the Investment Manager, and in the best interests of the Shareholders, continue to hold those debt securities which have been downgraded provided that in any case the Compartment's maximum exposure to Distressed and Defaulted Securities will be limited to a maximum of 10% of its net assets.
- 1.13 The Compartment will not use SFTs nor TRS.
- 1.14 For the purpose of the Taxonomy Regulation, the investments underlying the Compartment do not take into account the EU criteria for environmentally sustainable economic activities.

### **Risk Considerations**

- 1.15 The portfolio is subject to risks linked to markets, interest rates or currency fluctuations and to the risks inherent in all investments. Therefore, no assurance can be given that the invested capital will be preserved, or that capital appreciation will occur.
- 1.16 The attention of prospective investors is drawn to the fact that the acquisition of financial derivative instruments in the aim of increasing results may entail certain risks, which may in turn have a negative impact on the overall performance of the Compartment.
- 1.17 Investors should be aware that, due to the political and economic situations in emerging countries, investment in this Compartment presents greater risk and is intended only for investors who are able to bear and assume this increased risk.
- 1.18 Investments in specific countries may mean that diversification in country and economic area terms are slight. The performance can also differ significantly from the general trend of the global bond markets.

- 1.19 Investors should refer to the Section 15 “Risk Considerations” of the Prospectus for further details in this connection.
- 1.20 The Compartment’s global risk exposure is monitored by using the Value-at-Risk (“**VaR**”) approach which aims to estimate the maximum potential loss that the Compartment could suffer within a certain time horizon (one month) and with a certain confidence level (99% confidence interval), in normal market conditions. More specifically, the Compartment uses the absolute VaR option, whereby the Compartment’s VaR is limited to 20%.
- 1.21 In addition, stress tests will be carried out in order to manage additional risks related to possible abnormal market movements at a specific point of time.

The expected level of leverage of this Compartment is 100% (gross commitment). This figure is computed as the sum of the absolute notionals of the financial derivative instruments (FDI), whereby a large part of these FDI is used for hedging purposes. Depending on market conditions, higher leverage levels may be used to increase the hedging component of the Compartment and/or generate a higher market exposure.

**Income Distribution Policy**

- 1.22 This Compartment pursues a policy of achieving capital growth and reinvests income earned; as a result, no dividend shall be paid out.

**Investment Manager of the Compartment**

- 1.23 The Management Company has appointed Banque Pictet & Cie S.A. as Investment Manager of the Compartment.
- 1.24 Banque Pictet & Cie S.A. is a bank specializing in global custody and asset management for a discerning private-customer base, and for some of the world’s biggest institutions. With over 435 CHF billion in funds under deposit and nearly 3’800 staff (at the level of the group), Banque Pictet & Cie S.A. is one of the largest private banks in Switzerland and one of the leading investment fund management institutions in Europe.

**Frequency of calculation of NAV**

- 1.25 The Net Asset Value of the Compartment shall be calculated on a bi-monthly basis (on the 1st and the 16th of each month) (Calculation Day), on the basis of the closing prices as of the preceding day (Valuation Day). If such day is not a Bank Business Day, on the immediately following Business Day.

**Specific dealings in the Compartment**

Cut-off	<p>Subscription: 4 p.m., on the Valuation Day. If it is not a Business Day, the previous Business Day.</p> <p>Redemption: 4 p.m., 4 Business Days before the Valuation Day. If it is not a Business Day, the previous Business Day.</p> <p>Conversion: 4 p.m., 4 Business Days before the Valuation Day. If it is not a Business Day, the previous Business Day.</p>
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Valuation Day (Pricing Day)	<ul style="list-style-type: none"> <li>For the NAV calculated on the 1st calendar day of each month, the valuation will correspond to the last calendar day of the previous month.</li> <li>For the NAV calculated on the 16th calendar day of each month, the Valuation Day will correspond to the Business Day preceding the Calculation Day.</li> </ul>
Calculation Day	Bi-monthly, on the 1st and the 16th calendar day of each month. If such day is not a Business Day, the NAVs will be calculated on the following Business Day.
Settlement Day	<p>Subscription: within 4 Business Days after the relevant Valuation Day</p> <p>Redemption: within 4 Business Days after the relevant Valuation Day</p> <p>Conversion: within 4 Business Days after the relevant Valuation Day</p>

**Reference currency**

1.26 The reference currency is the Euro. (“**EUR**”)

**Categories of Shares**

Categories of Shares available		A restricted special
ISIN code		LU0650582272
Minimum Initial Subscription		1 Share
Base currency		EUR
Subscription and redemption currencies		EUR
Fees <sup>1</sup> (max %)	Management Fee of the Investment Manager and Distribution Fee	0.40%
	Central Administration, Depository Bank and Management Company Fees <sup>2</sup>	0.20%
	Management Fees of the Investment Managers of underlying funds	2%

This table shows all fees charged to the Compartment, except fees charged by the Management Company for corporate and governance support, as described in Section 14. “Fund Expenses”.

<sup>1</sup> Per year of the average net assets attributable to this type of share out of the assets of the Compartment. “restricted special” shares shall be reserved for Shareholders expressly approved by Banque Pictet & Cie, S.A.

<sup>2</sup> Management fees at the level of the Fund will be prorated so as to exclude all investments which have already been subject to management fees at the level of the underlying.

**Subscription price**

- 1.27 Spread: Max 2% on subscription, redemption or conversion will be paid to the Compartment.
- 1.28 When marketing the Compartment abroad, regulations in certain jurisdictions may require the presence of a local Paying Agent. In such cases, investors domiciled in these jurisdictions may be required to pay any fees and charges deducted by the local Paying Agents.
- 1.29 In accordance with market practices, and in line with the requirements of local distributors, the Distributor may deem it necessary to set minimum subscription levels for share in the Compartment, limit conversions between categories of Shares and, while remaining within the limits set out by the Prospectus, apply a specific policy for subscription, redemption and conversion fees levied on behalf of local distributors.
- 1.30 In addition to the fees above, the Compartment will also pay brokerage commissions and fees, the *taxe d'abonnement* (subscription tax), legal and auditing fees and any other costs incurred on behalf of the Compartment.
- 1.31 The initial subscription minimum as well as the minimum subsequent investment (if any) may be waived at the entire discretion of the Board of Directors.

## 2. PROTEA UCITS II – GLOBAL BALANCED

### Objectives and investment policy

- 2.1 The objective of this Compartment is to achieve capital appreciation over the medium to long term, through a dynamic strategy, by investing its assets across all the asset classes, including in a selected number of investment funds / undertakings for collective investment within the meaning of Article 41(1) e) of the Law of 2010 (UCIs).
- 2.2 The Compartment is actively managed. The Compartment has no benchmark index and is not managed in reference to a benchmark index.
- 2.3 In order to achieve its objective, the Compartment will mainly offer an exposure in all kinds of securities, with fixed or variable income, including, but not limited to, bonds of any type (including but not limited to zero-coupon, inflation-indexed bonds, convertible bonds and high yield bonds), equities and equity related securities (including closed-ended REITs whereby the exposure into REITS will not represent more than 10% of the net assets of the Compartment), all kind of financial derivative instruments, money market instruments and structured products.
- 2.4 The Investment Manager may under certain circumstances, in order to achieve its objective, have a substantial exposure to financial derivative instruments. In such case, the Compartment could, in certain cases, which the Investment Manager considers unlikely to occur often, hold a substantial part of its assets up to 100% in the form of cash deposits.
- 2.5 In order to achieve its objective, the Compartment may invest either:
- directly in the securities mentioned in the previous paragraph; and/or
  - in UCITS and/or other UCIs.
- 2.6 The Compartment can be exposed to fixed-income or debt securities, without constraint on average credit rating or maturity.
- 2.7 The choice of investments will not be limited to a geographic sector (including emerging countries), a particular sector of economic activity or a given currency. However, depending on market conditions, this exposure may be focused on one country or on a limited number of countries and/or one economic activity sector and/or one currency.
- 2.8 It is understood that:
- Due to the fact that the Compartment invests a substantial part of its assets in UCITS and other UCIs, the shareholder is exposed to a possible duplication of fees and charges. However, the maximum percentage of the fixed management fee at the level of the target UCITS and/or other UCIs will be 2%.
  - The Compartment can be exposed to investment grade and non-investment grade debt securities.
  - However, the Compartment intends to be ultimately exposed directly or indirectly through investments into UCITS and other UCIs to a maximum of:
    - o 49% of its net assets in non-investment grade debt securities (including non-rated bonds investments);
    - o 10% of its net assets to Distressed Securities and Defaulted Securities;
    - o 20% of its net assets to contingent convertible bonds.

- 2.9 For hedging and for investment purposes, within the limits set out in the investment restrictions in the main body of the Prospectus, the Compartment may use all types of financial derivative instruments traded on a regulated market and/or over the counter (OTC) provided they are contracted with leading financial institutions specialized in this type of transactions and subject to regulatory supervision.
- 2.10 The Compartment may take exposure through any financial derivative instruments such as but not limited to futures, options, and forwards on underlyings in line with the 2010 Law and any other related regulation as well as with the investment policy of the Compartment, including but not limited to, currencies (including non-delivery forwards), interest rates, transferable securities, basket of transferable securities, indices and UCITS and other UCIs.
- 2.11 Nevertheless, in normal market conditions, the Investment Manager intends to use listed options and futures offering an exposure to debt securities and currency derivatives (such as forward foreign exchange contracts).
- 2.12 Investment grade debt securities may be subject to the risk of being downgraded to non-investment grade debt securities. In the event of downgrading in the credit ratings of a security or an issuer, the Compartment may, at the discretion of the Investment Manager, and in the best interests of the Shareholders, continue to hold those debt securities which have been downgraded provided that in any case the Compartment's maximum exposure to Distressed and Defaulted securities will be limited to a maximum of 10% of its net assets.
- 2.13 The Compartment will not use SFTs nor TRS.
- 2.14 For the purpose of the Taxonomy Regulation, the investments underlying the Compartment do not take into account the EU criteria for environmentally sustainable economic activities.

### **Risk Considerations**

- 2.15 The portfolio is subject to risks linked to equity markets, interest rates or currency fluctuations and to the risks inherent in all investments. Therefore, no assurance can be given that the invested capital will be preserved, or that capital appreciation will occur.
- 2.16 The attention of prospective investors is drawn to the fact that the use of financial derivative instruments with the aim of increasing results may entail certain risks, which may in turn have a negative impact on the overall performance of the Compartment.
- 2.17 Due to the increasing volatility of the market, the portfolio may be subject to a high rotation, with the consequent increase in transaction fees.
- 2.18 Investors should refer to the Section 15 "Risk Considerations" of the Prospectus for further details in this connection.
- 2.19 Investors should be aware that, due to the political and economic situations in emerging countries, investment in this Compartment presents greater risk and is intended only for investors who are able to bear and assume this increased risk.
- 2.20 Investments in specific countries may mean that diversification in country and economic area terms is slight. The performance can also differ significantly from the general trend of the global equity markets.
- 2.21 The Compartment's global risk exposure is monitored by using the Value-at-Risk ("VaR") approach which aims to estimate the maximum potential loss that the Compartment could suffer

within a certain time horizon (one month) and with a certain confidence level (99% confidence interval), in normal market conditions. More specifically, the Compartment uses the absolute VaR option, whereby the Compartment’s VaR is limited to 20%.

- 2.22 In addition, stress tests will be carried out in order to manage additional risks related to possible abnormal market movements at a specific point of time.
- 2.23 The expected level of leverage of this Compartment is 100% (gross commitment). This figure is computed as the sum of the absolute notionals of the financial derivative instruments (FDI), whereby a large part of these FDI is used for hedging purposes. Depending on market conditions, higher leverage levels may be used to increase the hedging component of the Compartment and/or generate a higher market exposure.

**Income Distribution Policy**

- 2.24 This Compartment pursues a policy of achieving capital growth and reinvests income earned; as a result, no dividend shall be paid out.

**Investment Manager of the Compartment**

- 2.25 The Management Company has appointed Banque Pictet & Cie S.A., Genève and Arbion Limited, as Investment Managers of the Compartment.
- 2.26 Banque Pictet & Cie S.A. is a bank specialising in global custody and asset management for a discerning private-customer base, and for some of the world’s biggest institutions. With over 435 CHF billion in funds under deposit and nearly 3’800 staff (at the level of the group), Banque Pictet & Cie S.A. is one of the largest private banks in Switzerland and one of the leading investment fund management institutions in Europe.
- 2.27 Arbion Limited was incorporated in the United Kingdom on 15 October 2009, having its registered office at 1 Connaught Place, London, W2 2ET, United Kingdom. It is regulated by the Financial Conduct Authority (FCA) of the United Kingdom in the conduct of financial services and investment management activities. It is also a registered investment adviser with the Securities and Exchange Commission (SEC) in the United States.

**Frequency of calculation of NAV**

- 2.28 The Net Asset Value will be calculated daily, on each Business Day (Calculation Day), on the basis of the closing prices as of the preceding Business Day (Valuation Day).

**Specific dealings in the Compartment**

<p>Cut-off</p>	<p>Subscription: 4 p.m., on the Valuation Day. If it is not a Business Day, the previous Business Day.</p> <p>Redemption: 4 p.m., 4 Business Days before the Valuation Day. If it is not a Business Day, the previous Business Day.</p> <p>Conversion: 4 p.m., 4 Business Days before the Valuation Day. If it is not a Business Day, the previous Business Day.</p>
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Valuation Day (Pricing Day)	The Valuation Day will correspond to the Business Day preceding the Calculation Day.
Calculation Day	Each Business Day.
Settlement Day	Subscription: within 4 Business Days after the relevant Valuation Day  Redemption: within 4 Business Days after the relevant Valuation Day  Conversion: within 4 Business Days after the relevant Valuation Day

**Reference currency**

2.29 The reference currency is the Euro (“EUR”).

**Categories of Shares**

Categories of Shares available	A restricted	
ISIN code	LU0459212477	
Minimum Initial Subscription	1 Share	
Base currency	EUR	
Subscription and redemption currencies	EUR	
Fees <sup>3</sup> (max %)	Management Fee of the Investment Managers based on the amounts of assets allocated to and effectively managed by them	
	Banque Pictet & Cie S.A.	0.40%
	Arbion Limited	Applied on the aggregated assets <sup>4</sup> : – Up to 40Meuros: 0.60% – Above 40Meuros : 0.50%
	Central Administration, Depository Bank and Management Company Fees <sup>5</sup>	0.20%
	Management Fees of the Investment Managers of underlying funds	2%

<sup>3</sup> Per year of the average net assets attributable to this type of share out of the assets of the Compartment. “restricted” Shares shall be reserved for Shareholders expressly approved by Banque Pictet & Cie, S.A.

<sup>4</sup> Only one rate will apply to the aggregated assets. The rate of 50 bps will apply to the aggregated assets as soon as (and as long as) the assets of the Compartment equal or exceed € 40 million; should the assets decline thereafter under € 40 million, the fee will revert to 60bps. The applicable rate will be determined on each NAV calculation (no equalization will occur at a later stage).

<sup>5</sup> Management fees at the level of the Fund will be prorated so as to exclude all investments which have already been subject to management fees at the level of the underlying.

**Subscription price**

- 2.30 Spread: Max 2% on subscription, redemption or conversion will be paid to the Compartment.
- 2.31 When marketing the Compartment abroad, regulations in certain jurisdictions may require the presence of a local Paying Agent. In such cases, investors domiciled in these jurisdictions may be required to pay any fees and charges deducted by the local Paying Agents.
- 2.32 In accordance with market practices, and in line with the requirements of local distributors, the Distributor may deem it necessary to set minimum subscription levels for Share in the Compartment, limit conversions between categories of Shares and, while remaining within the limits set out by the Prospectus, apply a specific policy for subscription, redemption and conversion fees levied on behalf of local distributors.
- 2.33 In addition to the fees above, the Compartment will also pay brokerage commissions and fees, the *taxe d'abonnement* (subscription tax), legal and auditing fees and any other costs incurred on behalf of the Compartment.
- 2.34 The initial subscription minimum as well as the minimum subsequent investment (if any) may be waived at the entire discretion of the Board of Directors.

### 3. PROTEA UCITS II – VICTORY FAR EAST OPPORTUNITY

The Compartment is an investment vehicle for investors:

- who wish to invest in equities and debt instruments issued by companies of the Asia-Pacific region;
- who are willing to bear significant variations in market value and thus have a low aversion to risk;
- who have a mid-term investment horizon (2 to 4 years).

#### **Objectives and investment policy**

- 3.1 The objective of this Compartment is to achieve long-term capital growth.
- 3.2 The Compartment is actively managed. The index USD Libor 3 Months is only used for the calculation of the performance fee (payable to the investment manager). The benchmark index of the Compartment is the MSCI AC Far East ex JP USD. It is mentioned only for performance comparison purposes. The Compartment does not track the index and can deviate significantly or entirely from the benchmark index.
- 3.3 The Compartment intends to principally have an exposure to equities and equity related securities (such as ADR and GDR, in accordance with article 2 of the Grand-Ducal Regulation and article 41 (1) a) to d) of the 2010 Law) and debt securities, (mainly rated investment grade and in a minor proportion rated non-investment grade) of any type (excluding distressed/defaulted debt securities), issued by companies and other entities that are domiciled in and/or headquartered in and/or which have their main activity in the Asian and Pacific countries (APAC) region. The following is a non-exhaustive list of APAC countries: South Korea, China (including Hong Kong), India, Australia, Japan, Taiwan, Thailand, Indonesia, Philippines and Malaysia.
- 3.4 In order to achieve its objective, the Compartment will mainly invest:
- directly in the securities mentioned in the previous paragraph; and/or
  - in undertakings for collective investment (UCIs) having as main objective to invest in the above-mentioned securities; and/or
  - in any transferable securities, such as structured products and including P-Notes linked or offering an exposure to the performance of the above-mentioned securities.
- 3.5 Investments in units or shares of UCIs limited to a maximum 10% of the Compartment's net assets (including money market UCIs).
- 3.6 The choice of investments will neither be limited by economic sector nor in terms of currencies in which investments will be denominated. However, depending on financial market conditions, a particular focus can be placed in a single country (or some countries) of the Asia and Pacific region and/or in a single currency and/or in a single economic sector.
- 3.7 Investments in Chinese equities/stocks will be made through ADR, GDR or Hong Kong listed Chinese companies (i.e. China H shares) and via China A Shares. In order to invest in China A shares, the Compartment may use the Shanghai - Hong Kong Stock Connect and/or the



Shenzhen - Hong Kong Stock Connect and/or any similar acceptable securities trading and clearing linked programmes or access instruments which may be available to the Compartment in the future.

Investments in Chinese debt securities may be performed, inter alia, on the China Interbank Bond Market (“CIBM”).

- 3.8 The Compartment may invest in structured products, such as but not limited to notes, certificates or any other Transferable Securities whose returns are correlated with changes in, among others, an index selected in accordance with the article 9 of the Grand-Ducal Regulation, currencies, exchange rates, Transferable Securities or a basket of Transferable Securities or a UCI, at all times in compliance with the Grand-Ducal Regulation.
- 3.9 In compliance with the Grand-Ducal Regulation, the Compartment may also invest in structured products without embedded derivatives, correlated with changes in commodities (including precious metals) with cash settlement. Those investments may not be used to elude the investment policy of the Compartment.
- 3.10 For hedging, investment purposes or efficient portfolio management, within the limits set out in the main body of the prospectus, the Compartment may use all types of financial derivative instruments traded on a regulated market and/or over the counter (OTC) provided they are contracted with leading financial institutions specialized in this type of transactions.
- 3.11 However, in normal market conditions, the Investment Manager intends to use options offering an exposure to equities and debt securities, currency derivatives (such as forward exchange contracts).
- 3.12 The Compartment may ensure that its total commitment arising from financial derivative instruments, for purposes other than hedging, does not exceed 100% of its net assets.
- 3.13 The Compartment will not use SFTs nor TRS.
- 3.14 For the purpose of the Taxonomy Regulation, the investments underlying the Compartment do not take into account the EU criteria for environmentally sustainable economic activities.

**Risk Considerations**

- 3.15 Payment suspensions and default in developing countries are due to various factors, such as political instability, bad financial management, a lack of currency reserves, capital leaving the country, internal conflicts or the lack of the political will to continue servicing the previously contracted debt.
- 3.16 The ability of issuers in the private sector to face their obligations may also be affected by these same factors. Furthermore, these issuers suffer the effect of decrees, laws and regulations introduced by the government authorities. These may be the modification of exchange controls and amendments to the legal and regulatory system, expropriations and nationalizations and the introduction of, or increase in, taxes, such as deduction at source.
- 3.17 Uncertainty due to an unclear legal environment or to the inability to establish firm ownership rights constitute other decisive factors. Added to this are the lack of reliable sources of information in these countries, the non-compliance of accounting methods with international standards and the lack of financial or commercial controls.

- 3.18 In particular, the investors’ attention is drawn to the fact that, at present, investments in Russia are subject to increased risk as regards the ownership and custody of transferable securities: market practice for the custody of bonds is such that these bonds are deposited with Russian institutions that do not always have adequate insurance to cover risk of loss arising from the theft, destruction or disappearance of instruments held in custody.
- 3.19 The Compartment is further subject to the general risks linked to investments in equity securities and collective investment schemes as well as to market volatility linked to the investment in derivative instruments and warrants. For full details of the risks applicable to investing in this Compartment, Shareholders are advised to refer to “Risk Considerations” in the Prospectus.

The Fund makes sure that the overall risk associated with the financial derivative instruments does not exceed the total net value of its portfolio. Risks are calculated taking account of the current value of the underlying assets, the counterparty risk, foreseeable changes in the markets and the time available for liquidating the positions. The Compartment’s global risk exposure is monitored by using the commitment approach.

**Income Distribution Policy**

- 3.20 This Compartment pursues a policy of achieving capital growth and reinvests income earned; as a result, no dividend shall be paid out. However, the Directors reserve their right to revise this policy at their discretion.

**Investment Manager of the Compartment**

- 3.21 The Management Company has appointed Hottinger A.G. as Investment Manager of the Compartment.
- 3.22 Hottinger A.G. is regulated by the Swiss Financial Market Supervision Authority (FINMA) in Bern, Switzerland.

**Frequency of calculation of NAV**

- 3.23 The Net Asset Value of the Compartment shall be calculated each Monday (if it is not a Business Day, the next Following Business Day), on the valuation day on which shares of a given class can be subscribed, (the “**Subscription Valuation Day**”) and on the valuation day on which shares can be redeemed (the “**Redemption Valuation Day**”).

**Specific dealings in the Compartment**

Cut-off	<p>Subscription: 4 p.m., on the Business Day preceding the relevant Subscription Valuation Day.</p> <p>Redemption: 4 p.m., at the latest on the Friday preceding the Net Asset Value calculation date (or the preceding Business Day if this Friday is not a Business Day).</p> <p>Conversion: 4 p.m., on the Business Day preceding the relevant Subscription Valuation Day.</p> <p>Any subscription, redemption or conversion request arriving at the Fund after the Cut-Off time, on a</p>
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	Business Day, shall be deemed to be received on the following Business Day.
Valuation Day (Pricing Day) and Calculation Day (D)	Each Monday
Settlement Day	D +5 Business Days

**Reference currency**

3.24 The reference currency is the US Dollar (USD).

**Dilution levy**

3.25 Section 10 headed “Dilution Levy” of the main part of the Prospectus is not applicable to the Compartment and hence no dilution levy will be charged.

**Categories of Shares**

Categories of Shares available	A	B
Minimum Initial Subscription <sup>6</sup>	USD 1.000.-	USD 100.000.-
Base currency	USD	USD
Subscription and redemption currencies	USD	USD
Fees <sup>7</sup> (max %)	Investment Management Fee	1.75%
	Service Fee <sup>8</sup>	0.15%
	Depository Bank <sup>9</sup>	0.09%
	UCITS Management Company <sup>10</sup>	0.10%

**Issue of Shares**

3.26 Shares of the Compartment are issued on a weekly basis at the relevant Net Asset Value per Share (the “**Subscription Price**”) as determined as of each “Subscription Valuation Day” as defined in point “Frequency of calculation of the net asset value” here above.

3.27 Payment of the subscription monies must normally be received 5 Business Days after the Subscription Valuation Day. Fractions of shares may be issued up to five decimal places.

**Subscription price**

3.28 A subscription charge of up to 2% of the relevant subscription price to compensate financial intermediaries and other persons who assist in the placement of shares may be levied.

<sup>6</sup> The minimum initial investment in respect of B Shares may be waived or varied at the discretion of the Directors on a case by case basis provided that such waiver or variation shall be made only on the basis of objective criteria to be determined by the Directors and in an equitable manner to all such investors on the same Valuation Day.

<sup>7</sup> Maximum percentages per year of the average net assets attributable to this type of shares during the relevant period. The actual amounts charged are shown in the Fund’s financial report.

<sup>8</sup> with an annual minimum fee not exceeding USD 50.000

<sup>9</sup> with an annual minimum fee not exceeding USD 50.000

<sup>10</sup> with an annual minimum fee not exceeding USD 50.000

### Redemption price

- 3.29 A redemption charge of up to 1% of the relevant Redemption Price may be levied on the Redemption Price to compensate financial intermediaries and other persons who assist in the placement of shares.
- 3.30 The proceeds of redemption will normally be paid in the currency of denomination of the class concerned within 5 Business Days after the relevant Redemption Valuation Day.

### Performance fees

- 3.31 The Investment Manager will receive a performance fee, accrued on each Valuation Day, paid yearly, based on the net asset value (“NAV”), equivalent to 10 % for Class B of the performance of the NAV per share (measured against the High Water Mark (as defined below)) over the performance of the USD Libor 3 Months during the Calculation Period (the “**Benchmark Index**”). Benchmark administrator, ICE Benchmark Administration Limited, is listed on the ESMA register pursuant to article 36 of the Benchmarks Regulation.
- 3.32 The performance fee is calculated on the basis of the NAV after deduction of all expenses, liabilities and management fees (but not performance fee), and is adjusted to take account of all subscriptions and redemptions.
- 3.33 The performance fee is equal to the outperformance of the NAV per share multiplied by the number of shares in circulation during the Calculation Period. No performance fee will be due if the NAV per share before performance fee turns out to be below the High Water Mark for the Calculation Period in question. The performance reference period corresponds to the whole life of the Compartment.
- 3.34 The “**High Water Mark**” is defined as the greater of the following two figures:
- The last highest NAV per share on which a Performance Fee has been paid; and
  - The initial NAV per share.
- 3.35 The High Water Mark will be decreased by the dividends paid to shareholders.
- 3.36 Provision will be made for this performance fee on each Valuation Day. If the NAV per share decreases during the Calculation Period, the provisions made in respect of the performance fee will be reduced accordingly. If these provisions fall to zero, no performance fee will be payable.
- 3.37 If shares are redeemed on a date other than that on which a performance fee is paid while provision has been made for performance fees, the performance fees for which provision has been made and which are attributable to the shares redeemed will be paid at the end of the period even if provision for performance fees is no longer made at that date. Gains which have not been realized may be taken into account in the calculation and payment of performance fees.
- 3.38 In case of subscription, the performance fee calculation is adjusted to avoid that this subscription impacts the amount of performance fee accruals. To perform this adjustment, the outperformance of the NAV per share against the benchmark rate until the subscription date is not taken into account in the performance fee calculation. This adjustment amount is equal to the product of the number of subscribed shares by the positive difference between the subscription price and the High Water Mark adjusted by the benchmark at the date of the subscription. This cumulated adjustment amount is used in the performance fee calculation until

the end of the relevant period and is adjusted in case of subsequent redemptions during the period.

3.39 “**Calculation Period**” shall correspond to each Business Year. Performance fees are payable within 15 business days following the closing of the yearly accounts.

3.40 The formula for the calculation of the performance fee is as follows:

$$F = 0 \quad \text{If } [(B / E - 1) - X] \leq 0$$

$$F = [(B / E - 1) - X] * E * C * A \quad \text{If } [(B / E - 1) - X] > 0$$

The new high water mark = Max( E ; D) at the last end of period

Number of shares outstanding = A

NAV per share before performance = B

Performance fee rate (10%) = C

NAV per share after performance = D

High water mark = E

Performance fees = F

Benchmark based on USD Libor 3 Months compounded at each valuation date during the current period = X

3.41 Performance fee example

Examples are illustrative only, and are not intended to reflect any actual past performance or potential future performance.

	NAV before Perf Fee	HWM per share	NAV per share performance	Yearly Benchmark performance	Perf Fee	NAV after Perf Fee
Year 1:	112.00	100.00	12.00%	1.50%	1.05	110.95
Year 2:	120.00	110.95	8.16%	1.80%	0.71	119.29
Year 3:	117.00	119.29	-1.92%	1.50%	0.00	117.00
Year 4:	121	119.29	1.43%	1.90%	0.00	121.00
Year 5:	128.00	121.00	5.79%	1.40%	0.53	127.47

With a performance fee rate equal to 10%.

- (a) Year 1: The NAV per share performance (12%) is superior to the Benchmark performance (0.8%). The excess of performance is 11.2% and generates a performance fee equal to 1.12
- (b) Year 2: The NAV per share performance (8.23%) is superior to the Benchmark performance (1%). The excess of performance is 7.23% and generates a performance fee equal to 0.80
- (c) Year 3: The NAV per share performance (-1,84%) is inferior to the Benchmark performance (0.5%). No performance fee is calculated.
- (d) Year 4: The NAV per share performance (1.51%) is inferior to the Benchmark performance (1.60%). No performance fee is calculated.
- (e) Year 5: The NAV per share performance (5.79%) is superior to the Benchmark performance (1.50%). The excess of performance is 4.29% and generates a performance fee equal to 0.52.

#### 4. PROTEA UCITS II – GENESIS BOND FUND

##### Objectives and investment policy

- 4.1 The Compartment seeks income and capital appreciation by mainly investing in debt securities. Its broadly diversified portfolio offers an attractive risk-adjusted opportunity and attempts to reduce volatility by actively managing allocation between countries (with focus on Latin American countries), sectors and issuers. There is however no guarantee that the Compartment will achieve its objective.
- 4.2 The Compartment is actively managed. The Compartment has no benchmark index and is not managed in reference to a benchmark index.
- 4.3 The Compartment intends to offer an exposure to debt securities of any type (including money market instruments), issued by corporate and/or sovereign issuers around the world by investing mainly directly in these debt securities and/or in any transferable securities (such as structured products, as described below) linked (or offering an exposure) to the performance of these debt securities.
- 4.4 It is expected that approximately 30 to 100% of the Compartment's net assets will be exposed to Latin American issuers. The above-mentioned weights must be understood as a long term guide and are, therefore, indicative. Depending on investment opportunities and market conditions, the Compartment may deviate from these weights at any time and for indefinite period of time.
- 4.5 The choice of investments will neither be limited by economic sector nor in terms of currencies in which investments will be denominated. However, depending on financial market conditions, a particular focus can be placed in a single country (or some countries) and/or in a single currency and/or in a single economic sector. The Compartment can be exposed to investment grade and non-investment grade debt securities (other than defaulted and distressed debt securities), without any particular restriction.
- 4.6 The Compartment may, on an ancillary basis, invest in any other eligible assets, other than those above-mentioned such as equities, UCITS and other UCIs, provided that investments in units or shares of UCITS and/or other UCIs shall not exceed 10% of the net assets of the Compartment.
- 4.7 The Compartment can be invested to up to 20% of its net assets in contingent convertible bonds (CoCos).
- 4.8 For hedging and for investment purposes, within the limits set out in the investment restrictions in the main body of the Prospectus, the Compartment may use all types of financial derivative instruments traded on a regulated market and/or over the counter (OTC) provided they are contracted with leading financial institutions specialized in this type of transactions and subject to regulatory supervision. However, the Investment Manager intends to use principally futures and warrants.
- 4.9 The Compartment may ensure that its total commitment arising from financial derivative instruments, for purposes other than hedging, does not exceed 100% of its net assets.
- 4.10 The Compartment may invest in structured products, such as but not limited to notes, certificates or any other transferable securities whose returns are correlated with changes in, among others, an index selected in accordance with the article 9 of the Grand-Ducal Regulation

dated 8 February 2008 (including indices on volatility, on commodities, on precious metals, etc.), currencies, exchange rates, transferable securities or a basket of transferable securities or an undertaking for collective investment, at all times in compliance with the Grand-Ducal Regulation.

- 4.11 In compliance with the Grand-Ducal Regulation, the Compartment may invest in structured products without embedded derivatives, correlated with changes in commodities (including precious metals) with cash settlement. Those investments may not be used to elude the investment policy of the Compartment.
- 4.12 The Compartment will not use SFTs nor TRS.
- 4.13 The compartment can invest in lower investment grade with a minimum rating allowed corresponding to B and will under normal circumstances sell any position downgraded below this level except if the Investment Manager considers that such sale would be against the interests of the investors.
- 4.14 The Compartment does not intend to hold any unrated bonds in its portfolio.
- 4.15 For the purpose of the Taxonomy Regulation, the investments underlying the Compartment do not take into account the EU criteria for environmentally sustainable economic activities.

### **Risk Considerations**

#### **4.16 Investments in bonds**

Fluctuations in interest rates affect the value of investments by the Compartment in bonds. When long-term interest rates rise the value of investments tends to fall, and vice versa. The value of a bond will fall in the event of the bankruptcy or a downgrade in the rating of an issuer (or if credit spreads widen in relation to sovereign debt). Similarly, an improvement in the quality of credit (or the narrowing of spreads) can result in an increase in value. In general, the higher the interest rate payable on a bond, the more the issuer is perceived as presenting a significant credit risk.

#### **4.17 Investment in non-investment grade bonds**

Non-investment grade (including high-yield bonds) may be considered highly speculative in terms of the ability of the issuer to pay the principal and interest. Therefore, investment in these bonds is accompanied by considerable risk. Issuers of debt securities may be heavily indebted, and may not have access to other traditional sources of finance. A recession can have negative consequences for the financial position of an issuer and the market value of the high-yield debt security issued by the entity. The ability of the issuer to honor its debts can be affected by developments specific to said issuer, its inability to meet its specific commercial objectives or the inability to receive additional financing. If an issuer goes bankrupt, the Compartment may sustain losses and have to bear costs.

#### **4.18 Investment in contingent convertible bonds**

CoCos offer the opportunity of a high return, but are as well associated with considerably high risks. The structure of CoCos is innovative yet untested. In case the pre-defined trigger event occurs (e.g. a shortfall in the core tier one capital ratio of the issuer under a certain level), contingent convertible bonds originally issued as debt securities will automatically be converted in corporate shares (or amortized) without prior consultation of the holder of such contingent convertible bonds. Trigger levels differ and determine exposure to conversion risk



depending on the distance of the capital ratio to the trigger level. It might be difficult for the Investment Manager of a compartment to anticipate the triggering events that would require the debt to convert into equity. The inherent risks of contingent convertible bonds are in particular, without being limited to the following:

- A deterioration of the core capital of the issuing bank which is influenced by numerous factors and difficult to predict;
- That fact that contingent convertible bonds, upon occurrence of the trigger event, are (usually) converted into corporate share the repayment of which is subordinated to other creditors of the issuing bank;
- The occurrence of the trigger event and the potential partial or total loss of the investment;
- The possibility of the issuer to temporarily interrupt or even cancel coupon payments;
- Contrary to classical capital hierarchy, CoCos' investors may suffer a loss of capital when equity holders do not;
- For some CoCos, coupon payments are entirely discretionary and may be cancelled by the issuer at any point, for any reason and for any length of time.
- Some CoCos are issued as perpetual instruments, callable at pre-determined levels only with the approval of the competent authority;
- It might be difficult for the Investment Manager of a compartment to assess how the securities will behave upon conversion. In case of conversion into equity, the Investment Manager might be forced to sell these new equity shares because the investment policy of the compartment does not allow equity in its portfolio. This forced sale may itself lead to liquidity issue for these shares;
- Should a CoCos undergo a write-down, the CoCos' investors may lose some or all of its original investment;
- To the extent that the investments are concentrated in a particular industry, the CoCos' investors will be susceptible to loss due to adverse occurrences affecting that industry;
- The attractive yield often offered by CoCos' may be viewed as a complexity premium. Yield has been a primary reason this asset class has attracted strong demand, the underlying risks have not always been fully considered. Relative to more highly rated debt issues of the same issuer or similarly rated debt issues of other issuers, CoCos tend to compare favourably from a yield standpoint. However, the risk of conversion or, for AT1 CoCos, the risk of coupon cancellation must be fully considered; and
- In certain circumstances finding a ready buyer for CoCos may be difficult and the seller may have to accept a significant discount to the expected value of the bond in order to sell it.

In general, there is no guarantee that the amount invested in contingent convertible bonds will be repaid at a certain time.

#### 4.19 Trading in Emerging Markets

Trading practices in certain emerging market countries (“**Emerging Countries**” or “**Emerging Markets**”) are significantly different from those in developed countries such as the United States (“**Developed Countries**”). Brokerage commissions and other transaction costs are generally higher than in the Developed Countries, although the Compartment will endeavor to achieve the most favorable net results in its portfolio transactions.

##### (a) Social, Political and Economic Factors

The Emerging Countries may be subject to a greater degree of social, political and economic instability than is the case with Developed Countries.

The economies of individual Emerging Countries may differ favorably or unfavorably and significantly from the economies of Developed Countries in such respects as the rate of growth of their gross domestic products or gross national products, rates of inflation, currency depreciations, capital reinvestments, savings rates, fiscal balances, resource self-sufficiencies, structural unemployment and balance of payment positions. Governments of many Emerging Countries have exercised and continue to exercise substantial influence over many aspects of the private sector and own or control many companies, including some of the largest in their respective countries. Accordingly, government actions in the future could have a significant effect on economic conditions in an Emerging Country, which could materially adversely affect the Compartment.

The economies of certain Emerging Countries are heavily dependent upon international trade and accordingly are affected by protective trade barriers and the economic conditions of their trading partners and the economies of Emerging Countries are vulnerable to weaknesses in world prices for their commodity exports and natural resources.

##### (b) Legal Risks

Emerging Countries often lack a fully developed consistent legal system and the body of commercial law and practice found in countries with more sophisticated market economies. Local laws and regulations, in particular those concerning foreign investment and taxation, may change quickly and unpredictably without prior notice. Inconsistencies and discrepancies among the vast number of local, regional and national laws, the lack of judicial or legislative guidance on unclear or conflicting laws, frequent corruption and broad discretion on the part of government and judicial authorities implementing the laws produce additional legal uncertainties.

##### (c) Accounting practices

Accounting and auditing systems do not necessarily comply with international standards. Reports may contain inaccurate information, even if they comply with international standards. The obligation incumbent on companies in terms of the publication of financial statements may be restricted.

##### (d) Supervision of Emerging Markets

With respect to Emerging Country investments, less information might be available to the Compartment than about investments in Developed Countries and, in certain of these countries, less information may be available to the Compartment than to local market participants.

## (e) Commodities

Commodities are assets that have tangible properties, such as oil, metals, and agricultural products. An exposure to commodities may not be suitable for all investors. Commodities and commodity-linked securities and derivatives may be subject to heightened risks and may be affected by overall market movements, changes in interest rates, and other factors such as weather, disease, embargoes, and international economic, regulatory and political developments, as well as the trading activity of speculators and arbitrageurs in the underlying. The commodity markets (including the markets for commodity-linked securities and derivatives) may be subject to a degree of volatility that may prove higher than in equity or bond markets due to their sensitivity to the development of commodity prices and their substantial exposure to emerging markets.

**Exposure**

4.20 The global exposure of the Compartment is calculated using the commitment approach.

**Investment Manager of the Compartment**

4.21 The Management Company has appointed AZG Capital LLC (formerly Genesis Fund Management LLC) as Investment Manager for the Compartment.

4.22 The Investment Manager was founded in 2010 and is affiliated to Genesis Investment Advisors LLC, formed in 2000. The Investment Manager is regulated by and subject to the supervision of the U.S. Securities and Exchange Commission (and only by the U.S. Securities and Exchange Commission). As of December 31, 2017, Genesis Fund Management LLC and its affiliate Genesis Investment Advisors had approximately \$500 million in assets under management and offices in Miami, Florida.

4.23 The investment committee (the “**Investment Committee**”) of the Investment Manager is responsible for the Compartment’s long-term strategy, taking into consideration macro-economic and market conditions, country allocations, credit rating and duration as well as the approval of all credits to be included in the Compartment. The responsible portfolio manager within the Investment Manager will implement that strategy determined by the Investment Committee, taking into consideration short-term opportunities, market conditions and liquidity. The Investment Committee meets on a weekly basis and, if necessary, on a daily basis.

4.24 The Investment Manager is entitled to an investment management fee as disclosed above.

**Frequency of calculation of NAV**

4.25 The Net Asset Value of the Compartment shall be calculated on the first Business Day following the relevant Valuation Day.

**Valuation Day**

4.26 Each Business Day on which the prices of the underlying securities in the Compartment’s portfolio are available is a Valuation Day. The list of Valuation Days will be kept updated on the website: [www.fundsquare.net](http://www.fundsquare.net).

**Specific dealings in the Compartment**

4.27 The deadline for receipt of subscription, redemption and conversion orders is fixed at 4 p.m. Luxembourg time on each Business Day preceding the applicable Valuation Day.

- 4.28 The subscription price for each share must reach the Depository Bank within 3 business days from the applicable Valuation Day.
- 4.29 The redemption price will normally be paid to the shareholder within 3 Business Days from the applicable Valuation Day.
- 4.30 All relevant dates and deadlines relating to subscription, redemption and conversion orders are summarized in the table below:

Cut-off	Subscription: 16:00 Luxembourg time, 1 Business Day before the relevant Valuation Day Redemption: 16:00 Luxembourg time, 1 Business Day before the relevant Valuation Day Conversion <sup>11</sup> : 16:00 Luxembourg time, 1 Business Day before the relevant Valuation Day
Valuation Day (Pricing Day)	Each Business Day
Calculation Day	The first Business Day following the relevant Valuation Day
Settlement Day	Subscription: within 3 Business Days after the relevant Valuation Day Redemption: within 3 Business Days after the relevant Valuation Day Conversion: within 3 Business Days after the relevant Valuation Day

**Reference currency**

- 4.31 The reference currency is the US dollar (USD).

**Categories of Shares**

Categories of Shares available	P-Acc-EUR*	P-Dis-EUR*	P-Acc-USD	P-Dis-USD	Z-Acc-EUR*	Z-Dis-EUR*	Z-Acc-USD	Z-Dis-USD
Investor’s profile	All investors				Large size investors or investors with entrance through a portfolio manager			
Minimum Initial Subscription	None	None	None	None	None	None	None	None
Base currency	EUR	EUR	USD	USD	EUR	EUR	USD	USD
Accumulation/ Distribution	Accumulation	Distribution	Accumulation	Distribution	Accumulation	Distribution	Accumulation	Distribution

<sup>11</sup> Conversion: conversion orders between Compartments with different Valuation Days are not allowed.  
\* The Compartment will enter into currency hedging transactions in order to cover the currency risks.

Subscription and redemption currencies		EUR	EUR	USD	USD	EUR	EUR	USD	USD
Subscription, redemption and conversion Fee		None	None	None	None	None	None	None	None
Fees (max %)	Investment Management Fee <sup>12</sup>	Max 1.5% per year	Max 1.5% per year	Max 1.5% per year	Max 1.5% per year	None	None	None	None
	Performance Fee	None	None	None	None	None	None	None	None
	Central Admin, Depository Bank	Max 0.48% per year							
	Management Company Fee	Max 0.085% per year (with a minimum of EUR 20,000 per year)							

<sup>12</sup> The investment management fee is taken out of the Net Asset Value of the relevant Share class calculated as of such Valuation Day and payable monthly in arrears by the Fund to the Investment Manager.

## 5. PROTEA UCITS II – ECO ADVISORS ESG ABSOLUTE RETURN

### Objectives and investment policy

- 5.1 The objective of this Compartment is to deliver an absolute return equity strategy which will use ESG related factors as the driver of security selection and of performance, combining this with sophisticated portfolio construction & risk management techniques in order to provide a stable and consistent absolute return. The Compartment aims to provide a return uncorrelated to equity markets, with low volatility, low drawdown profile and minimal exposure to systemic risk factors.
- 5.2 The Compartment is actively managed. The money market rates (Euribor 3 Month, SARON, SOFR, SONIA, Stockholm Interbank Offered Rates 3 Month, depending on the Compartment's share class) are only used for the calculation of the performance fee (payable to the investment manager). The Compartment does not intend to use the index for performance comparison nor to track it. Due to the specificity of the index, the degree of freedom is not relevant in this context.
- 5.3 The Compartment is suitable for investors who are seeking long term growth potential by investing in equities using medium and long-term factors, and consequently an investment horizon of at least 3 years is recommended.
- 5.4 The Compartment is managed to promote, among other characteristics, a combination of environmental and social characteristics within the meaning of article 8 of SFDR but does not have as its objective Sustainable Investments. The investee companies in which the Compartment invests will follow good governance practices based on such policies which are further detailed in Annex 1 of this Compartment's appendix (the "Annex"). The Compartment will invest at least 20% of its NAV into Sustainable Investments.
- 5.5 In the context of the Taxonomy Regulation, in view of its ESG strategy, the Compartment promotes environmental characteristics and does not aim to invest in environmentally sustainable economic activities. Therefore, the investments underlying the Compartment do not take into account the EU criteria for environmentally sustainable economic activities, within the meaning of the Taxonomy Regulation. As a consequence thereof, the "do no significant harm" principle does not apply to the investments underlying the Compartment.
- 5.6 The Investment Manager integrates Sustainability Risk and opportunities into its research analysis and investment decision-making processes. If one or more Sustainability Risks crystallise, there may be a negative impact on the value of the Compartment, and therefore returns to investors and performance of the Compartment. However, the Compartment has a robust approach in place to seek to mitigate the impact of Sustainability Risk on its returns, including (among other things) by integrating the consideration of such risks into its investment decision-making process, and through monitoring and management where relevant, in each case, as described herein.
- 5.7 The Compartment intends to follow a long/short equity strategy and will mainly offer exposure to equity and equity related securities (such as depositary receipts including ADR and GDR and closed ended REITs) issued by companies worldwide and across any economic sector.
- 5.8 In order to achieve its objective, the Compartment will mainly invest:
- directly in the securities mentioned in the previous paragraph; and/or

- in financial derivative instruments (such as contract for difference (“CFD”), options, futures) having as underlying or offering exposure to the above mentioned securities.
- 5.9 Direct investment in the targeted securities or derivative instruments will be used to gain long exposure to equities or equity related securities, while the short exposure will be only achieved through investment in derivative instruments (such as, but not limited to, CFD) offering exposure to the targeted securities.
- 5.10 The Investment Manager will use ESG factors (such as “*Product Carbon Footprint*”, carbon emissions, waste management, “*Supply Chain Labour Standards*”, staff management practices and health & safety practices) as the primary investment selection criteria and in order to implement its long/short strategy. Companies that will be considered as ESG best in class or have shown material improvements in ESG performance will appear on the long side and the Investment Manager will take short positions on the companies that have shown material deterioration in ESG performance or are the weakest ESG performers. The Investment Manager also incorporates and evaluates governance factors in the investment decision-making process (such as “*Board*”, “*Pay*”, “*Ownership & Control*”, “*Accounting*” as well as “*Business Ethics*” and “*Tax Transparency*”). Companies that will be considered as ESG best in class or have shown material improvements in ESG performance will appear on the long side and the Investment Manager will take short positions on the companies that have shown material deterioration in ESG performance or are the weakest ESG performers.
- 5.11 **In accordance SFDR RTS, further information related to environmental and/or social characteristics is available in the Annex.**
- 5.12 Except the focus on the ESG factors, the choice of investments will neither be limited by geographical area (including emerging markets), nor in terms of currencies in which investments will be denominated. However, depending on financial market conditions, a particular focus can be placed in a single country (or some countries) and/or in a single currency and/or in a single economic sector.
- 5.13 Investments in Chinese equities/stocks will be made through ADR, GDR or Hong Kong listed Chinese companies (i.e. China H shares).
- 5.14 The Compartment may also invest, on an ancillary basis, in any type of other eligible assets, such as but not limited to equities other than those above-mentioned, debt securities, Money Market Instruments or money market UCIs (UCITS and/or other UCIs within the below mentioned 10% limit).
- 5.15 However, investments in UCITS and other UCIs may not exceed 10% of the Compartment’s net assets. The Compartment will not invest in asset-backed securities, mortgage-based securities, distressed and defaulted debt securities, contingent convertible bonds nor unrated bonds. Investment in debt securities will be limited to sovereign bonds having at least an investment grade rating throughout the investment.
- 5.16 For hedging, efficient portfolio management or for investment purposes, within the limits set out in the chapter “Investment Restrictions” of the Prospectus, the Compartment may use all types of financial derivative instruments traded on a regulated market and/or over the counter (OTC) provided they are contracted with leading financial institutions specialized in this type of transactions. In particular, the Compartment may take exposure through any financial derivative instruments such as but not limited to warrants, futures, options, swaps (including but not limited to CFD, and credit default swaps) and forwards on any underlying in line with the 2010 Law as well as the investment policy of the Compartment, including but not limited to, currencies, transferable securities, basket of transferable securities and indices (including

but not limited indices on volatility). However, in normal market conditions, the Investment Manager intends to use CFD, options and futures offering an exposure to equities and currency derivatives.

- 5.17 Due to the use of financial derivative instruments, the Compartment may hold a substantial part of its assets in the form of cash deposits, money market UCIs (within the above mentioned 10% limit in UCITS and/or other UCIs) and Money Market Instruments.
- 5.18 The Compartment will not use Repurchase Transactions nor TRS. However, the Compartment will enter into Securities Lending transactions within the following limits:

Type of transactions	Expected proportion of the Compartment's Net Asset Value under normal circumstances	Maximal proportion of the Compartment's Net Asset Value under certain circumstances
Securities Lending	5%	60%

The difference between the maximum percentage and the expected percentage of the use of securities lending transactions is linked to market conditions.

- 5.19 The Compartment will only use SFTs when employing EPM Techniques. SFTs will be used on a temporary basis only. The Compartment will employ SFTs for generating additional capital or income.
- 5.20 The Investment Manager has appointed Banque Pictet & Cie S.A. as SFT Agent for the Compartment engaging in Securities Lending. The Compartment pays between 20% to 25% of the gross revenues generated from Securities Lending activities as cost/fees to SFT Agent and retains a minimum of between 75% and 80% of the gross revenues generated from Securities Lending activities. This includes all direct and indirect costs/fees generated by the Securities Lending activities.

**Risk Considerations**

- 5.21 The portfolio is subject to risks linked to markets, interest rates or currency fluctuations and to the risks inherent in all investments. Therefore, no assurance can be given that the invested capital will be preserved, or that capital appreciation will occur.
- 5.22 There can be no guarantee that the Compartment's objective will be achieved.
- 5.23 Equity risk

The price of equities may go down as well as up, and reflect company and macro risk factors. Equities are more volatile than fixed income markets where revenues are predictable over a certain period of time under the same macro risk conditions.

- 5.24 Derivatives instruments

The attention of prospective investors is drawn to the fact that the acquisition of financial derivative instruments in the aim of increasing results may entail certain risks, which may in turn have a negative impact on the overall performance of the Compartment. Please refer to the



Section 15 headed “Risk Considerations in the main body of the Prospectus for further details in this connection.

#### 5.25 Short Exposure

The Compartment may proceed with short-term sales of their investment via the use of derivatives. The short exposure risk results from short sales achieved through the use of derivatives, and includes the potential for losses exceeding the cost of the investment, as well as the risk that the third party to the short sale will not fulfil its contractual obligations.

#### 5.26 Investments in Securities Lending transactions

Securities Lending transactions involve certain risks and there can be no assurance that the objective sought to be obtained from the use of such techniques will be achieved. Please refer to the Section 15 headed “Risk Considerations” in the main body of the Prospectus for further details in this connection.

#### 5.27 Trading in Emerging Markets

Trading practices in certain emerging market countries including China, (“**Emerging Countries**” or “**Emerging Markets**”) are significantly different from those in developed countries such as the United States (“**Developed Countries**”). Brokerage commissions and other transaction costs are generally higher than in the Developed Countries, although the Compartment will endeavor to achieve the most favorable net results in its portfolio transactions.

##### (a) Social, Political and Economic Factors

The Emerging Countries may be subject to a greater degree of social, political and economic instability than is the case with Developed Countries.

The economies of individual Emerging Countries may differ favorably or unfavorably and significantly from the economies of Developed Countries in such respects as the rate of growth of their gross domestic products or gross national products, rates of inflation, currency depreciations, capital reinvestments, savings rates, fiscal balances, resource self-sufficiencies, structural unemployment and balance of payment positions. Governments of many Emerging Countries have exercised and continue to exercise substantial influence over many aspects of the private sector and own or control many companies, including some of the largest in their respective countries. Accordingly, government actions in the future could have a significant effect on economic conditions in an Emerging Country, which could materially adversely affect the Compartment.

The economies of certain Emerging Countries are heavily dependent upon international trade and accordingly are affected by protective trade barriers and the economic conditions of their trading partners and the economies of Emerging Countries are vulnerable to weaknesses in world prices for their commodity exports and natural resources.

##### (b) Legal Risks

Emerging Countries often lack a fully developed consistent legal system and the body of commercial law and practice found in countries with more sophisticated market economies. Local laws and regulations, in particular those concerning foreign investment and taxation, may change quickly and unpredictably without prior notice. Inconsistencies and discrepancies among the vast number of local, regional and national laws, the lack of judicial or legislative

guidance on unclear or conflicting laws, frequent corruption and broad discretion on the part of government and judicial authorities implementing the laws produce additional legal uncertainties.

(c) Accounting practices

Accounting and auditing systems do not necessarily comply with international standards. Reports may contain inaccurate information, even if they comply with international standards. The obligation incumbent on companies in terms of the publication of financial statements may be restricted.

(d) Supervision of Emerging Markets

With respect to Emerging Country investments, less information might be available to the Compartment than about investments in Developed Countries and, in certain of these countries, less information may be available to the Compartment than to local market participants.

## 5.28 Exposure

The Compartment's global risk exposure is monitored by using the VaR approach which aims to estimate the maximum potential loss that the Compartment could suffer within a certain time horizon (one month) and with a certain confidence level (99% confidence interval), in normal market conditions. More specifically, the Compartment uses the absolute VaR option, whereby the Compartment's VaR is limited to 20%.

In addition, stress tests will be carried out in order to manage additional risks related to possible abnormal market movements at a specific point of time.

The expected level of leverage of this Compartment is 300% (gross commitment). This figure is computed as the sum of the absolute notionals of the FDI. Depending on market conditions, higher leverage levels may be used to increase the hedging component of the Compartment and/or generate a higher market exposure.

## 5.29 Risks related to using ESG criteria for investments

Applying ESG and sustainability criteria to the investment process may exclude securities of certain issuers for non-investment reasons and therefore some market opportunities available to funds that do not use ESG or sustainability criteria may be unavailable for the Compartment, and the Compartment's performance may at times be better or worse than the performance of comparable funds that do not use ESG or sustainability criteria. The selection of assets may in part rely on a proprietary ESG scoring process or ban lists that rely partially on third party data. The lack of common or harmonised definitions and labels integrating ESG and sustainability criteria at EU level may result in different approaches by the Investment Manager when setting ESG objectives and determining that these objectives have been met by the funds they manage. This also means that it may be difficult to compare strategies integrating ESG and sustainability criteria to the extent that the selection and weightings applied to select investments may, to a certain extent, be subjective or based on metrics that may share the same name but have different underlying meanings. Investors should note that the subjective value that they may or may not assign to certain types of ESG criteria may differ substantially from the Investment Manager's methodology. The lack of harmonised definitions may also potentially result in certain investments not benefitting from preferential tax treatments or credits because ESG criteria are assessed differently than initially thought.

**Investment Manager of the Compartment**

- 5.30 The Management Company has appointed Ethical Capital Opportunity Advisors Ltd as Investment Manager for the Compartment.
- 5.31 The Investment Manager was founded on 14 December 2017 as a private limited company located at Redwood House, 65 Bristol Road, Keynsham BS31 2WB. The Investment Manager is regulated by and subject to the supervision of the Financial Conduct Authority (FCA) in London, United Kingdom.
- 5.32 The Investment Manager is entitled to an investment management fee as disclosed below.

**Frequency of calculation of NAV**

- 5.33 The Net Asset Value of the Compartment shall be calculated on the first Business Day following the relevant Valuation Day (the “**Calculation Day**”).

**Valuation Day**

- 5.34 Each Business Day on which the prices of the underlying securities in the Compartment’s portfolio are available is a Valuation Day. The list of Valuation Days will be kept updated on the website: [www.fundsquare.net](http://www.fundsquare.net).

**Specific dealings in the Compartment**

- 5.35 The deadline for receipt of subscription, redemption and conversion orders is fixed at 5 p.m. Luxembourg time on each Business Day preceding the applicable Valuation Day.
- 5.36 The subscription price for each share must reach the Depository Bank within 3 business days from the applicable Valuation Day.
- 5.37 The redemption price will normally be paid to the shareholder within 3 Business Days from the applicable Valuation Day.
- 5.38 All relevant dates and deadlines relating to subscription, redemption and conversion orders are summarized in the table below:

Cut-off	Subscription: 17:00 Luxembourg time, 1 Business Day before the relevant Valuation Day  Redemption: 17:00 Luxembourg time, 1 Business Day before the relevant Valuation Day  Conversion <sup>13</sup> : 17:00 Luxembourg time, 1 Business Day before the relevant Valuation Day
Valuation Day (Pricing Day)	Each Business Day which is a working day in Luxembourg, London and New York when the banks are opened for business.
Calculation Day	The first Business Day following the relevant Valuation Day

<sup>13</sup> Conversion: conversion orders between Compartments with different Valuation Days are not allowed.

Settlement Day	Subscription: within 3 Business Days after the relevant Valuation Day Redemption: within 3 Business Days after the relevant Valuation Day Conversion: within 3 Business Days after the relevant Valuation Day
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**Launch date**

5.39 The Compartment will be launched on (or about) 8 July 2019 (the “**Launch Date**”).

**Reference currency**

5.40 The reference currency is the EURO (EUR).

**Performance**

5.41 The performance scenarios of the Compartment will be disclosed in the KIDs of the Compartment. In this connection, investors should note that past performance is not necessarily a guide to future performance. Investors may not get back the full amount invested, as prices of Shares and the income from them may fall as well as rise.

**Categories of Shares**

5.42 The categories of Shares in the Compartment are the following:

Categories of Shares available	F-Acc-	F-Acc-GBP*	F-Acc-CHF*	F-Acc-USD*	F-Acc-SEK	M-Acc-EUR	M-Acc-GBP	M-Acc-CHF	M-Acc-USD	M-Acc-SEK
Eligible Investors	All Investors					All Investors				
Minimum Initial Subscription <sup>14</sup>	3'000'000				30'000'000	100'000				1'000'000
Minimum subsequent subscription amount	None	None	None	None	None	None	None	None	None	None
Base currency	EUR	GBP	CHF	USD	SEK	EUR	GBP	CHF	USD	SEK
Hedging <sup>15</sup>	N/A	Yes	Yes	Yes	Yes	N/A	Yes	Yes	Yes	Yes
Accumulation (“Acc”/ Distribution “Dist”)	Acc	Acc	Acc	Acc	Acc	Acc	Acc	Acc	Acc	Acc

<sup>14</sup> The minimum initial subscription in respect of Founder Shares may be waived or varied at the discretion of the Board of Directors on a case by case basis provided that such waiver or variation shall be made only on the basis of objective criteria to be determined by the Board of Directors and in an equitable manner to all such investors on the same Valuation Day.

<sup>15</sup> For the Categories of Shares denominated in currencies other than EUR, the Compartment will enter into currency hedging transactions in order to cover the currency risks.

Categories of Shares available	F-Acc-GBP*	F-Acc-CHF*	F-Acc-USD*	F-Acc-SEK	M-Acc-EUR	M-Acc-GBP	M-Acc-CHF	M-Acc-USD	M-Acc-SEK	
Subscription and redemption currencies	EUR	GBP	CHF	USD	SEK	EUR	GBP	CHF	USD	SEK
Fees (max %)										
Subscription, redemption and conversion Fee	None	None	None	None	None	None	None	None	None	None
Investment Management Fee <sup>16</sup>	0.6% per year	0.6% per year	0.6% per year	0.6% per year	0.6% per year	1.1% per year	1.1% per year	1.1% per year	1.1% per year	1.1% per year
Performance Fee	None	None	None	None	None	None	None	None	None	None
Central Administration Fee <sup>17</sup>	0.15%	0.15%	0.15%	0.15%	0.15%	0.15%	0.15%	0.15%	0.15%	0.15%
Depository Bank Fee <sup>18</sup>	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%
Management Company Fee <sup>19</sup>	0.05%	0.05%	0.05%	0.05%	0.05%	0.05%	0.05%	0.05%	0.05%	0.05%

\*Categories of Shares are Founder Shares and may be subscribed by investors which subscribe as from the Launch Date until, at the discretion of the Directors, either:

- (i) the date that is 1 month after the Launch Date ; or
- (ii) the date on which aggregate subscriptions in the Compartment reach the equivalent of EUR50m or such other amount as may be determined at the discretion of Directors.

Shareholders who have subscribed for Founder Shares will be able to further invest within the F-share classes even after the aggregate subscriptions in the Compartment have reached the equivalent of EUR50m.

Categories of Shares available	P-Acc-EUR	P-Acc-GBP	P-Acc-SEK	P-Acc-CHF	P-Acc-USD
Eligible Investors	All investors				

<sup>16</sup> The investment management fee is taken out of the Net Asset Value of the relevant Share class calculated as of such Valuation Day and payable monthly in arrears by the Fund to the Investment Manager.

<sup>17</sup> with a minimum of EUR 40'000 for the Compartment.

<sup>18</sup> with a minimum of EUR 30'000 for the Compartment.

<sup>19</sup> with a minimum of EUR 30'000 for the Compartment.

Minimum Initial Subscription <sup>20</sup>	100'000	100'000	1'000'000	100'000	100'000
Base currency	EUR	GBP	SEK	CHF	USD
Hedging <sup>21</sup>	N/A	Yes	Yes	Yes	Yes
Accumulation (“Acc”)/ Distribution (“Dist”)	Acc	Acc	Acc	Acc	Acc
Subscription and redemption currencies	EUR	GBP	SEK	CHF	USD
Fees (max %)					
Subscription, redemption and conversion Fee	None	None	None	None	None
Investment Management Fee <sup>22</sup>	0.6% per year	0.6% per year	0.6% per year	0.6% per year	0.6% per year
Performance Fee	15%	15%	15%	15%	15%
Central Administration Fee <sup>23</sup>	0.15%	0.15%	0.15%	0.15%	0.15%
Depository Bank Fee <sup>24</sup>	0.10%	0.10%	0.10%	0.10%	0.10%
Management Company Fee <sup>25</sup>	0.05%	0.05%	0.05%	0.05%	0.05%

### Performance fees

- 5.43 The Investment Manager will receive a performance fee, accrued on each Valuation Day, paid yearly, based on the net asset value (“NAV”), equivalent to 15% of the performance of the NAV per share (measured against the High Water Mark (as defined below)) over the performance of the benchmark index as described below relevant to the base currency of the share class, since the last performance fee payment. The below table outlines the rate benchmarks used for each share class (individually, the “**Benchmark**”):

Base CCY of share class	Benchmark
EUR	Euribor 3 Month ACT/360
GBP	SONIA
CHF	SARON
SEK	Stockholm Interbank Offered Rates 3 Month
USD	SOFR

- 5.44 In the event that the return of the Benchmark over the period were negative, the return of the Benchmark is assumed to be zero.
- 5.45 The performance fee is calculated on the basis of the NAV after deduction of all expenses, liabilities, and management fees (but not performance fee), and is adjusted to take account of all subscriptions and redemptions.
- 5.46 The performance fee is equal to the outperformance of the NAV per share multiplied by the number of shares in circulation during the Calculation Period (as defined below). No

<sup>20</sup> The minimum initial subscription in respect of Founder Shares may be waived or varied at the discretion of the Board of Directors on a case by case basis provided that such waiver or variation shall be made only on the basis of objective criteria to be determined by the Board of Directors and in an equitable manner to all such investors on the same Valuation Day.

<sup>21</sup> For the Categories of Shares denominated in currencies other than EUR, the Compartment will enter into currency hedging transactions in order to cover the currency risks.

<sup>22</sup> The investment management fee is taken out of the Net Asset Value of the relevant Share class calculated as of such Valuation Day and payable monthly in arrears by the Fund to the Investment Manager.

<sup>23</sup> with a minimum of EUR 40'000 for the Compartment.

<sup>24</sup> with a minimum of EUR 30'000 for the Compartment.

<sup>25</sup> with a minimum of EUR 30'000 for the Compartment.

performance fee will be due if the NAV per share before performance fee turns out to be below the High Water Mark for the Calculation Period in question. The performance reference period corresponds to the whole life of the Compartment.

- 5.47 The High Water Mark is defined as the greater of the following two figures:
- The last highest Net Asset Value per Share on which a performance fee has been paid and;
  - The initial NAV per share.
- 5.48 The High Water Mark will be decreased by the dividends paid to shareholders.
- 5.49 Provision will be made for this performance fee on each Valuation Day. If the NAV per share decreases during the Calculation Period, the provisions made in respect of the performance fee will be reduced accordingly. If these provisions fall to zero, no performance fee will be payable.
- 5.50 If shares are redeemed on a date other than that on which a performance fee is paid while provision has been made for performance fees, the performance fees for which provision has been made and which are attributable to the shares redeemed will be paid at the end of the period even if provision for performance fees is no longer made at that date. Gains which have not been realized may be taken into account in the calculation and payment of performance fees.
- 5.51 In case of subscription, the performance fee calculation is adjusted to avoid that this subscription impacts the amount of performance fee accruals. To perform this adjustment, the outperformance of the NAV per share against the Benchmark until the subscription date is not taken into account in the performance fee calculation. This adjustment amount is equal to the product of the number of subscribed shares by the positive difference between the subscription price and the High Water Mark adjusted by the Benchmark at the date of the subscription. This cumulated adjustment amount is used in the performance fee calculation until the end of the relevant period and is adjusted in case of subsequent redemptions during the period.
- 5.52 “**Calculation Period**” shall correspond to each Business Year.
- 5.53 Performance fees are payable within 20 business days following the closing of the yearly accounts.

$$F = 0$$

$$\text{If } [(B / E - 1) - X] \leq 0$$

$$F = [(B / E - 1) - X] * E * C * A$$

$$\text{If } [(B / E - 1) - X] > 0$$

The new high water mark = if  $F > 0$ ; D

If  $F = 0$ ; E

Number of shares outstanding = A

NAV per share before performance = B

Performance fee rate (15%) = C

NAV per share after performance = D

High Water mark = E

Performance fees = F

Benchmark yield based on relevant = X106  
 Benchmark, compounded at each Valuation  
 Day since last performance fees payment

5.54 Performance fee example

Examples are illustrative only, and are not intended to reflect any actual past performance or potential future performance.

	NAV before Perf Fee	HWM per share	NAV per share performance	Yearly benchmark performance	Cumulated benchmark performance <sup>(1)</sup>	Perf Fee	NAV after Perf Fee
Year 1:	112.0	100.0	12.0%	0.80%	0.80%	1.68	110.32
Year 2:	120.0	110.32	8.77%	-0.50%	-0.50%	1.45	118.55
Year 3:	117.0	118.55	-1.31%	0.50%	0.50%	0.00	117.00
Year 4:	121.0	118.55	2.07%	1.60%	2.10%	0.00	121.00
Year 5:	128.0	118.55	7.97%	1.50%	3.60%	0.78	127.22

(1) Benchmark performance since the last Valuation Day at the end of a calculation period, on which a performance fee has been paid.

With a performance fee rate equal to 15%.

- (a) Year 1: The NAV per share performance (12%) is superior to the benchmark performance (0.8%). The excess of performance is 11.2% and generates a performance fee equal to 1.68.
- (b) Year 2: The NAV per share performance (8.77%) is superior to the benchmark performance (-0.5%). As the benchmark performance is less than 0, The benchmark performance will be 0. The excess of performance is 8.77% and generates a performance fee equal to 1.45.
- (c) Year 3: The NAV per share performance (-1,31%) is inferior to the benchmark performance since the last performance fees payment (0.5%). No performance fee is calculated.
- (d) Year 4: The NAV per share performance (2.07%) is inferior to the benchmark performance since the last performance fees payment (2.10%). No performance fee is calculated.
- (e) Year 5: The NAV per share performance (7.97%) is superior to the benchmark performance since the last performance fees payment (3.6%). The excess of performance is 4.37% and generates a performance fee equal to 0.78.



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

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

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

ANNEX 1

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

**Product name:** Protea UCITS II – ECO Advisors ESG **Legal entity identifier:** 222100BY8C4K6GJY1A31 Absolute Return (the “Compartment”)

## Environmental and/or social characteristics

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

**Yes**

**No**

It will make a minimum of **sustainable investments with an environmental objective:** \_\_\_%

- in economic activities that qualify as environmentally sustainable under the EU Taxonomy
- in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

It will make a minimum of **sustainable investments with a social objective:** \_\_\_%

It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of **\_20\_**% of sustainable investments

- with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
- with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
- with a social objective

It promotes E/S characteristics, but **will not make any sustainable investments**



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

The Investment Manager uses environmental, social and governance factors as the primary investment selection criteria and to implement its long/short investment strategy to promote, among other characteristics, a combination of environmental and social characteristics. The Compartment promotes environmental characteristics, such as reducing carbon footprint, carbon emissions and water stress, waste management and sustainable raw materials’ sourcing. The Compartment also promotes social characteristics such as labour management, health & safety, supply chain labour standards, product safety and quality.

No specific index has been designated as a reference benchmark.

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

#### **Sustainability indicators.**

The Investment Manager utilises content from several ESG data providers to assess a company on environmental, social and governance metrics and build an internal ESG score to determine if the Compartment can hold a company in its long portfolio (or, in cases of poor ESG performance, can be a candidate for the short, hedge portfolio).

The sustainability indicators reviewed as part of environmental and social assessment include, but are not limited to:

- Environmental: carbon emissions, product carbon footprint, water stress, raw materials sourcing, waste management, etc.
- Social: labour management, health & safety, supply chain labour standards, product safety and quality, etc.

#### **Monitoring of sustainability indicators.**

As part of the Investment Manager's ongoing ESG review process and weekly portfolio review process, the environmental and social key issue scores for the Compartment's long portfolio and short portfolio are monitored regularly by the investment team. Any deviations from the expected overall environmental and social key issue profile between the long and short investments, are considered by the Investment Manager and can prompt a substitution of specific investments or a wider portfolio rebalance in order to maintain the environmental and social key issue profile of the Compartment.

The Investment Manager, as part of its transparent communication on ESG sustainability alignment, regularly evaluates portfolio holdings ESG key issues and share these metrics with investors in monthly factsheets and newsletters.

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

The Compartment makes sustainable investments (long positions) that contribute to at least one of the following objectives:

- Enablement of climate transition.
- Human capital equality through the promotion of a diverse leadership and workforce.
- Other social or environmental objectives.

The Compartment assesses several metrics to identify companies in the long portfolio that derive revenues from products or services with a positive impact on society and the environment. These include climate-focused metrics which help identify activities

aligned with the EU Taxonomy objectives of climate mitigation and climate adaptation as well as metrics which assess exposure to economic or business activities with a positive impact on society and environment, and those which reduce negative impacts (in the case of pollution prevention).

From the perspective of targeting an environmental objective, the metrics used include activities focused on climate change mitigation and energy efficiency, pollution prevention and waste minimization, sustainable management of water, forestry, and land resources. Activities focused on social objectives captured include access to basic needs, such as health care, housing, and nutrition, provision of SME and personal loans, education services, and bridging the digital divide in least developed countries.

The Investment Manager has developed a framework whereby for each metric it has defined score ranges and thresholds which the Compartment uses to determine if a long portfolio investment can be considered to be making a positive contribution to a social or environmental objective.

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

Whilst criteria for DNSH (Do Not Significant Harm - any other objective) are not detailed in the SFDR definition of a sustainable investment beyond the requirement that an investment cannot significantly harm environmental or social objectives, several EU Sustainable Finance regulations reference adherence to global norms, such as the UN Global Compact (UNGC) Principles, as criteria for avoiding harm and meeting minimal social safeguards.

Furthermore, whilst the definition of harm could vary substantially, based on individual views and values of investors, there is some consensus amongst investors that involvement in certain business activities (such as controversial weapons, thermal coal or tobacco) cause indisputable significant harm to either environment or social objectives.

The Compartment employs an exclusionary approach for its long portfolio outlined when answering to the below question (*“What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?”*). The Compartment assumes that every company in the long portfolio which passes this exclusion criteria does not significantly harm environmental or social objectives.

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

The Compartment incorporates indicators for adverse impacts on sustainability factors in a quantitative fashion:

- In two distinct phases of the investment process:
  - ESG scoring methodology, which determines eligible investments.

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

- Exclusion policy, which aims to reduce exposure to investments which may have adverse sustainability impact.
- By carrying out a regular review of reported principal adverse impacts (PAIs), which may lead to further engagement or exclusion.

Additionally, the Compartment’s engagement policies (collaborative as well as security specific) can help to mitigate PAIs. The Investment Manager reviews the assessment of PAIs on a quarterly basis, and will consider specific actions, such as engagement, divestment, or exclusion for securities which fall short of expectations with respect to specific PAIs considered by the Compartment. The Compartment will first report on each component of PAIs assessment and integration in the first semester of 2023 for the period covering 2022.

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

While some sustainable investments may be aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights as a result of the Investment Manager’s ESG data driven security selection and portfolio construction process, the Investment Manager is not in the position to make any statement with regard to the alignment of such sustainable investments with these Guidelines and Principles.

However, sustainable investments are aligned with the UN Global Compact Principles, and violations of such Principles are part of the Compartment’s exclusion policy, as outlined below when answering to the question “*What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?*”

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

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

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



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

- Yes, \_\_\_\_\_
- No



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

The Compartment implements a long-short (equity) investment strategy and is actively managed.

The Compartment’s specificity relates to the fact that its investment process is focused on putting ESG considerations first in the investment process, rather than as one of many factors when considering investments.

The Investment Manager employs a two-stage process to construct the long/short portfolio:

1. The first stage in the process is focused on security selection to determine potential long and short book investment candidates, utilising ESG data to drive candidate selection; the objective is to identify stocks with leading or improving ESG characteristics for potential inclusion in the long portfolio, and stocks with poor or deteriorating characteristics for potential inclusion in the short portfolio. In order to determine if a security meets the Investment Manager’s investment criteria, an internal “ECO ESG score” is created for every security in the investable universe. For each company in the universe, data relating to ESG factors in the environmental, social and governance pillars are analysed. The ESG security selection process incorporates both levels of corporate ESG performance, as well as momentum in ESG performance.
2. The second stage is focused on portfolio construction, where the candidate securities from the first stage are used to construct a balanced, market neutral portfolio in line with the target risk profile.

Regarding long positions, the Compartment promotes best-in-class corporate behaviour on environmental and social issues by explicitly rewarding with investment companies that excel when evaluated on key environmental issues (such as product carbon footprint, carbon emissions, waste management) or social issues (such as supply chain labour standards, staff management practices and health & safety practices).

Concerning short positions, the Compartment takes short positions on the companies that have shown material deterioration in ESG performance or are the weakest ESG performers, thus raising their cost of capital.

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

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

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

To be eligible for investment in the long book, a company must be a leader in its peer group on ESG criteria or exhibit persistent and significant improvement over time on ESG metrics.

Furthermore, the Compartment employs an exclusion list and commits to exclude from the long and short portfolio businesses involved in the following business activities:

	Long Book Exclusions Threshold	Short Book Exclusions Threshold
Adult entertainment production	All	All
Adult entertainment retail & distribution	>5% revenue <sup>1</sup>	>10% revenue <sup>1</sup>
Weapons Manufacturer	All	
Controversial Weapons*	All	>10% revenue <sup>1</sup>
Conventional weapons components production	>5% revenue <sup>1</sup>	
Civilian firearms & ammunition production & retail	All	
Gambling	>5% revenue <sup>1</sup>	
Tobacco production	All	All
Tobacco retail	>5% revenue <sup>1</sup>	>10% revenue <sup>1</sup>
Thermal Coal production	>5% revenue <sup>1</sup>	
Arctic Oil & Gas production	>5% revenue <sup>1</sup>	
Oil Sands production	>5% revenue <sup>1</sup>	
UN Global Compact Violations	Operational violations in last 2 years**	
UN/FATF Sanctioned jurisdictions***	All	All

\*Cluster munitions, landmines, biological, white phosphorous, chemical & nuclear weapons

\*\* The United Nations Global Compact (UNGC) Principles cover human rights, labour, the environment, and anti-corruption. ECO Advisors use a specialist data provider to carry out media monitoring over the previous two years in order to identify companies who are engaged in activities within their operations that have likely violated a UNGC principle.

\*\*\* Controversial Jurisdictions: Investments issued by or mainly listed in countries, companies or related to individuals or other entities in a particular country identified and as specified in the United Nations Security Council Sanctions and those high risk jurisdictions subject to a “Call for Action” (currently Iran and North Korea) identified by the Financial Action Task Force.

In the event that a position needs to be divested due to a change in its status in relation to the exclusion criteria set out above, (such as an increase in % revenue in a certain activity which would move it above a % revenue threshold), the Compartment

will divest from the position on a best effort basis within a 1 month timeframe from the point where our data sources confirm such a need.

<sup>1</sup> Revenue is the total amount of revenue generated by the sale of goods or services of a given investee company.

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

The implementation of ESG selection criteria (both positive ESG integration and screening) reduces the scope of investments from 100% to 20% of the initial universe.

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

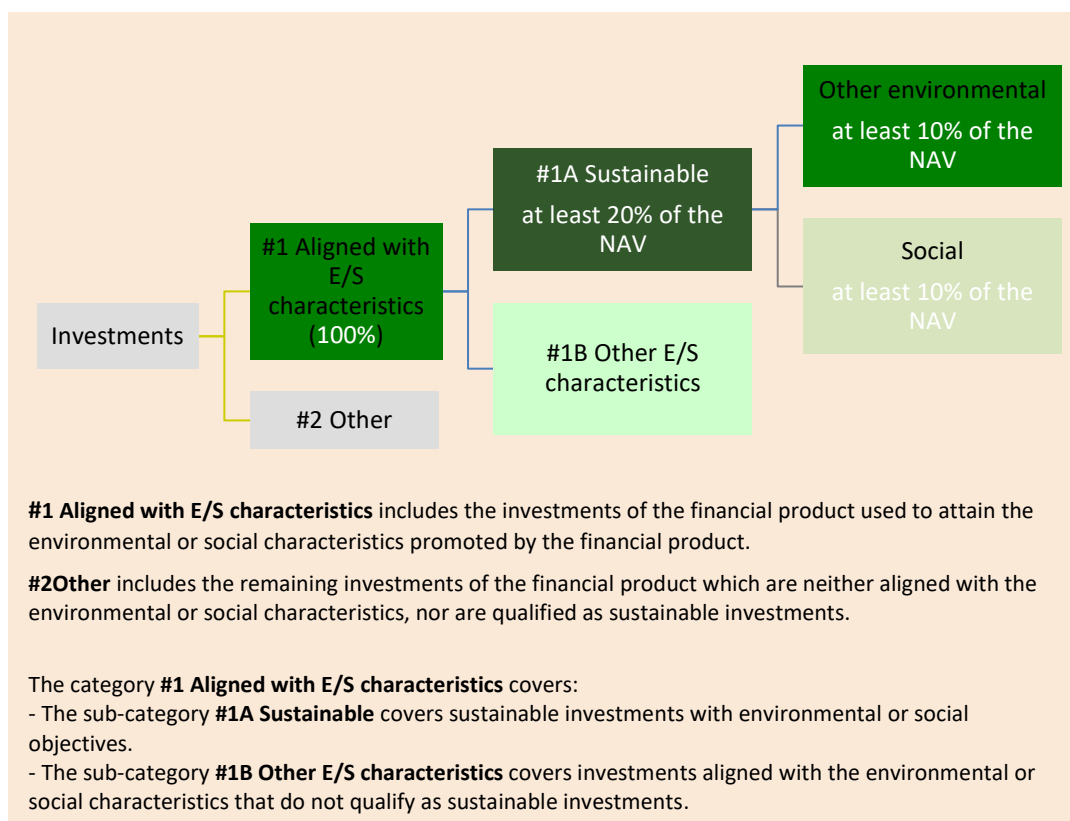
The Investment Manager uses several ESG data providers, combined with its own adjustments based on in-house research. This applies to the governance assessment as well as to the environmental and social pillars assessments.

In the case of Governance, ECO Advisors leverages the MSCI ESG governance model, which assess companies on Board, Pay, Ownership & control, Accounting as well as Business ethics and Tax transparency. Additionally, the Investment Manager's process incorporates further assessments of Governance-related controversies in developing its final ESG assessment.



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

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



The planned asset allocation for the Compartment is the following:

### #1 Aligned with E/S characteristics:

- 100% of the investments (taking into consideration long positions) are aligned with the environmental or social characteristics promoted by the Compartment; or
- In terms of the Compartment’s net assets (i.e. excluding cash, cash equivalents and currency derivatives), the Investment Manager targets:
  - Between 50% and 130% of the Compartment’s net assets in long positions; and
  - Between 40% and 120% of the Compartment’s net assets in short positions.

For avoidance of doubt, ESG considerations and exclusions are taken into account for both long and short positions (separately).

**#1A Sustainable:** minimum 20% are sustainable investments with environmental objectives (10%) and with social objectives (10%).

**#1B Other E/S characteristics:** maximum 80% investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.



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

The Compartment uses derivatives instruments to gain long exposure to securities promoting environmental and/or social characteristics. Whether an investment in an equity position is made directly or via an equity derivative instrument, the same ESG screening and selection process is carried out.

Only derivative positions in non-core ‘remainder’ (such as FX forward contracts used for currency hedging purposes) are not screened or selected using ESG criteria.



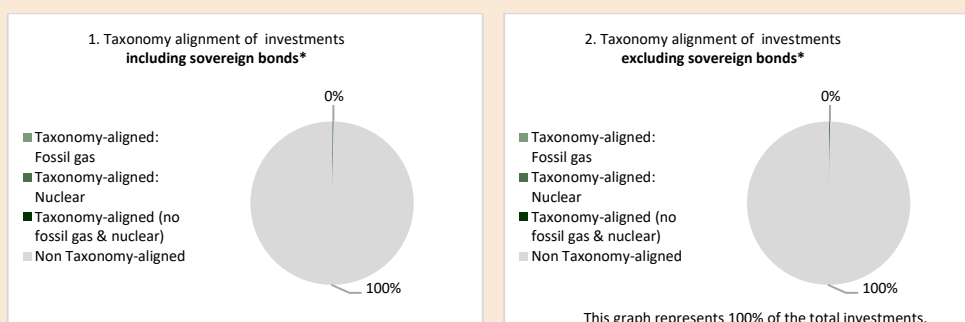
**To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?**

The Compartment does not commit to make sustainable investments with an environmental objective aligned with the EU Taxonomy.

● **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>26</sup>?**

Yes:
   
 In fossil gas       In nuclear energy
   
 No

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



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

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

<sup>26</sup> Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change (“climate change mitigation”) and do not significantly harm any EU Taxonomy objective - see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

Not applicable.



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

The minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy is 10%.



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

The minimum share of socially sustainable investments is 10%.



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

The Compartment may hold a substantial part of its assets in the form of cash and cash equivalents due to its use of financial derivative instruments to attain its exposure. As cash and cash equivalents do not take into consideration ESG criteria, no minimum environmental or social safeguards will apply.



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

No specific index has been designated as a reference benchmark.

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

Not applicable.

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

Not applicable.

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

Not applicable.

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

Not applicable.



**Where can I find more product specific information online?**

**More product-specific information can be found on the website:**

<https://assetservices.group.pictet/asset-services/fund-library/lu/en/financial-intermediary/funds>

## 6. PROTEA UCITS II – MILLENNIUM GLOBAL SYSTEMATIC CURRENCY FUND

### Objectives and investment policy

- 6.1 The compartment Protea UCITS II – Millennium Global Systematic Currency Fund (the “**Compartment**”) is a medium/high risk vehicle, suitable for investors who are seeking capital growth over the long term. The investment horizon should be at least 3 to 5 years.
- 6.2 The Compartment’s objective is to generate positive asymmetric returns mainly from the management of long and short exposure to the nine major currencies (EUR, GBP, CAD, CHF, JPY, AUD, NZD, NOK, SEK) against the USD.
- 6.3 There can be no guarantee that the Compartment’s objective will be achieved.
- 6.4 The Compartment is actively managed. The Compartment has no benchmark index and is not managed in reference to a benchmark index.
- 6.5 The Compartment will follow a systematic approach based on the Investment Manager’s proprietary quantitative model. The approach is designed in a way to capture major movements of the currencies markets and to provide positive outcomes in all environments. Investment decisions will be made based on signals initiated by the above-mentioned model. For clarity purposes, the Compartment does not follow an automated trading system approach. Prior to execution of the trades implied by the systematic model output, the Investment Manager will validate the signals generated by the model, ensuring that the proposed trades are as intended and compliant with the investment policy as well as the regulatory restrictions.
- 6.6 In order to achieve its objective, the Compartment will mainly invest in financial derivative instruments having as underlying or offering an exposure to the above-mentioned nine currencies against the USD.
- 6.7 On an ancillary basis, the Compartment may also be exposed to other currencies (including emerging market currencies).
- 6.8 Due to the use of financial derivative instruments, the assets of the Compartment which are not directly invested in foreign exchange instruments or required as margin or collateral for the foreign exchange trading, will be held in cash and cash equivalents (such as cash deposits, money market instruments, money market UCIs (UCITS and/or other UCIs within the 10% limit mentioned below) and/or in debt securities.
- 6.9 The Compartment’s investments in units or shares of UCITS and/or other UCIs shall not exceed 10% of the net assets of the Compartment and the Compartment will not invest in asset-backed securities, mortgage-based securities, nor contingent convertible bonds. Investments in debt securities will be limited to investment grade debt securities issued by OECD Member States.
- 6.10 For hedging and for investment purposes, the Compartment may use all types of financial derivative instruments traded on a Regulated Market and/or OTC provided they are contracted with leading financial institutions specialized in this type of transactions and subject to regulatory supervision. Nevertheless, under normal market conditions, the Investment Manager intends to use currency derivatives (such as but not limited to forward foreign exchange contracts and non-delivery forwards).
- 6.11 Investment grade debt securities may be subject to the risk of being downgraded to non-investment grade debt securities. In the event of downgrading in the credit ratings of a security or an issuer, the Compartment may, at the discretion of the Investment Manager, and in the best

interests of the Shareholders, continue to hold those debt securities which have been downgraded provided that in any case the Compartment's maximum exposure to distressed or defaulted securities will be limited to a maximum of 10% of its net assets.

- 6.12 The Compartment will not use SFTs nor TRS.
- 6.13 For the purpose of the Taxonomy Regulation, the investments underlying the Compartment do not take into account the EU criteria for environmentally sustainable economic activities.

**Global risk exposure**

- 6.14 The Compartment's global risk exposure is monitored by using the VaR approach which aims to estimate the maximum potential loss that the Compartment could suffer within a certain time horizon (one month) and with a certain confidence level (99% confidence interval), under normal market conditions. More specifically, the Compartment uses the absolute VaR option, whereby the Compartment's VaR is limited to 20%.
- 6.15 In addition, stress tests will be carried out in order to manage additional risks related to possible abnormal market movements at a specific point of time.
- 6.16 The expected level of leverage of this Compartment is 560% and the maximum level of leverage of this Compartment is 1800% (gross commitment). This figure is computed as the sum of the absolute notionals of the financial derivative instrument without taking into account any netting arrangement.
- 6.17 By using the commitment approach (including netting arrangements), the expected level of leverage of this Compartment is 170% and the maximum level of leverage is 300%.

**Risk Considerations**

- 6.18 The portfolio is subject to risks linked to leverage, markets, interest rates or foreign exchange/currency fluctuations, risks linked to the use of financial derivative instruments, collateral management and to the risks inherent in all investments. Therefore, no assurance can be given that the invested capital will be preserved, or that capital appreciation will occur.
- 6.19 The gross commitment exposure in this Compartment measures the transaction volume within a particular settlement window and, as a result, the increase of the gross commitment exposure could lead to either an increase or a decrease of the Compartment's portfolio risk as defined by volatility or VaR.
- 6.20 There can be no guarantee that the Compartment's objective will be achieved.
- 6.21 Please refer to the Section 15 headed "Risk Considerations" in the main body of the Prospectus for further details.

**Investment Manager of the Compartment**

- 6.22 The Management Company has appointed Millennium Global Investments Limited as Investment Manager for the Compartment.
- 6.23 The Investment Manager was founded on 5 September 1994 as a private limited company located at Cleveland House, 33 King Street, London, England, SW1Y 6RJ. The Investment Manager is regulated by and subject to the supervision of the Financial Conduct Authority (FCA) in London, United Kingdom.

6.24 The Investment Manager is entitled to an investment management fee as disclosed below.

**Frequency of calculation of NAV**

6.25 The Net Asset Value of the Compartment shall be calculated on the first Business Day (as defined below) following the relevant Valuation Day (the “**Calculation Day**”).

**Valuation Day**

6.26 For the purpose of this Compartment’s Appendix, “**Business Day**” shall mean any day on which banks are open for business (during the whole day) in Luxembourg and in the United Kingdom.

6.27 Each Business Day on which the prices of the underlying securities in the Compartment’s portfolio are available is a Valuation Day. The list of Valuation Days will be kept updated on the website: [www.fundsquare.net](http://www.fundsquare.net).

**Specific dealings in the Compartment**

6.28 The deadline for receipt of subscription, redemption and conversion orders is fixed at 4 pm Luxembourg time, three (3) Business Day preceding the applicable Valuation Day.

6.29 The subscription price for each Share must reach the Depositary within three (3) Business Days from the applicable Valuation Day.

6.30 The redemption price will normally be paid to the Shareholder within three (3) Business Days from the applicable Valuation Day.

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

Cut-off	Subscription: 4 pm Luxembourg time, three (3) Business Days before the relevant Valuation Day  Redemption: 4 pm Luxembourg time, three (3) Business Days before the relevant Valuation Day  Conversion: 4 pm Luxembourg time, three (3) Business Days before the relevant Valuation Day
Valuation Day (Pricing Day)	Each business day which is a working day in Luxembourg and in the United Kingdom when the banks are opened for business.
Calculation Day	The first Business Day following the relevant Valuation Day
Settlement Day	Subscription: within three (3) Business Days after the relevant Valuation Day  Redemption: within three (3) Business Days after the relevant Valuation Day

	Conversion: within three (3) Business Days after the relevant Valuation Day
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### **Initial Subscription Period**

- 6.32 The Initial Subscription Period will start as from 6 September 2021 and will end on 10 September 2021 in respect of the relevant Category of Shares.

### **Initial NAV calculation**

- 6.33 The initial NAV for the Compartment will be calculated on 16 September 2021 and payment for the initial NAV must be settled by 15 September 2021.

### **Reference currency**

- 6.34 The reference currency is the USD.

### **Performance**

- 6.35 The performance scenarios of the Compartment will be disclosed in the KIDs of the Compartment. In this connection, investors should note that past performance is not necessarily a guide to future performance. Investors may not get back the full amount invested, as prices of Shares and the income from them may fall as well as rise.

**Categories of Shares**

6.36 The categories of Shares in the Compartment are the following:

Categories of Shares available	A - CHF	A - GBP	A - EUR	A - USD	A - HKD	A - SGD	A - CAD	A - AUD	A - JPY	A - SEK	A - NOK	A - CNY
Eligible Investors	Institutional Investors											
Eligibility criteria	Category A Shares will be subject to a minimum initial subscription of at least USD 50'000'000.											
Initial Subscription price	100	100	100	100	100	100	100	100	10'000	100	100	100
Base currency	CHF	GBP	EUR	USD	HKD	SGD	CAD	AUD	JPY	SEK	NOK	CNY
Hedging <sup>27</sup>	Yes	Yes	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Accumulation ("Acc"/ Distribution "Dist")	Acc											
Subscription and redemption currencies	CHF	GBP	EUR	USD	HKD	SGD	CAD	AUD	JPY	SEK	NOK	CNY
Investment Management Fee <sup>28</sup>	0,25%											
Performance Fee	15% over a 2% hurdle rate											

<sup>27</sup> For the Categories of Shares denominated in currencies other than USD, the Compartment will enter into currency hedging transactions in order to cover the currency risks.

<sup>28</sup> The investment management fee is taken out of the Net Asset Value of the relevant Category of Shares calculated as of such Valuation Day and payable quarterly in arrears by the Fund to the Investment Manager.



Categories of Shares available	B - CHF	B - GBP	B - EUR	B - USD	B - HKD	B - SGD	B - CAD	B - AUD	B - JPY	B - SEK	B - NOK	B - CNY
Eligible Investors	Institutional Investors											
Minimum Initial Subscription	N/A											
Initial Subscription price	100	100	100	100	100	100	100	100	10'000	100	100	100
Base currency	CHF	GBP	EUR	USD	HKD	SGD	CAD	AUD	JPY	SEK	NOK	CNY
Hedging <sup>29</sup>	Yes	Yes	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Accumulation ("Acc"/ Distribution "Dist")	Acc											
Subscription and redemption currencies	CHF	GBP	EUR	USD	HKD	SGD	CAD	AUD	JPY	SEK	NOK	CNY
Investment Management Fee <sup>30</sup>	1%											
Performance Fee	15% over a 2% hurdle rate											

<sup>29</sup> For the Categories of Shares denominated in currencies other than USD, the Compartment will enter into currency hedging transactions in order to cover the currency risks.

<sup>30</sup> The investment management fee is taken out of the Net Asset Value of the relevant Share class calculated as of such Valuation Day and payable quarterly in arrears by the Fund to the Investment Manager.

Categorie s of Shares available	Z - CHF	Z - GBP	Z - EUR	Z - USD	Z - HKD	Z - SGD	Z - CAD	Z - AUD	Z - JP Y	Z - SEK	Z - NO K	Z - CN Y
Eligible Investors	Institutional Investors that are under a discretionary management or advisory mandate with the Investment Manager.											
Minimum Initial Subscripti on	N/A											
Initial Subscripti on price	100	100	100	100	100	100	100	100	10' 000	100	100	100
Base currency	CHF	GBP	EUR	USD	HKD	SGD	CAD	AUD	JP Y	SEK	NO K	CN Y
Hedging <sup>31</sup>	Yes	Yes	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Accumula tion ("Acc"/ Distributi on "Dist")	Acc											
Subscripti on and redemptio n currencies	CHF	GBP	EUR	USD	HKD	SGD	CAD	AUD	JP Y	SEK	NO K	CN Y
Investmen t Managem ent Fee	None											
Performan ce Fee	None											

### Performance fee

6.37 The Investment Manager will receive a performance fee, accrued on each Valuation Day, paid yearly, based on the net asset value ("NAV"), equivalent to 15 % of the performance of the NAV per share (measured against the High Water Mark (as defined below)) over a hurdle rate of 2% p.a. pro rata temporis, calculated during the Calculation Period.

<sup>31</sup> For the Categories of Shares denominated in currencies other than USD, the Compartment will enter into currency hedging transactions in order to cover the currency risks.

- 6.38 The performance fee is calculated on the basis of the NAV after deduction of all expenses, liabilities, and management fees (but not performance fee), and is adjusted to take account of all subscriptions and redemptions.
- 6.39 The performance fee is equal to the outperformance of the NAV per share multiplied by the number of shares in circulation during the Calculation Period. No performance fee will be due if the NAV per share before performance fee turns out to be below the High Water Mark for the Calculation Period in question. The performance reference period corresponds to the whole life of the Compartment.
- 6.40 The “**High Water Mark**” is defined as the greater of the following two figures:
- The last highest NAV per share on which a Performance Fee has been paid; and
  - The initial NAV per share.
- 6.41 The High Water Mark will be decreased by the dividends paid to shareholders.
- 6.42 Provision will be made for this performance fee on each Valuation Day. If the NAV per share decreases during the Calculation Period, the provisions made in respect of the performance fee will be reduced accordingly. If these provisions fall to zero, no performance fee will be payable.
- 6.43 If shares are redeemed on a date other than that on which a performance fee is paid while provision has been made for performance fees, the performance fees for which provision has been made and which are attributable to the shares redeemed will be paid at the end of the period even if provision for performance fees is no longer made at that date. Gains which have not been realized may be taken into account in the calculation and payment of performance fees.
- 6.44 In case of subscription, the performance fee calculation is adjusted to avoid that this subscription impacts the amount of performance fee accruals. To perform this adjustment, the outperformance of the NAV per share against the hurdle rate until the subscription date is not taken into account in the performance fee calculation. This adjustment amount is equal to the product of the number of subscribed shares by the positive difference between the subscription price and the High Water Mark adjusted by the hurdle at the date of the subscription. This cumulated adjustment amount is used in the performance fee calculation until the end of the relevant period and is adjusted in case of subsequent redemptions during the period.
- 6.45 “**Calculation Period**” shall correspond to each Business Year.
- 6.46 Performance fees are payable within 20 Business Days following the closing of the yearly accounts.
- 6.47 The formula for the calculation of the performance fee is as follows:

$$F = 0 \quad \text{If } [(B / E - 1) - T * G / 365] \leq 0$$

$$F = [(B / E - 1) - T * G / 365] * E * C * A \quad \text{If } [(B / E - 1) - T * G / 365] > 0$$

The new High Water Mark	=	Max( E ; D) at the last end of period
Number of shares outstanding	=	A
NAV per share before performance	=	B
Performance fee rate (15%)	=	C
NAV per share after performance	=	D
High Water Mark)	=	E
Performance fees	=	F
Number of days since the beginning of the period	=	G
Hurdle rate (2%)	=	T

6.48 Performance fee example

Examples are illustrative only, and are not intended to reflect any actual past performance or potential future performance.

	NAV before Perf Fee	HWM per share	NAV per share performance	Yearly hurdle performance	Perf Fee per share	NAV after Perf Fee
Year 1:	112.00	100.00	12.00%	2.00%	1.50	110.50
Year 2:	120.00	110.50	8.60%	2.00%	1.09	118.91
Year 3:	117.00	118.91	-1.60%	2.00%	0.00	117.00
Year 4:	121	118.91	1.76%	2.00%	0.00	121.00
Year 5:	128.00	121.00	5.79%	2.00%	0.69	127.31

With a performance fee rate equal to 15%.

- (a) Year 1: The NAV per share performance (12%) is superior to the hurdle performance (2%). The excess of performance is 10% and generates a performance fee equal to 1.5.
- (b) Year 2: The NAV per share performance (8.6%) is superior to the hurdle performance (2%). The excess of performance is 6.60% and generates a performance fee equal to 1.09.
- (c) Year 3: The NAV per share performance (-1,6%) is inferior to the hurdle performance (2%). No performance fee is calculated.
- (d) Year 4: The NAV per share performance (1.76%) is inferior to the hurdle performance (2%). No performance fee is calculated.
- (e) Year 5: The NAV per share performance (5.79%) is superior to the hurdle performance (2%). The excess of performance is 3.79% and generates a performance fee equal to 0.69.

## 7. PROTEA UCITS II – MAGENTA MAM CONVICTIONS

### Objectives and investment policy

- 7.1 The objective of PROTEA II FUND – MAGENTA MAM CONVICTIONS (the “**Compartment**”) is to achieve capital appreciation by investing across various asset classes. The Compartment’s objective is to reach a 5% annual performance over a recommended investment horizon of at least five years. There can be no guarantee that the investment and/or performance objective of the Compartment will be achieved.
- 7.2 The Compartment is actively managed. The Compartment has no benchmark index and is not managed in reference to a benchmark index.
- 7.3 In order to achieve its objective, the Compartment will offer an active and opportunistic multi-asset allocation with a worldwide exposure to a variety of asset classes: equities and equity-related securities (including closed-ended REITS and depositary receipts), debt securities of any type (including non-investment grade and unrated debt securities, inflation linked securities, convertible bonds and contingent convertible bonds, within the limits mentioned below), money market instruments; and an indirect exposure to commodities (including precious metals).
- 7.4 In order to achieve its objective, the Compartment will mainly invest:
- a) directly in the securities/asset classes mentioned under Section 7.3 above (except for commodities and precious metals); and/or;
  - b) in eligible undertakings for collective investment (“UCI”) having as main objective to invest in the asset classes mentioned under Section 7.3 above;
- 7.5 The Compartment will also invest on an ancillary basis in structured products giving exposure to the asset classes mentioned under Section 7.3 above in order to achieve its objective, provided that such structured products comply with the Grand-Ducal Regulation.
- 7.6 The Compartment will invest within the following ranges of exposure:
- a) exposure to equities and equity-related securities will range between 0% and 60% of the Compartment’s net assets;
  - b) exposure to debt securities of any type will range between 0% and 100% of the Compartment’s net assets. The Compartment can be exposed to investment grade and non-investment grade debt securities; nevertheless, the Compartment can only be exposed to up to 50% of its net assets to non-investment grade debt securities (as measured by any leading credit agencies or with quality considered as equivalent by the Investment Manager in the absence of any official rating) (excluding unrated securities);
  - c) indirect exposure to commodities (including precious metals) will not exceed 20% of the net assets of the Compartment;
  - d) the choice of investments will not be limited by the currency in which investments will be denominated; nevertheless, the Compartment will have a maximum net exposure of 40% outside its reference currency;

- e) overall, the Compartment's exposure to emerging market countries can represent up to 50% of its net assets.

7.7 Nevertheless, the Compartment will be subject to the following investment limits:

- a) investments listed on the Moscow Exchange (which is recognized as a Regulated Market) may represent up to 10% of the Compartment's net assets;
- b) exposure to convertible bonds may represent up to 30% of the Compartment's net assets;
- c) exposure to contingent convertible bonds may represent up to 20% of the Compartment's net assets;
- d) exposure to non-rated debt securities may represent up to 20% of the net assets of the Compartment;
- e) the Compartment does not intend to invest in distressed and defaulted securities. However, in the event of downgrading in the credit ratings of a security or an issuer, the Compartment may, at the discretion of the Investment Manager and in the best interests of the Shareholders, continue to hold those debt securities which have been downgraded provided that the Compartment's maximum exposure to debt securities with a rating below B- will be limited to 10% of its net assets;
- f) the Compartment will not invest in asset-backed securities or mortgage-backed securities;
- g) investments in structured products may represent up to 30% of the net assets of the Compartment provided that the underlying respects the investment policy and investment restrictions and complies with article 41 of the 2010 Law and article 2 of the Grand-Ducal Regulation, such as but not limited to credit linked notes, certificates or any other transferable securities whose returns are correlated with changes in, among others, an index selected in accordance with article 9 of the Grand-Ducal Regulation (including indices on volatility, commodities including precious metals within the 30% limit mentioned above, etc.), transferable securities or a basket of transferable securities, or a UCI;
- h) investments in units or shares of UCITS and/or other UCIs (referred to in Section 21.3(e) of the main body of the Prospectus) meeting the criteria listed in art. 41 (1) (e) of the 2010 Law (the "**Eligible UCIs**") may represent up to 100% of the Compartment's net assets. Due to the fact that the Compartment may invest a substantial portion in other UCIs, the Shareholder is exposed to a possible duplication of fees and charges. However, the Compartment will not invest in units or shares of UCITS and/or other UCIs to elude the above-mentioned ranges of exposure, which remain enforceable. The maximum percentage of the fixed management fee at the level of a target UCI will be 2%.

7.8 For hedging and for investment purposes, within the limits set out in the Section 21 "Investment Restrictions" of the main body of the Prospectus, the Compartment may use all types of financial derivative instruments traded on a Regulated Market and/or OTC Derivatives provided they are contracted with leading financial institutions specialized in this type of transactions and subject to regulatory supervision. The Compartment may take exposure through any financial derivative instruments such as but not limited to futures, options, swaps (other than total return swaps, as mentioned below) and forwards on underlyings in line with

the 2010 Law and any other related regulation as well as with the investment policy of the Compartment, including but not limited to, currencies, interest rates, transferable securities, basket of transferable securities and indices (including but not limited to commodities, precious metals or volatility indices). However, in normal market conditions, the Investment Manager intends to use contract for difference (“CFD”), options, futures and forward exchange contracts on currencies, interest rates, transferable securities and indices (including volatility indices).

- 7.9 For the purpose of the Taxonomy Regulation, the underlying investments of the Compartment do not take into account the EU criteria for environmentally sustainable economic activities.
- 7.10 As at the time of issue of this Prospectus and notwithstanding any provisions to the contrary herein, the Compartment does not use SFT or TRS which fall under the scope of SFTR. Whenever this situation changes, the Prospectus will be updated accordingly.

### **Global risk exposure**

- 7.11 The Compartment’s global risk exposure is monitored by using the commitment approach. This approach measures the global exposure related to positions on financial derivative instruments which may not exceed the Compartment’s Net Asset Value.
- 7.12 The portfolio is subject to risks linked to markets, interest rates or currency fluctuations and to the risks inherent in all investments. Therefore, no assurance can be given that the invested capital will be preserved, or that capital appreciation will occur.
- 7.13 There can be no guarantee that the Compartment’s objective will be achieved.
- 7.14 The attention of prospective investors is drawn to the fact that the acquisition of financial derivative instruments in the aim of increasing results may entail certain risks, which may in turn have a negative impact on the overall performance of the Compartment.
- 7.15 Investors should be aware that, due to the political and economic situations in emerging countries, investment in this Compartment presents greater risk and is intended only for investors who are able to bear and assume this increased risk.
- 7.16 The assets of the Compartment are subject to market fluctuations and to risks inherent to any investment in equities and financial derivative instruments. Please refer to the Section 15 headed “Risk Considerations” in the main body of the Prospectus for further details in this connection.

### **Investment Manager of the Compartment**

- 7.17 The Management Company has appointed Monaco Asset Management, whose registered office is at 27, bd Princesse Charlotte, Villa Les Fleurs, 98000 Monaco, Principauté de Monaco, as Investment Manager for the Compartment.
- 7.18 The Investment Manager is regulated by and subject to the supervision of the Commission de Contrôle des Activités Financières à Monaco, Principauté de Monaco.
- 7.19 The Investment Manager is entitled to an investment management fee as disclosed below.

### **Frequency of calculation of NAV**

- 7.20 The Net Asset Value of the Compartment shall be calculated on the first Business Day following the relevant Valuation Day (the “**Calculation Day**”).



**Valuation Day**

7.21 Each Business Day on which the prices of the underlying securities in the Compartment’s portfolio are available is a Valuation Day. The list of Valuation Days will be kept updated on the website: [www.fundsquare.net](http://www.fundsquare.net).

**Specific dealings in the Compartment**

7.22 The deadline for receipt of subscription, redemption and conversion orders is fixed at 5 p.m. Luxembourg time on each Business Day preceding the applicable Valuation Day.

7.23 The subscription price for each share must reach the Depositary Bank within 3 business days from the applicable Valuation Day.

7.24 The redemption price will normally be paid to the shareholder within 3 Business Days from the applicable Valuation Day.

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

Cut-off	Subscription: 17:00 Luxembourg time, 1 Business Day before the relevant Valuation Day  Redemption: 17:00 Luxembourg time, 1 Business Day before the relevant Valuation Day  Conversion <sup>32</sup> : 17:00 Luxembourg time, 1 Business Day before the relevant Valuation Day
Valuation Day (Pricing Day)	Each Business Day which is a working day in Luxembourg, London and New York when the banks are opened for business.
Calculation Day	The first Business Day following the relevant Valuation Day
Settlement Day	Subscription: within 3 Business Days after the relevant Valuation Day Redemption: within 3 Business Days after the relevant Valuation Day Conversion: within 3 Business Days after the relevant Valuation Day

**Launch date**

7.26 The Compartment will be launched on (or about) 28 March 2022 (the “**Launch Date**”).

**Reference currency**

7.27 The reference currency is the EURO (EUR).

**Performance**

7.28 The performance scenarios of the Compartment will be disclosed in the KIDs of the Compartment. In this connection, investors should note that past performance is not necessarily

<sup>32</sup> Conversion: conversion orders between Compartments with different Valuation Days are not allowed.

a guide to future performance. Investors may not get back the full amount invested, as prices of Shares and the income from them may fall as well as rise.

**Categories of Shares**

7.29 The categories of Shares in the Compartment are the following:

Categories of Shares available		Class A	Class B
Investor’s profile		Institutional/professional investors	Institutional/professional investors
Minimum Initial Subscription		None	None
Base currency		EUR	EUR
Accumulation/ Distribution		Accumulation	Accumulation
Subscription and redemption currencies		EUR	EUR
Subscription, redemption and conversion Fee		None	None
Fees (max %)	Investment Management Fee	Max 1.95% per year	Max 1.00% per year
	Performance Fee	Max 10% per year	Max 10% per year
	Central Admin, Depository Bank	Max 1% per year	
	Management Company Fee	0.05% with a minimum of: <ul style="list-style-type: none"> <li>• First 12 months: EUR 15,000 per year</li> <li>• From the second year: EUR 20,000 per year</li> </ul>	

**Performance fees**

7.30 The Investment Manager will receive a performance fee, accrued on each valuation date, paid yearly, based on the net asset value (NAV), equivalent to 10% of the performance of the NAV per share exceeding the high-water mark (as defined hereafter) multiplied by the number of shares in circulation subject to the adjustments described below.

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

7.32 The performance fee is equal to 10% of the performance of the NAV per share multiplied by the number of shares in circulation during the calculation period. No performance fee will be due if the NAV per share before performance fee turns out to be below the high-water mark for the calculation period in question.

7.33 The High Water Mark is defined as the greater of the following two figures:

- The last highest NAV per share on which a performance fee has been paid and;
- The initial NAV per share.

- 7.34 The High Water Mark will be decreased by the dividends paid to shareholders.
- 7.35 Provision will be made for this performance fee on each Valuation Day. If the NAV per share decreases during the calculation period, the provisions made in respect of the performance fee will be reduced accordingly. If these provisions fall to zero, no performance fee will be payable.
- 7.36 If shares are redeemed on a date other than that on which a performance fee is paid while provision has been made for performance fees, the performance fees for which provision has been made and which are attributable to the shares redeemed will be paid at the end of the period even if provision for performance fees is no longer made at that date. Gains which have not been realized may be taken into account in the calculation and payment of performance fees.
- 7.37 In case of subscription, the performance fee calculation is adjusted to avoid that this subscription impacts the amount of performance fee accruals. To perform this adjustment, the performance of the NAV per share against the High-Water Mark until the subscription date is not taken into account in the performance fee calculation. This adjustment amount is equal to the product of the number of subscribed shares by the positive difference between the subscription price and the High-Water Mark at the date of the subscription. This cumulated adjustment amount is used in the performance fee calculation until the end of the relevant period and is adjusted in case of subsequent redemptions during the period.
- 7.38 Calculation period shall correspond to each calendar year.
- 7.39 Performance fees are payable within twenty (20) Business Days following the closing of the yearly accounts.
- 7.40 The formula for the calculation of the performance fee is as follows:

$$F = \begin{cases} 0 & \text{If } (B / E - 1) \leq 0 \\ (B / E - 1) * E * C * A & \text{If } (B / E - 1) > 0 \end{cases}$$

The new high-water mark =  $\begin{cases} \text{If } F > 0; D \\ \text{If } F = 0; E \end{cases}$

Number of shares outstanding = A

NAV per share before performance = B

Performance fee rate (10%) = C

NAV per share after performance = D

High Water-Mark = E

Performance fees = F

**Example**

	NAV before	HWM share	per	Yearly NAV per share	NAV per share before performance	Perf Fee	NAV after Perf Fee
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	Perf Fee		Performance	/HWM		
Year 1:	110	100	10.00%	10.00%	1	109
Year 2:	115	109	5.50%	5.50%	0.60	114.40
Year 3:	108	114.40	-5.59%	-5.59%	0	108
Year 4:	112	114.40	3.70%	-2.10%	0	112
Year 5:	118	114.40	5.36%	3.15%	0.36	117.64

- a) With a performance fee rate equal to 10%.
- b) Year 1: The NAV per share performance is 10%. The excess of performance over the HWM is 10% and generates a performance fee equal to 1.
- c) Year 2: The NAV per share performance is 5.50%. The excess of performance over the HWM is 5.50% and generates a performance fee equal to 0.6.
- d) Year 3: The NAV per share performance is -5.59%. The underperformance over the HWM is -5.59% No performance fee is calculated.
- e) Year 4: The NAV per share performance is 3.70%. The underperformance over the HWM is -2.10% No performance fee is calculated.
- f) Year 5: The NAV per share performance is 5.36%. The excess of performance over the HWM is 3.15% and generates a performance fee equal to 0.36.

## 8. PROTEA UCITS II – NAO PATRIMONIO GLOBAL

### Objectives and investment policy

- 8.1 This Compartment seeks to achieve capital appreciation over the medium to long-term. Following a fundamental analysis of the companies, the selection of investments is based both on the identification of long-term investment themes and on operational criteria (liquidity, value creation and cash flow generation).
- 8.2 The Compartment is actively managed. The benchmark index of the Compartment is composed of the following:
- 35% EURO STOXX 50 Index;
  - 15% SPX Index;
  - 40% Bloomberg Barclays Series-E-Govt 3-5 Yr Bond Index; and
  - 10% Twelve months Euribor.
- (the “**Benchmark**”).
- 8.3 The Benchmark is mentioned only for performance comparison purposes and the Compartment does not track the index. The Compartment can deviate significantly from the Benchmark.
- 8.4 The Compartment aims to offer an exposure to a balanced portfolio composed of:
- equities and equity related securities representing up to 70% of the net assets of the Compartment;
  - debt securities of any type (such as but not limited to government and corporate transferable bonds and floating rate notes, Euro-bonds, convertible bonds and Money Market Instruments) representing up to 70% of the net assets of the Compartment.
- 8.5 Without prejudice to Section 8.7 below (i) investments in equities and equity-related securities will be made with a focus on Europe and the United States of America and (ii) in terms of debt securities (of any type), investments will be made in OECD countries mainly, with a focus on Europe and the United States of America.
- 8.6 Without prejudice to Section 8.9 below, in order to achieve its objective, the Compartment will mainly invest:
- directly in the equities and equity related securities and debt securities of any type as mentioned in the previous Section 8.4; and
  - in UCITS/UCIs having as main objective to invest or grant an exposure to the above-mentioned asset classes.
- 8.7 The choice of investments will neither be limited by geographical area (including emerging markets), economic sector nor in terms of currencies in which investments will be denominated. However, depending on financial market conditions, a particular focus can be placed in a single country (or some countries) and/or in a single currency and/or in a single economic sector.
- 8.8 However, the Compartment will follow the below restrictions:
- The Compartment can be exposed to investment grade and non-investment grade debt securities. However, the Compartment may not invest directly in assets which are rated below BB-, or with quality considered as equivalent by the Investment Manager (if such asset is unrated). Debt securities may be subject to the risk of being downgraded.

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

- The Compartment may invest up to ten per cent (10%) of its net assets in non-rated debt securities.
  - The Compartment does not intend to invest directly in asset-backed securities, mortgage-based securities, distressed and defaulted debt securities, contingent convertible bonds.
  - The Compartment does not intend to invest more than 10% of its net assets in convertible bonds.
  - Investments via UCITS/UCI will be limited to 49% of the Compartment's net assets.
- 8.9 For hedging and for investment purposes, within the limits set out in the main body of the Prospectus, the Compartment may use all types of financial derivative instruments traded on a Regulated Market and/or OTC, provided that they are contracted with leading financial institutions which are specialized in this type of transaction and are subject to regulatory supervision.
- 8.10 However, the Investment Manager intends to use principally futures having an underlying in line with the investment policy and forward exchange contracts on currencies.
- 8.11 For the purpose of the Taxonomy Regulation, the underlying investments of the Compartment do not take into account the EU criteria for environmentally sustainable economic activities.
- 8.12 The Compartment does not use Total Return Swaps. The Compartment does not enter into securities lending and borrowing transactions and/or repurchase, reverse repurchase agreements transactions.

### **Exposure**

- 8.13 The global exposure of the Compartment is calculated using the commitment approach.

### **Risk Considerations**

- 8.14 The portfolio is subject to liquidity risks, execution and counterparty risks, operational risks, risks linked to investment in UCIs, markets, interest rates or currency fluctuations and to the risks inherent in all investments. Therefore, no assurance can be given that the invested capital will be preserved, or that capital appreciation will occur.
- 8.15 For full details of the risks applicable to investing in this Compartment, Shareholders are advised to refer to the Section 15 "Risk Considerations" of the Prospectus.
- 8.16 There can be no guarantee that the Compartment's objective will be achieved
- 8.17 Equity risk
- The price of equities may go down as well as up, and reflect company and macro risk factors. Equities are more volatile than fixed income markets where revenues are predictable over a certain period of time under the same macro risk conditions.
- 8.18 Derivatives instruments

The attention of prospective investors is drawn to the fact that the acquisition of financial derivative instruments in the aim of increasing results may entail certain risks, which may in turn have a negative impact on the overall performance of the Compartment. Please refer to the Section 15 headed “Risk Considerations in the main body of the Prospectus for further details in this connection.

#### 8.19 Investments in bonds

Fluctuations in interest rates affect the value of investments by the Compartment in bonds. When long-term interest rates rise the value of investments tends to fall, and vice versa. The value of a bond will fall in the event of the bankruptcy or a downgrade in the rating of an issuer (or if credit spreads widen in relation to sovereign debt). Similarly, an improvement in the quality of credit (or the narrowing of spreads) can result in an increase in value. In general, the higher the interest rate payable on a bond, the more the issuer is perceived as presenting a significant credit risk.

#### 8.20 Investment in non-investment grade bonds

Non-investment grade (including high-yield bonds) may be considered highly speculative in terms of the ability of the issuer to pay the principal and interest. Therefore, investment in these bonds is accompanied by considerable risk. Issuers of debt securities may be heavily indebted, and may not have access to other traditional sources of finance. A recession can have negative consequences for the financial position of an issuer and the market value of the high-yield debt security issued by the entity. The ability of the issuer to honor its debts can be affected by developments specific to said issuer, its inability to meet its specific commercial objectives or the inability to receive additional financing. If an issuer goes bankrupt, the Compartment may sustain losses and have to bear costs.

### **Investment Manager of the Compartment**

8.21 The Management Company has appointed NAO Asset Management E.S.G., SGIIC, S.A. as Investment Manager, pursuant to the terms of an investment management agreement.

8.22 The Investment Manager was founded on 20 July 2018 as a public limited company with registered office at Plaza del Ayuntamiento, n° 27, 7 planta, 46002 Valencia, Spain. The Investment Manager is regulated by and subject to the supervision of the Comisión Nacional del Mercado de Valores in Madrid, Spain.

8.23 The Investment Manager is entitled to an investment management fee as disclosed below.

### **Frequency of calculation of NAV**

8.24 The Net Asset Value per Share is calculated based on the prices as of each Business Day (the “**Valuation Day**”). The Net Asset Value is calculated and published one Business Day after the Valuation Day.

### **Valuation Day**

8.25 Each Business Day on which the prices of the underlying securities in the Compartment’s portfolio are available is a Valuation Day.

**Specific dealings in the Compartment**

- 8.26 The deadline for receipt of subscription, redemption and conversion orders is fixed at 2 p.m. Luxembourg time on each Business Day preceding the applicable Valuation Day.
- 8.27 The subscription price for each share must reach the Depositary Bank within two (2) Business Days from the applicable Valuation Day.
- 8.28 The redemption price will normally be paid to the shareholder within two (2) Business Days from the applicable Valuation Day.
- 8.29 All relevant dates and deadlines relating to subscription, redemption and conversion orders are summarized in the table below:

Cut-off	Subscription: 2 pm Luxembourg time, one (1) Business Day before the relevant Valuation Day  Redemption: 2 pm Luxembourg time, one (1) Business Day before the relevant Valuation Day  Conversion: 2 pm Luxembourg time, one (1) Business Day before the relevant Valuation Day
Valuation Day (Pricing Day)	Each Business Day
Calculation Day	The first Business Day following the relevant Valuation Day
Settlement Day	Subscription: within two (2) Business Days after the relevant Valuation Day Redemption: within two (2) Business Days after the relevant Valuation Day Conversion: within two (2) Business Days after the relevant Valuation Day

**Reference currency**

- 8.30 The reference currency is the EURO (“EUR”).

**Performance**

- 8.31 The performance scenarios of the Compartment will be disclosed in the KIDs of the Compartment. In this connection, investors should note that past performance is not necessarily a guide to future performance. Investors may not get back the full amount invested, as prices of Shares and the income from them may fall as well as rise.

**Categories of Shares**

- 8.32 The categories of Shares in the Compartment are the following:

Categories of Shares available	Single Class
Accumulation (“Acc”) / Distribution (“Dist”)	Dist



Eligible Investors		All Investors
Initial Subscription Price		EUR 100
Minimum initial subscription amount		None
Subscription fee		None
Redemption/Conversion fee		None
Fees (max %)	Management Fee of the Investment Manager <sup>33</sup>	0.75%
	Central Administration Fee <sup>34</sup>	1%
	Depositary Bank Fee <sup>35</sup>	1%
	Management Company Fees <sup>36</sup>	1%

**Exchange ratio**

8.33 All the assets of **ADABAR INVERSIONES, SICAV, S.A.**, governed by Spanish law, established in accordance with the provisions of the Spanish Law 35/2003, of November 4, 2003, on Collective Investment Institutions, will be contributed to the Compartment. ADABAR INVERSIONES, SICAV, S.A. will be dissolved without going into liquidation further to this merger. In exchange, the contributing investors of ADABAR INVERSIONES, SICAV, S.A. will receive a number of Shares in the Compartment so that the value of their investment on the date of effectiveness of the merger does not suffer any alteration. The exchange will therefore be of the ratio between the net asset value of ADABAR INVERSIONES, SICAV, S.A. and the net asset value of the Compartment, both calculated on the day before the date of effectiveness of the merger. In this respect, the net asset value of the Compartment shall correspond to the Initial Subscription Price determined for the shares of the Compartment given that it will be launched upon the merger. The Shares in the Compartment issued will be issued at the Initial Subscription Price.

<i>Contributed category of shares</i>	<i>Compartment category of shares</i>
Single class	Single class

<sup>33</sup> The investment management fee is taken out of the Net Asset Value of the relevant Share class calculated as of such Valuation Day and payable quarterly by the Fund to the Investment Manager.

<sup>34</sup> with a minimum of EUR 20'000 for the Compartment.

<sup>35</sup> with a minimum of EUR 20'000 for the Compartment.

<sup>36</sup> with a minimum of EUR 20'000 for the Compartment.

## 9. PROTEA UCITS II – OAK

### Objectives and investment policy

- 9.1 This Compartment is a medium/high risk vehicle aiming to provide capital growth. It may be suitable for investors who are seeking capital growth opportunities with income coming from both the equity and the debt markets over the long term.
- 9.2 The Compartment is actively managed. The following composite benchmark index of the Compartment is mentioned only for performance comparison purposes:
- 50% MSCI All Country World NTR Index in USD; and
  - 50% JP Morgan GBI US 1-10 Year TR Index in USD.
- 9.3 The Compartment does not track the composite index and can deviate significantly or entirely from the composite benchmark index.
- 9.4 The objective of this Compartment is to achieve capital appreciation over the long term by investing mainly in equities and debt securities. To achieve its objective, the Compartment will mainly offer an exposure to equity and equity related securities (including but not limited to ordinary or preferred shares, notes, closed-ended REITs<sup>37</sup>), and debt instruments (including Money Market Instruments) of any type issued by corporate or sovereign issuers.
- 9.5 In order to achieve its objective, the Compartment may invest either:
- directly in the securities mentioned in the previous paragraph; and/or
  - up to 30% of its net assets in UCITS<sup>38</sup> and/or other UCIs<sup>39</sup>.
- 9.6 The Compartment can be exposed to debt securities, without constraint on average credit rating or maturity.
- 9.7 The choice of investments will not be limited to a geographic sector (including emerging countries, provided that the Compartment intends to invest no more than 10% of its net assets in emerging countries), a particular sector of economic activity or a given currency. However, depending on market conditions, this exposure may be focused on one country or on a limited number of countries and/or one economic activity sector and/or one currency.
- 9.8 It is understood that:
- a) due to the fact that the Compartment invests a substantial body of its assets in UCITS and other UCIs, the Shareholder is exposed to a possible duplication of fees and charges. However, by derogation to the Section 21 “Investment Restrictions” of the main body of the Prospectus, the maximum percentage of the fixed management fee at the level of the target UCITS and/or other UCIs will be 2%;
  - b) the Compartment will not invest more than 12% of its net assets in non-investment grade debt securities (including Distressed Securities and Defaulted Securities (provided that Distressed Securities and Defaulted Securities will not represent more than 10% of the net assets of the Compartment));

<sup>37</sup> REITS means real estate investment trusts

<sup>38</sup> UCITS means undertaking for collective investment in transferable securities as defined under “Definitions”

<sup>39</sup> UCI means Undertaking for collective investment as defined under “Definitions”

- c) the Compartment will not invest more than 5% of its net assets in inflation linked securities;
  - d) the Compartment will not invest in unrated bonds; and
  - e) the Compartment does not intent to be exposed to contingent convertible bonds.
- 9.9 Without prejudice to Section 9.8b) above, in the event of downgrading in the credit ratings of a security or an issuer, the Compartment may, at the discretion of the Investment Manager, and in the best interests of the Compartment’s shareholders, continue to hold those debt securities which have been downgraded.
- 9.10 The Compartment’s investments in Chinese equities/stocks will be made through ADR and Hong Kong listed Chinese companies (i.e. China H shares) will not exceed 10% of its net assets.
- 9.11 For hedging and for investment purposes, within the limits set out in Section 21 "Investment restrictions" of the main body of the Prospectus, the Compartment may use all types of financial derivative instruments traded on a Regulated Market and/or OTC Derivatives provided they are contracted with leading financial institutions specialised in this type of transactions and subject to regulatory supervision. However, in normal market conditions the Investment Manager intends to use principally, for hedging purposes, currency derivatives such as forward exchange contracts. Those investments may not be used to elude the investment policy of the Compartment.
- 9.12 The Compartment will not use SFTs<sup>40</sup> nor TRS<sup>41</sup>.
- 9.13 For the purpose of Taxonomy Regulation, the investments underlying the Compartment do not take into account the EU criteria for environmentally sustainable economic activities.
- 9.14 The total commitment arising from financial derivative instruments, for purposes other than hedging, will not exceed 100% of the Compartment’s net assets.

**Global risk exposure**

- 9.15 The global risk exposure of the Compartment is monitored by the commitment approach. This approach measures the exposure related to positions on derivative techniques and instruments, which may not exceed the value of the Compartment’s net assets.

**Risk consideration specific to the Compartment**

- 9.16 The Compartment is subject to the specific risks linked to interest rates risks linked to investment in debt securities as well as to risks linked to investments in equity securities and UCIs and market volatility linked to the investment in derivative instruments and warrants; to the extent the Compartment may invest in securities of emerging markets, it may further be subject to risks related to such type of investments. Please refer to Section 15 “Risk considerations” of the main body of the Prospectus for further details in this connection.

**Income distribution policy**

- 9.17 This Compartment pursues a policy of achieving capital growth and reinvests income earned; as a result, no dividend shall be paid out.

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<sup>40</sup> SFTs means securities financing transaction as defined under “Definitions”  
<sup>41</sup> TRS means total return swap as defined under “Definitions”

**Investment Manager of the Compartment**

- 9.18 In relation to investment opportunities for the Compartment, the Management Company has appointed Goldman Sachs Bank Europe SE, whose registered office is at Marienturm, Taunusanlage 9-10, 60329 Frankfurt am Main, Germany, as Investment Manager, under the term of an Investment Management Agreement dated 23 December 2022 with effective date as of the launch of the Compartment.
- 9.19 The Investment Manager is entitled to an investment management fee as disclosed below.

**Frequency of calculation of NAV**

- 9.20 The Net Asset Value of the Compartment shall be calculated on (i) the first calendar day of each month and (ii) the fifteenth (15<sup>th</sup>) calendar day of each month (the “**Calculation Day**”), on the basis of the pricing of preceding Business Day (each a “**Valuation Day**”). In the event the Calculation Day is not a Business Day, the Net Asset Value of the Compartment will be calculated on the immediately following Business Day, on the basis of the pricing of the relevant Valuation Day.

**Specific dealings in the Compartment**

- 9.21 The deadline for receipt of subscription, redemption and conversion orders is fixed at 4 p.m. Luxembourg time on each Business Day preceding the applicable Valuation Day.
- 9.22 The subscription price for each share must reach the Depositary Bank within 3 Business Days after the relevant Valuation Day.
- 9.23 The redemption price will normally be paid to the shareholder within 7 Business Days after the relevant Valuation Day.
- 9.24 All relevant dates and deadlines relating to subscription, redemption and conversion orders are summarized in the table below:

Cut-off	<p><b>Subscription:</b> 4:00 pm Luxembourg time, the Business Day preceding the Valuation Day.</p> <p><b>Redemption:</b> 4:00 pm Luxembourg time, the Business Day preceding the Valuation Day.</p> <p><b>Conversion:</b> 4:00 pm Luxembourg time, the Business Day preceding the Valuation Day.</p>
Valuation Day (Pricing Day)	The last Business Day preceding the Calculation Day
Calculation Day	The first calendar day and the fifteenth (15 <sup>th</sup> ) calendar day of each month. If it is not a Business Day, the Net Asset Value will be calculated on the immediately following Business Day.
Settlement Day	<p><b>Subscription:</b> within 3 Business Days after the relevant Valuation Day</p> <p><b>Redemption:</b> within 7 Business Days after the relevant Valuation Day</p> <p><b>Conversion:</b> within 3 Business Days after the relevant Valuation Day</p>

**Initial Subscription Period**

- 9.25 Between 20 February and 24 February 2023 at the Initial Subscription Price of USD 100 per Share.

**Reference Currency**

9.26 The Reference Currency is the USD.

**Performance**

9.27 The performance scenarios of the Compartment will be disclosed in the KID<sup>42</sup> of the Compartment. In this connection, investors should note that past performance is not necessarily a guide to future performance. Investors may not get back the full amount invested, as prices of Shares and the income from them may fall as well as rise.

**Categories of Shares**

9.28 The categories of Shares in the Compartment are the following:

Categories of Shares available		A
Accumulation / Distribution		Accumulation
Eligible Investors		Investors having entered into an agreement with the sponsor of the Compartment
Initial Subscription Price		USD 100
Minimum initial subscription amount		1 Share
Subscription fee		None
Redemption/Conversion fee		None
Fees (max %)	Management Fee of the Investment Manager <sup>43</sup>	0.60%
	Central Administration Fee <sup>44</sup>	0.2%
	Depository Bank Fee <sup>45</sup>	0.2%
	Management Company Fees <sup>46</sup>	0.1%

<sup>42</sup> KID means key information document as defined under “Definitions”

<sup>43</sup> The investment management fee is payable quarterly by the Fund to the Investment Manager and calculated on the total net assets.

<sup>44</sup> with a minimum of USD 35’000 for the Compartment.

<sup>45</sup> with a minimum of USD 20’000 for the Compartment.

<sup>46</sup> with a minimum of USD 45’000 for the Compartment.

## 10. PROTEA UCITS II – OLIVE

### Objectives and investment policy

- 10.1 This Compartment is a medium/high risk vehicle aiming to provide capital growth. It may be suitable for investors who are seeking capital growth opportunities with income coming from both the equity and the debt markets over the long term.
- 10.2 The Compartment is actively managed. The following composite benchmark index of the Compartment is mentioned only for performance comparison purposes:
- 40% MSCI All Country World Total Return Net Index (USD);
  - 50% FTSE US Broad Investment Grade Index ex-MBS 1-10 years (USD); and
  - 10% FTSE US High Yield Market Index (USD).
- 10.3 The Compartment does not track the composite index and can deviate significantly or entirely from the composite benchmark index.
- 10.4 The objective of this Compartment is to achieve capital appreciation over the long term by offering exposure to equities (including ordinary or preferred shares, notes and ADR/GDR<sup>47</sup>) and debt securities (including investment grade, non-investment grade, corporate and sovereign securities).
- 10.5 In order to achieve its objective, the Compartment may invest:
- directly in the securities mentioned in the previous paragraph; and/or
  - in UCITS<sup>48</sup> and/or other UCIs<sup>49</sup> (such as funds, funds of funds).
- 10.6 The choice of investments will not be limited to a geographic sector (including emerging countries), a particular sector of economic activity or a given currency. However, depending on market conditions, this exposure may be focused on one country or on a limited number of countries and/or one economic activity sector and/or one currency.
- 10.7 The Compartment's investments in units or shares of UCITS and/or other UCIs will not exceed 30% of its net assets.
- 10.8 The Compartment will not invest more than 15% of its net assets in non-investment grade debt securities (including Distressed Securities which will not represent more than 10% of the net assets of the Compartment).
- 10.9 Without prejudice to Section 10.8 above, in the event of downgrading in the credit ratings of a security or an issuer, the Compartment may, at the discretion of the Investment Manager, and in the best interests of the Compartment's shareholders, continue to hold those debt securities which have been downgraded.
- 10.10 The Compartment does not intent to invest in contingent convertible bonds.
- 10.11 The Compartment will not use derivatives instruments.

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<sup>47</sup> ADR means American Depositary Receipt, GDR means Global Depositary Receipt

<sup>48</sup> UCITS means undertaking for collective investment in transferable securities as defined under "Definitions"

<sup>49</sup> UCI means undertaking for collective investment as defined under "Definitions"

- 10.12 The Compartment will not use SFTs<sup>50</sup> nor TRS<sup>51</sup>.
- 10.13 For the purpose of the Taxonomy Regulation, the investments underlying the Compartment do not take into account the EU criteria for environmentally sustainable economic activities.

**Global risk exposure**

- 10.14 The global risk exposure of the Compartment is monitored by the commitment approach. This approach measures the exposure related to positions on derivative techniques and instruments, which may not exceed the value of the Compartment’s net assets.

**Risk consideration specific to the Compartment**

- 10.15 The Compartment is subject to the specific risks linked to interest rates risks linked to investment in debt securities as well as to risks linked to investments in equity securities and UCIs and market volatility linked to the investment in derivative instruments and warrants; to the extent the Compartment may invest in securities of emerging markets, it may further be subject to risks related to such type of investments. Please refer to the Section 15 “Risk considerations” of the main body of the Prospectus for further details in this connection.

**Income Distribution Policy**

- 10.16 The Compartment pursues a policy of achieving capital growth and reinvests income earned. As a result, no dividend shall be paid out.

**Investment Manager of the Compartment**

- 10.17 In relation to investment opportunities for the Compartment, the Management Company has appointed Citibank N.A., London Branch, whose registered office is at 33 Canada Square, Canary Wharf, London E14 5LB, United Kingdom, as Investment Manager, under the term of an Investment Management Agreement dated 23 December 2022 with effective date as of the launch of the Compartment.

**Frequency of calculation of NAV**

- 10.18 The Net Asset Value of the Compartment shall be calculated on (i) the first calendar day of each month and (ii) the fifteenth (15<sup>th</sup>) calendar day of each month (the “**Calculation Day**”), on the basis of the pricing of preceding Business Day (each a “**Valuation Day**”). In the event the Calculation Day is not a Business Day, the Net Asset Value of the Compartment will be calculated on the immediately following Business Day, on the basis of the pricing of the relevant Valuation Day.

**Specific dealings in the Compartment**

- 10.19 The deadline for receipt of subscription, redemption and conversion orders is fixed at 4 p.m. Luxembourg time on each Business Day preceding the applicable Valuation Day.
- 10.20 The subscription price for each share must reach the Depository Bank within 3 Business Days after the relevant Valuation Day.
- 10.21 The redemption price will normally be paid to the shareholder within 3 Business Days after the relevant Valuation Day.

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<sup>50</sup> SFTs means securities financing transaction as defined under “Definitions”

<sup>51</sup> TRS means total return swap as defined under “Definitions”

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

Cut-off	<b>Subscription:</b> 4:00 pm Luxembourg time, the Business Day preceding the Valuation Day. <b>Redemption:</b> 4:00 pm Luxembourg time, the Business Day preceding the Valuation Day. <b>Conversion:</b> 4:00 pm Luxembourg time, the Business Day preceding the Valuation Day.
Valuation Day	The last Business Day preceding the Calculation Day
Calculation Day	The first calendar day and the fifteenth (15 <sup>th</sup> ) calendar day of each month. If it is not a Business Day, the Net Asset Value will be calculated on the immediately following Business Day.
Settlement Day	<b>Subscription:</b> within 3 Business Days after the relevant Valuation Day <b>Redemption:</b> within 3 Business Days after the relevant Valuation Day <b>Conversion:</b> within 3 Business Days after the relevant Valuation Day

**Initial Subscription Period**

10.23 The Compartment will be launched upon decision of the Board of Directors.

**Reference Currency**

10.24 The Reference Currency is the USD.

**Performance**

10.25 The performance scenarios of the Compartment will be disclosed in the KID<sup>52</sup> of the Compartment. In this connection, investors should note that past performance is not necessarily a guide to future performance. Investors may not get back the full amount invested, as prices of Shares and the income from them may fall as well as rise.

**Categories of Shares**

10.26 The categories of Shares in the Compartment are the following:

Categories of Shares available	A	
Accumulation / Distribution	Accumulation	
Eligible Investors	Investors having entered into an agreement with the sponsor of the Compartment	
Initial Subscription Price	USD 100	
Minimum initial subscription amount	1 Share	
Subscription fee	None	
Redemption/Conversion fee	None	
Fees (max %)	Management Fee of the Investment Manager <sup>53</sup>	0.5%

<sup>52</sup> KID means key information document as defined under “Definitions”

<sup>53</sup> The investment management fee is payable quarterly by the Fund to the Investment Manager and calculated on the total net assets.



	Central Administration Fee <sup>54</sup>	0.2%
	Depository Bank Fee <sup>55</sup>	0.2%
	Management Company Fees <sup>56</sup>	0.1%

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<sup>54</sup> with a minimum of USD 35'000 for the Compartment.  
<sup>55</sup> with a minimum of USD 20'000 for the Compartment.  
<sup>56</sup> with a minimum of USD 45'000 for the Compartment.

## APPENDIX 2 - PRIVACY NOTICE

### 1. SCOPE OF THIS PRIVACY NOTICE

- 1.1 Investors who are individuals as well as individuals related to investors (including notably contact persons, representatives, agents, shareholders and beneficial owners) are hereby informed about the processing of their personal data (i.e. data by which individuals may be directly or indirectly identified) as well as of their rights in accordance with the Data Protection Legislation.
- 1.2 **Data Protection Legislation** means Regulation 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data (the “**GDPR**”), as well as any other applicable laws, regulations and sector recommendations containing rules for the protection of individuals with regard to the processing of personal data, as such legislation and guidance may be complemented, amended, replaced or repealed from time to time.
- 1.3 Unless otherwise defined herein, the terms “**personal data**”, “**data subject**”, “**data controller**”, “**data processor**” and “**processing**” (including the verb “**to process**”) shall have the meaning given to them in the applicable Data Protection Legislation.

### 2. DATA CONTROLLER

- 2.1 Any personal data provided to or collected in connection with an investment into the Fund will be processed (i.e. used, stored, transmitted, etc.) in accordance with this Privacy Notice by the Fund, acting as data controller.
- 2.2 If investors or individuals related to investors have any questions or comments or want to exercise their rights, they may contact the Fund’s manager at: [data-protection@pictet.com](mailto:data-protection@pictet.com).
- 2.3 Other actors involved in the management of the investor relationship may process personal data for their own purposes in their capacity as data controllers (for instance the Administrative Agent and the relevant Investment Manager). In such case, these processing activities take place under the sole responsibility of these independent controllers and are governed by separate privacy notices.

### 3. PERSONAL DATA BEING PROCESSED

- 3.1 Information provided to the Fund may include but is not limited to:
- Identification data (e.g.: name, e-mail, postal address, telephone number, country of residence);
  - Personal characteristics (e.g.: nationality, date and place of birth);
  - Government issued identifiers (e.g.: passport, identification card, tax identification number, national insurance number);
  - Financial information (e.g.: bank details, credit history and credit score, income and other relevant information about the Investor’s financial situation);
  - Tax domicile and other tax related documents and information;

- Knowledge and experience in investment matters, including investments previously made;
- Origin of funds and assets;
- Communication data (e.g.: exchange of letters, telephone recordings, e-mail); and
- Any other personal information investors have provided directly to the Fund, (the “**Personal Data**”).

3.2 The Fund may collect Personal Data directly from the investors or individuals related to the investors or from other public or private legitimate sources.

#### **4. PURPOSES FOR WHICH PERSONAL DATA IS BEING PROCESSED**

4.1 The Fund processes the Personal Data where such processing is necessary:

##### **For the conclusion and performance of a contract if the investor is an individual**

4.2 This includes the processing of Personal Data for the purpose of the provision of investor related services including account administration, handling of orders, management of subscription, redemption and transfer of shares, maintaining the register of investors and distributions, managing distributions including the allocations of profit and loss between investors, internal audit validations, communications and more generally performance of services requested by and operations in accordance with the instructions of the investor.

##### **For compliance with legal and regulatory obligations**

4.3 This includes the processing of Personal Data for the purpose of compliance with applicable legal and regulatory obligations such as the applicable legislation on markets in financial instruments (“**MiFID**”), Know-Your-Customer (“**KYC**”), and Anti-Money Laundering and Combating the Financing of Terrorism (“**AML/CFT**”), accounting obligations, complying with requests from, and requirements of, local or foreign regulatory or law enforcement authorities, tax identification and, as the case may be, reporting, notably under the act of 18 December 2015 concerning the automatic exchange of financial account information in tax matters implementing Council Directive 2011/16/EU on Administrative Cooperation in the field of Taxation (as amended by Council Directive 2014/107/EU), which is notably aimed at the implementation by financial institutions of reporting and due diligence rules which are fully consistent with those set out in OECD’s standard for automatic exchange of financial account information (commonly referred to as the “**CRS**”), the act of 24 July 2015 approving the Agreement between the Grand Duchy of Luxembourg and the Government of the United States of America in view to improve international tax compliance and relating to the dispositions of the United States of America concerning the exchange of information commonly called the “**FATCA**”, as the afore mentioned laws may be modified from time to time, and any other automatic exchange of information (“**AET**”) regimes to which the Fund may be subject from time to time.

4.4 With respect to FATCA and/or CRS purposes, (i) Personal Data may be processed and transferred to the Luxembourg Direct Tax Authority who may transfer such data to the competent foreign tax authorities, including the US Internal Revenue Service or any other US competent authority, only for the purposes provided for in the FATCA and the CRS rules as well as to service providers for the purpose of effecting the reporting on the Fund’s behalf and (ii) for each information request sent to the investors, addressing such information requests is mandatory and failure to respond may result in incorrect or double reporting.

**For the purpose of legitimate interests**

- 4.5 Personal Data will be processed for risk management and fraud prevention purposes, for the evaluation of the investor's financial needs, monitoring the investor's financial situation including assessing its creditworthiness and solvency, to manage litigation and for marketing purposes. The Fund may also process Personal Data to the extent required for the establishment, exercise or defense of legal claims, for the protection of the rights of another natural or legal person or in the context of mergers, acquisitions and divestitures and the management of transactions related thereto.
- 4.6 If Personal Data was provided to the Fund by the investor (especially where the investor is a legal entity), the Fund may also process Personal Data relating to investor-related individuals in its legitimate interest for the purposes of the provision of investor-related services including account administration, handling of orders, evaluation of the investor's financial needs, monitoring the investor's financial situation including assessing its creditworthiness and solvency, management of subscription, redemption and transfer of Shares, maintaining the register of investors and distributions, managing distributions including the allocations of profit and loss between investors, internal audit validations, communications and more generally the performance of services requested by and operations in accordance with the instructions of the investor.

**Based on consent**

- 4.7 This includes the use and further processing of Personal Data with the investor's or the individual related to the investor's consent (which consent may be withdrawn at any time, without affecting the lawfulness of processing based on consent before its withdrawal), e.g. for the purpose of receiving marketing materials (about products and services of the group of companies to which the Fund belongs or those of its commercial partners) or recommendations about services.

**5. PERSONAL DATA BEING PROCESSED**

- 5.1 Investors or individuals related to investors only have to provide those Personal Data that are necessary for the formation and termination of the relationship with the Fund and that are required for the Fund to comply with its legal obligations. Without the provision of these Personal Data, the Fund will not be able to enter into or continue the execution of the contract with the investor or to perform a transaction.

**6. DATA RECIPIENT**

- 6.1 The Fund may disclose Personal Data to recipients such as:
- any third parties as may be required or authorized by law (including but not limited to public administrative bodies and local or foreign public and judicial authorities, including any competent regulators);
  - any third parties acting on the Fund's behalf, such as service providers, the Administrative Agent and the relevant Investment Manager, including their respective advisers, auditors, delegates, agents and service providers;
  - any subsidiary or affiliate of the Fund (and their respective representatives, employees, advisers, agents, delegates, agents and service providers);

- any of the Fund’s respective shareholders, representatives, employees, advisers, agents or delegates;
- persons acting on behalf of investors, such as payment recipients, beneficiaries, account nominees, intermediaries, correspondent and agent banks, clearing houses, clearing or settlement systems, market counterparties, upstream withholding agents, swap or trade repositories, stock exchanges, companies in which the Investor has an interest in securities; and
- parties involved in connection with any business reorganization, transfer, disposal, merger or acquisition on the level of the Fund.

## **7. TRANSFER OF PERSONAL DATA**

- 7.1 For the purposes listed above, Personal Data will be transferred to any of the aforementioned recipients and service providers in countries located in or outside of the European Economic Area (the “EEA”).
- 7.2 Personal Data may be transferred to the following countries located outside of the EEA: Switzerland.
- 7.3 Personal Data may be transferred to a country outside of the EEA on the basis of the fact that the European Commission has decided that such country ensures an adequate level of protection. Certain countries in which recipients and data processors may be located and to which Personal Data may be transferred may however not have the same level of protection of Personal Data as the one afforded in the EEA. Personal Data transferred to countries outside of the EEA in such case will be protected by appropriate safeguards such as standard contractual clauses approved by the European Commission. The investors who are individuals and individuals related to investors whose data may be covered by such transfer may obtain a copy of such safeguards by contacting the Fund at the contact details set out in Section 2 above.

## **8. DATA RETENTION PERIOD**

- 8.1 The Fund is subject to various retention and documentation obligations, which inter alia follow from the commercial code (Code de Commerce) and from AML/CFT and KYC legislation. The retention periods provided by those laws vary from five to ten years. If any relevant legal claims are brought, the Fund may continue to process the Personal Data for such additional periods as necessary in connection with such claims.
- 8.2 The retention period will also be determined by the legal limitation periods that can for example be set forth by the commercial code and amount to up to ten years after the end of the contractual relationship with the investor.

## **9. AUTOMATED DECISION MAKING PROCESS INCLUDING PROFILING**

- 9.1 The Fund does not use automated decision-making or profiling. Should the Fund use these procedures in individual cases, it will inform investors separately.

## **10. INDIVIDUAL’S RIGHTS**

- 10.1 The following rights apply to the investor who is an individual and to individuals related to the investor (whether the latter is an individual or not) whose Personal Data have been provided to the Fund. All references made to investors below are deemed to refer to the individuals related to such investors if the investors are not themselves individuals.

**Right to information, rectification, erasure and restriction of processing**

- 10.2 Investors may request to obtain at no costs, within reasonable intervals, and in a timely manner, the communication of their Personal Data being processed, as well as all information on the origin of those data.
- 10.3 Investors have the right to rectify their Personal Data held about them that are inaccurate.
- 10.4 In cases where the accuracy of the Personal Data is contested, the processing is unlawful, or where investors have objected to the processing of their Personal Data, investors may ask for the restriction of the processing of such Personal Data. This means that Personal Data will, with the exception of storage, only be processed with or for the establishment, exercise or defense of legal claims, for the protection of the rights of another natural or legal person or for reasons of important public interest of the European Union or of an EU Member State. In case a processing is restricted, investors will be informed before the restriction of processing is lifted.
- 10.5 Investors may request the deletion of Personal Data held about them, without undue delay when the use or other processing of such Personal Data is no longer necessary for the purposes described above, and notably when consent relating to a specific processing has been withdrawn or where the processing is not or no longer lawful for other reasons.

**Right to withdraw consent**

- 10.6 Investors have the right to withdraw their consent at any time, without affecting the lawfulness of processing based on consent before its withdrawal.

**Right to object**

- 10.7 Investors may object to processing of their Personal Data which is based on the legitimate interests pursued by the Fund or by a third party. In such a case the Fund will no longer process these Personal Data unless the Fund has compelling legitimate grounds for the processing which override investors' interests, rights and freedoms or for the establishment, exercise or defense of legal claims.
- 10.8 The investors' right to object is not bound to any formalities.

**Right to data portability**

- 10.9 Where the processing of data is based on consent or the execution of a contract with investors, investors also have the right to data portability for information they provided to the Fund – this means that investors can obtain a copy of their data in a commonly use electronic format so that they can manage and transmit it to another data controller.

**Right to lodge a complaint**

- 10.10 In addition to the rights listed above, should an investor or an individual related to an investor consider that the Fund does not comply with the applicable privacy rules, or has concerns with regards to the protection of their Personal Data, they may file a complaint with the Luxembourg data protection authority (the Commission Nationale pour la Protection des Données - CNPD) or another European data protection authority (e.g. in the country of residence of the investor).

**11. AMENDMENT OF THIS PRIVACY NOTICE**

- 11.1 This Privacy Notice may be amended from time to time to ensure that full information about all processing activities is provided. Changes to the Privacy Notice will be notified by appropriate means.

### APPENDIX 3 – VENDOR DISCLOSURES

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