



ROBECO INSTITUTIONAL SUSTAINABLE CORE EURO BONDS  
FUND  
INFORMATION MEMORANDUM

March 2021

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## Definitions

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In this Information Memorandum, words written with an initial capital, and abbreviations have the following definitions:

Affiliated Entity	Any direct or indirect subsidiary of ORIX Corporation Europe N.V. within the meaning of Section 2.24a Dutch Civil Code
Affiliated Investment Institution	An investment institution that is affiliated with or managed by the Manager or another Affiliated Entity
Affiliated Party	A natural or other person as defined in Section 1 of the Bgfo
AFM	The Dutch Authority for the Financial Markets [Autoriteit Financiële Markten]
AIFM directive	The European Directive (2011/61/EU) that introduces harmonized rules for managers of alternative investment institutions
Benchmark	An index that is used to measure the performance of an investment fund with the purpose of tracking the return of such index or defining the asset allocation of a portfolio or computing the performance fees
BGfo	Decree on the Market Conduct Supervision of Financial Enterprises under the Wft [Besluit gedragstoezicht financiële ondernemingen]
Cut-off Time	Time (15:00h CET) before which order must be received on a Dealing Day (D) by the Transfer Agent in order to be settled at the Transaction Price of that Dealing Day, calculated the next Dealing Day (D+1)
Depository	J.P. Morgan Bank Luxembourg S.A., Amsterdam Branch
EUR	Euro
FATCA	Foreign Account Tax Compliance Act
Financial Year	The financial year of the Investment Institution as stated in the Terms and Conditions
Fund	The Investment Institution
Fund Assets	The total assets of the Fund
Information Memorandum	<b>The Investment Institution’s most recent Information Memorandum</b>
Investment Institution	Robeco Institutional Sustainable Core Euro Bonds Fund (which also may be marketed under the commercial name ‘Sustainable Pension Control’)

Legal title holder	Stichting Custody Robeco Institutional
Lending Agent	The Investment Institution has J.P. Morgan Bank Luxembourg S.A. appointed as lending agent
Manager	Robeco Institutional Asset Management B.V., the Manager of the Investment Institution
Net Asset Value	The net asset value of each Participating Unit of the Investment Institution
OECD	Organization for Economic Co-operation and Development
Participant	A holder of one or more Participating Units
Participating Unit	The economic entitlement of a Participant to a part of the Fund Assets
RIAM	Robeco Institutional Asset Management B.V.
Stock-exchange Day	A day on which Euronext Amsterdam is open for business
Terms and Conditions	The conditions that apply between the Investment Institution and the Participants, as included in the Terms and Conditions for Management and Custody
Dealing Day	A Dealing Day is a day fixed by the Manager on which Fund Participants can enter or exit the Fund (details of these are sent annually by the manager on request)
Transaction Price	The price at which the Investment Institution purchases or issues Participating Units. The Transaction price is determined per Participating Unit
UCITS	An undertaking for collective investment in transferable securities as referred to in Section 1:1 of the Wft
Website	The Website <a href="http://www.robeco.com/riam">www.robeco.com/riam</a>
Wft	The Dutch Financial Supervision Act [ <i>Wet op het financieel toezicht</i> ]

Use of the singular form above may also mean the plural form and vice versa

## Important information

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The fund documentation comprises 1) this Information Memorandum and 2) the Terms and Conditions included in the Appendix. The articles in the Terms and Conditions cover the primary provisions that can only be amended subject to the conditions stated in article 19. The Information Memorandum provides additional information about the Investment Institution and the Participating Units to further explain the provisions in the Terms and Conditions. The Manager is authorized to implement amendments to this Information Memorandum. The Manager shall inform the Participants of this. Amendments to this Information Memorandum that reduce the rights and securities of Participants, or inflict charges upon them, or which change the investment policy of the Investment Institution, will not come into effect until one month after the aforementioned publication.

Potential Participants should be aware that financial risks are involved in an investment in the Investment Institution. Before deciding to purchase Participating Units, investors are advised to read this Information Memorandum carefully and to fully acquaint themselves with its content.

Participation in the Investment Institution is only open to professional investors as referred to in the Terms and Conditions.

The Participating Units are offered on the basis of the information in this Information Memorandum and the Terms and Conditions, in combination with – insofar as the period of existence of the Investment Institution allows – the Investment Institution's three most recently published annual reports and financial statements, together with any semiannual report issued after the most recently published annual report and financial statement. The information provided in this Information Memorandum is not investment advice.

Where return figures are stated or future expectations are expressed in this Information Memorandum, it should be understood that the value of a Participating Unit can fluctuate and past performance is no guarantee of future results.

With the exception of the Manager, no one is entitled to provide information or make statements that deviate from this Information Memorandum. A purchase performed on the basis of information that deviates from this Information Memorandum takes place entirely at the investor's own risk.

The issue and distribution of this Information Memorandum and the offering, sale and delivery of Participating Units may be subject to legal or other restrictions in certain jurisdictions outside the Netherlands. This Information Memorandum does not constitute an offer to sell or an invitation to make an offer to buy in any jurisdiction where such an offer or invitation is not permitted by virtue of the legislation and regulations applicable there. The Investment Institution requests everyone who comes into possession of this Information Memorandum to acquaint themselves and comply with such legislation and regulations. The Manager, the Investment Institution, and/or any Affiliated Entity accept no responsibility for violation of the aforementioned restrictions by any third party.

The Participating Units are not registered under the Securities Act of 1933 ('Securities Act') of the United States of America ('US') and may not be offered, sold or delivered there unless such action takes place in accordance with regulation S of the Securities Act. In principle, the Investment Institution will not accept Participants who are domiciled in the US or who act for the account of or for the benefit of any person in the US.

The Investment Institution is a financial institution as defined by the agreement concluded between the Netherlands and the United States in relation with the Foreign Account Tax Compliance Act (FATCA). Owing to Dutch regulation, and for the purposes of implementing this agreement, the Investment Institution will accordingly not admit any

Participants who meet the definition of a “Specified US person” under FATCA or the corresponding definition that may eventually be used in Dutch legislation, or financial institutions that evidently do not wish to cooperate with FATCA. The Investment Institution or its designated representative may request documentation for this purpose from Participants in order to be able to establish or re-establish their status under FATCA or equivalent Dutch legislation. At the discretion of the Manager, the Investment Institution may take measures in connection with the requirements of FATCA in the interests of the Investment Institution and its Participants to exclude certain participants from the Investment Institution or cease any payments to financial institutions that do not cooperate with FATCA until such time as the documentation required by the Investment Institution shows that this financial institution complies with FATCA.

Participating Units may neither be offered nor sold to any US American benefit plan investor. For this purpose, a “benefit plan investor” means any (i) “employee benefit plan” within the meaning of Section 3(3) of the US Employee Retirement Income Security Act of 1974, as amended (“ERISA”) that is subject to the provisions of Part 4 of Title I of ERISA, (ii) individual retirement account, Keogh Plan or other plan described in Section 4975(e)(1) of the US Internal Revenue Code of 1986, as amended, (iii) entity whose underlying assets include “plan assets” by reason of 25% or more of any class of equity interest in the entity being held by plans described in (i) and (ii) above, or (iv) other entity (such as segregated or common accounts of an insurance company, a corporate group or a common trust) whose underlying assets include “plan assets” by reason of an investment in the entity by plans described in (i) and (ii) above.

This Information Memorandum is exclusively governed by Dutch law.

The Investment Institution expressly advises interested parties to consult their own tax advisor in order to obtain advice about the tax aspects associated with an investment in the Investment Institution.

## 1. General information about the Investment Institution

### Legal information

The Investment Institution is a mutual investment fund within the meaning of Section 2, Subsection 2 of the 1969 Dutch Corporate Income Tax Act. It was incorporated under Dutch law, on 16 December 2013. The Investment Institution is considered to have its registered office at the offices of the Manager in Rotterdam, the Netherlands. The Terms and Conditions stipulate that neither the Fund nor the Terms and Conditions nor actions taken on the basis thereof can be regarded as any kind of partnership according to Dutch law. The Investment Institution falls within the scope of the AIFM Directive.

### Director and Manager

RIAM is the only director of the Investment Institution. The **Manager's board** or directors consists of G.O.J.M. Van Hassel, K. van Baardwijk and M.C.W. den Hollander. In addition M.O. Nijkamp, V. Verberk, C. von Reiche, A.J.M. Belilos-Wessels and M.F. van der Kroft have been appointed as day-to-day policymakers of the Manager. These persons may also be members of the management boards of Affiliated Entities.

RIAM sees sustainability as a long-term driver for structural change in countries, companies and markets. And RIAM believes companies with sustainable business practices are more successful.

RIAM acts in accordance with the United Nations Global Compact and the OECD Guidelines for Multinational Enterprises to assess the companies, where principles about human rights, labor standards, the environment and anti-corruption are taken into consideration and may lead to an exclusion of the companies from the investment universe if breached. Furthermore companies involved in the production or distribution of controversial weapons and companies involved in the production of tobacco are excluded from the investment universe of the fund. In addition to this financially material Environmental, Social and Governance issues are integrated into the investment decisionmaking process of the fund. Lastly RIAM exercises its voting rights and engages with companies with the goal of improving sustainability practices and creating long term value. RIAM strongly believe taking these matters into account makes for better informed investment decisions. More information on this topic and policies can be found on [www.robeco.com/si](http://www.robeco.com/si).

The equity held by RIAM meets the requirements laid down in Article 3:53 of the Dutch Decree on the Supervision of Investment Institutions. RIAM is sufficiently solvent within the meaning of Section 3:57 Wft. To cover possible professional liability risks, the Manager has arranged a professional liability insurance, appropriate to the risks covered, for liability resulting from professional negligence.

### The Supervisory Board

A Supervisory Board of RIAM was appointed in May 2016 to supervise RIAM and the investment institutions managed by RIAM. The Supervisory Board consists of M.F. Slendebroek, S. Barendregt-Roojers, S.H. Koyanagi, M.A.A.C. Talbot and R.R.L. Vlaar.

### Depositary

J.P. Morgan Bank Luxembourg S.A., Amsterdam Branch operating from its Dutch branch office, has been appointed as Depositary of the Fund within the meaning of Section 4:62m, Subsection 1 of the Wft. The Depositary is responsible for supervising the Fund insofar as required under and in accordance with the applicable legislation. The Manager and the Depositary have concluded an agreement (the Depositary Agreement). A copy of this agreement may be requested from the Manager free of charge.

The Depositary holds the assets of the Investment Institution in custody. The Depositary confirms that these assets have been acquired by the Investment Institution and that this is recorded in the accounts. The Depositary will carry out this custodial duty. Up-to-date information concerning any delegation will be provided at the request of Participants.



*Key tasks*

The main tasks the Depositary will carry out within the context of holding the Fund's investments in custody are as follows:

- (i) monitoring and checking the Fund's cash flows, including payments from and to entering and exiting Participants
- (ii) holding in custody the assets of the Fund, including establishing that the assets have been acquired by the Fund and that this has been recorded in accounts
- (iii) establishing that the issuance, repurchase, repayment and withdrawal of the Fund's Participations takes place in accordance with the Terms and Conditions and the applicable legislation and regulations
- (iv) checking whether the net asset value of the Fund is determined in the correct manner and periodically checking whether the procedures followed for this meet requirements, as well as checking that the equivalent value of transactions relating to the Fund Assets is transferred
- (v) checking that the income from the Fund is used as prescribed in the applicable legislation and regulations and in the Terms and Conditions
- (vi) carrying out the Manager's instructions, unless these are in conflict with the Terms and Conditions or the applicable laws and regulations

*Dismissal/resignation of the Depositary*

The Depositary may be dismissed by the Manager, or resign, for certain reasons and subject to the relevant conditions laid down in the Depositary Agreement. If the Depositary intends to step down or is to be dismissed, the Manager shall appoint a successor for the Depositary in accordance with the applicable legislation.

*Depositary's liability*

The Depositary is liable to the Fund and/or the Participants for the loss of any financial instrument held in custody by the Depositary or by a third party to whom custody has been transferred. The Depositary is not liable if it can prove that the loss is a result of an external event over which it has no reasonable control and the consequences of which were unavoidable, despite efforts to prevent them.

The Depositary is also liable to the Fund and/or the Participants for all other losses that they incur because the Depositary fails intentionally or as a result of negligence to comply with its obligations under this Depositary Agreement. Participants may invoke the liability of the Depositary indirectly through the Manager. If the Manager is unwilling to cooperate with such a request, the Participants may submit the damages claim directly to the Depositary.

*Delegation and conflicts of interest*

The Depositary is entitled to delegate certain work under the Depositary Agreement. The Depositary shall inform the Participants immediately if certain work is to be outsourced. In principle, delegation of work does not affect the Depositary's liability. However, the Depositary may discharge itself of its liability if the Depositary Agreement allows this and all the requirements for delegation laid down in the applicable legislation have been met.

From time to time, conflicts of interest may arise between the Depositary and third parties to whom a function has been outsourced. In the case of a (potential) conflict of interest that has arisen during normal business, the Depositary shall observe the applicable legislation.

*Background of the Depositary*

J.P. Morgan Bank Luxembourg S.A. has its registered office in Luxembourg, is registered in the Registre de Commerce et des Sociétés in Luxembourg under number B10958 and has a banking license in Luxembourg. The Depositary carries out its duties from the Dutch branch that was established on 8 May 2018 and is located at Strawinskylaan 1135, 1077 XX Amsterdam. The Depositary is a 100% subsidiary of JPMorgan Chase Bank N.A. that is part of JPMorgan Chase & Co. For a schematic overview, please refer to the Website.

*Independent Auditor*

KPMG Accountants N.V. has been appointed auditor of the Investment Institution.

## Address details

<u>Investment Institution</u>	<u>Manager</u>	<u>Auditor</u>
Robeco Institutional Sustainable Core Euro Bonds Fund	Robeco Institutional Asset Management B.V.	KPMG Accountants N.V.
Weena 850	Weena 850	Papendorpseweg 83
3014 DA Rotterdam	3014 DA Rotterdam	3528 BJ Utrecht
Postbus 973	Postbus 973	Postbus 43004
3000 AZ Rotterdam	3000 AZ Rotterdam	3540 AA Utrecht
The Netherlands	The Netherlands	The Netherlands
Tel. +31 (0)10 224 1224	Tel. +31 (0)10 224 7000	Tel. +31 (0) 30 658 2300

## Affiliated Entities and Affiliated Investment Institutions

The Manager and the Investment Institution are affiliated with Affiliated Entities or Affiliated investment institutions. The Manager is a 100% subsidiary of Robeco Holding B.V. The latter company is a wholly owned subsidiary of ORIX Corporation Europe N.V. which is wholly owned by ORIX Corporation. ORIX Corporation does not have a meaningful say in or significant influence on the business policy of the Manager. Go to the Website of the Manager for the relevant diagram.

In addition to services of other market parties, the Investment Institution and the Manager may use the services of Affiliated Entities. The services or transactions that will or may be performed by or with Affiliated Entities may include: treasury management, derivatives transactions, custody of financial instruments, lending of financial instruments, issuance and repurchase of shares, credit extension, the purchase and sale of financial instruments on regulated markets or through multilateral trading facilities. All these services and transactions are executed at market rates.

With the exception of transactions in rights of participation in Affiliated Investment Institutions that are only available to professional investors within the meaning of Section 1:1 of the Wft or unlisted rights of participation in other Affiliated Investment Institutions, the Manager does not expect to execute any transactions with Affiliated Entities, Affiliated Investment Institutions or Affiliated Parties in financial instruments outside regulated markets or multilateral trading facilities. Insofar as such transactions do take place at any time, prices will always be based on an independent valuation.

Structure of RIAM

The chart below shows the position of the relevant entities referred to in the Information Memorandum together with their mutual relationship.



Outsourcing

With due observance of the provisions in Section 4:16 of the Wft, the Investment Institution has outsourced the following activities:

Transfer agent

The Manager has concluded a Transfer Agency Agreement with J.P. Morgan Bank Luxembourg S.A. on behalf of the Investment Institution by virtue of which J.P. Morgan Bank Luxembourg S.A. will be responsible for evaluating, accepting, and processing of all off-exchange orders. In its capacity of Transfer Agent, J.P. Morgan Bank Luxembourg S.A. is responsible for processing the issue and repurchase of Shares and updating the register.

Administration

The Manager has entered into a Fund Administration Specific Services Agreement with J.P. Morgan Bank Luxembourg S.A. by virtue of which J.P. Morgan Bank Luxembourg S.A. is responsible for the financial administration, calculating the Net Asset Value and maintaining the accounting records of the Fund.

Relationship with Robeco Nederland B.V.

The Investment Institution and RIAM do not employ personnel. RIAM has entered into an agreement with Robeco Nederland B.V., the central service entity, with respect to the provision of, among other things, personnel by Robeco Nederland B.V.

Data protection

The Manager and the Transfer Agent may process personal data of a Participant (such as the name, gender, e-mail address, postal address, address, account number) in connection with the management of the commercial relationship, processing of orders, to monitor and record calls and compliance with applicable laws and regulations,

including anti-money laundering and fiscal reporting obligations. The processing of personal data by the above-mentioned entities can imply the transfer to and processing of personal data by affiliated persons or entities that are established in countries outside of the European Union. In this case, a level of protection comparable to that offered by EU laws will be aimed for. Participants should be aware that personal data can be disclosed to service providers, only on a need to know basis and after the closure of a data processor agreement, or, if obliged by law, to foreign regulators and/or tax authorities.

Pursuant to the European General Data Protection Regulation (GDPR), Participants have a right of access to their personal data kept by the Manager or Administrator and ask for a copy of the data. Besides that the participants have the right to rectify any inaccuracies in their personal data held by the Manager by making a request to the Manager in writing and to have it removed (as long as this is possible due to legal obligations).

The Manager and Transfer Agent will hold any personal information provided by investors in confidence and in accordance with Data Protection Legislation. If a Participant's personal data is processed by the Manager or Administrator on the basis of a contract, legal obligation or legitimate interest. The Manager and Transfer Agent will not hold any personal data for longer than necessary for the purposes for which we have collected it. The personal data will be deleted seven years after the end of the contract.

If you have any questions about the information above, please contact the Manager and/or the Administrator. If you have a complaint concerning the processing of your personal data, you can also contact the supervisory authority in the EU Member State of your habitual residence or place of work or in the place of the alleged infringement.

## 2. Investment policy

### Introduction

This section further explains the execution of investment policy as specified in the Terms & Conditions. The restrictions stated below are intended to give the investor further insight into the execution of investment policy. The Manager aims for a portfolio within the framework of the stated restrictions. If these restrictions are breached, under normal circumstances the Manager will bring the portfolio in line with the restrictions as soon as possible, but at least within 10 Dealing Days, taking into account the interest of the Participants. The Manager also indicates that it is also possible that a breach of the stated restrictions may occur as a result of market movements or exceptional circumstances. Examples of exceptional circumstances are:

- an unexpected major flow in or out of the Investment Institution,
- the closure of a market on which the Investment Institution is active,
- the acquisition of investment instruments as part of a corporate action which are described in the Investment Institution's investment policy,
- temporarily using investment instruments not described in the investment policies for the benefit of Participants, if the Investment Institution is restricted in executing its investment policy in the usual way for legal or operational reasons.

As a result of market movements and/or exceptional circumstances, it may not be possible to bring the portfolio back in line with the restrictions referred to within the designated period. However the Manager will strive in such cases to bring the portfolio back in line with the restrictions referred to below as soon as possible, taking into account the interest of the Participants.

### Investment objective

The Fund's investment policy is geared towards capital accumulation in the long term while at the same time promoting certain ESG (i.e. Environmental, Social and corporate Governance) characteristics and integrating sustainability risks in the investment process.

### Investment Universe and Investment Restrictions

The Fund invests mainly in government bonds issued in euros by EMU member states and in euro denominated bonds issued by government-related entities. The Fund mainly invests in bonds rated at least AA or with a comparable rating from at least one of the recognized rating agencies. The Fund aims for a better sustainability profile by integrating country ESG scores. The Fund also aims to invest in green bonds of government and government-related entities. In addition, the Fund can invest in interest-rate swaps, inflation swaps, bond futures, other fixed-income securities, debt titles and/or liquid assets. The Manager aims for a (weighted average modified) duration that does not deviate for more than one year from the (weighted average modified) duration of the benchmark.

The Fund promotes environmental and/or social characteristics within the meaning of article 8 of the Regulation (EU) 2019/2088 of 27 November 2019 on sustainability-related disclosures in the financial sector. The Fund strives for economic results, while at the same time taking into account environmental, social and governance characteristics. In addition to ESG Integration, other sustainability criteria, as defined and disclosed in Appendix I are taken into account in the management of the Fund.

The Fund will comply with the key investment restrictions which are stated in the UCITS Directive 2009/65/EG as being implemented in article 130-143 of the decree of conduct of business supervision of financial undertakings under the Wft. The Fund is authorized to invest up to 100% of the net assets, in accordance with the principle of risk spreading, in transferable securities and money market instruments issued or guaranteed by a Member State, by its local authorities or agencies, or by another member State of the OECD or by public international bodies of which one or more Member States are members, provided that the Fund must hold securities from at least six different issues and securities from one issue do not account for more than 30% of the net assets of the Fund.

#### Benchmark

Bloomberg Barclays Treasury AAA/AA market value weighted index. The Benchmark is not consistent with the environmental, social and governance characteristics promoted by the Fund. The methodology used for the calculation of the benchmark can be found on the website of the benchmark administrator (Bloomberg Index Services Limited).

#### Benchmark Regulation

Regulation (EU) 2016/1011 (the “Benchmark Regulation”) came into full effect on 1 January 2018. The Benchmark Regulation introduces a new requirement for all Benchmark administrators providing indices which are used or intended to be used as Benchmarks in the EU to be authorized or registered by the competent authority. In respect of the Investment Institution, the Benchmark Regulation prohibits the use of Benchmarks unless they are produced by an EU administrator authorized or registered by ESMA or are non-EU Benchmarks that are included in ESMA’s register under the BMR’s third country regime.

The Benchmark used by the Investment Institution is, as at the date of this Prospectus, provided by a benchmark administrator (Bloomberg Index Services Limited) who is included in the ESMA register. The Manager maintains a robust written plan setting out the actions that will be taken in the event of the benchmark materially changing or ceasing to be provided, available for inspection on request and free of charges at its registered office in The Netherlands.

#### Tracking error

The Investment Institution aims (under normal conditions) to limit the ex-ante Tracking Error to a maximum of 2.0%.

#### Currency policy

The investment of the Investment Institution are expressed in euros.

#### Cash policy

The Investment Institution may hold a limited position in cash, for example, to provide for inflow and outflow of capital and possible margin obligations. As a debtor, the Investment Institution may enter into temporary loans to a maximum of 10% of the Fund Assets.

#### Derivative instruments

Under the Terms and Conditions and within the limits of (i) the relevant legislation and regulation and (ii) the Investment Objectives and associated investment restrictions (as listed in Appendix I), the Investment Institution may use derivative financial instruments (such as interest rate swaps en interest rate futures) for efficient portfolio management, for hedging currency and for investment objectives.

#### Investing in other investment institutions and Affiliated Parties

Subject to legal restrictions, the Fund may invest a maximum of 10% in (1) Affiliated Investment Institutions and (2) other investment institutions. The Fund may also invest in financial instruments that are fully or partly issued by **Affiliated Parties**. Such investments will be reported in the Fund’s annual financial statements in accordance with the relevant transparency regulations.

#### Investment portfolio

An overview of the investment portfolio and various divisions on the basis of this portfolio over the last three financial years is given in the Investment Institution’s annual reports and financial statements.

#### Selection of counterparties

In terms of counterparty risk, procedures have been established relating to the selection of counterparties. Details on these are set out in the section entitled 'Management of Financial Risks'.

#### Levels of leveraged financing

Since the Investment Institution may use derivative instruments and may enter into temporary loan agreements, on which basis borrowed money can be invested, leveraged financing may arise. The level of leveraged financing based on the "Gross Method" and the "Commitment Method", as described in the AIFM Directive, has an upper limit of 210% for the Investment Institution (as a ratio of the Investment Institution's exposure and the Fund Assets). This is a maximum level, intended for exceptional circumstances. In the absence of leveraged financing, the percentage will be 100%. The average level of the leveraged financing under normal conditions is expected to be around 120%. An overview of the actual levels of leveraged financing will be given in the annual financial statements. Changes in the maximum level will be disclosed in an update of the Information Memorandum.

### 3. Risk factors

#### Risks associated with the Investment Institution

Potential investors in Participating Units should be aware that considerable financial risks are involved in an investment in the Investment Institution. The value of the Participating Units may increase or decrease. For this reason, potential investors must carefully consider all the information given in the Information Memorandum before deciding to buy Participating Units. In particular, they should take due account of the following significant and relevant risks as well as the investment policy (see chapter 2 on 'Investment Policy').

##### a) General investment risk

The value of investments may fluctuate. Past performance is no guarantee of future results. The value of a Participating Unit depends upon developments on the financial markets and may both rise and fall. Participants run the risk that their investments may end up being worth less than the amount they invested or even worth nothing. General investment risk can be broken down into different types of risk:

##### Market Risk

The value of the Participating Units is sensitive to market fluctuations in general, and to fluctuations in the price of individual financial instruments in particular. In addition, investors should be aware of the possibility that the value of investments may vary as a result of changes in political, economic or market circumstances. Therefore no guarantee can be given that the investment objective of the Investment Institution will be realized. Nor can it be guaranteed that the value of a Participating Unit will never fall to below the value at which the Participant purchased the Participating Unit.

##### Credit risk

Investments in fixed-income financial instruments are subject to risk in relation to interest percentages, default and credit risk. Financial instruments with low creditworthiness generally provide higher returns than financial instruments with higher creditworthiness, and this serves to offset (1) the lower creditworthiness of these financial instruments and (2) the higher risk of default of the institution which issued the financial instruments concerned. Financial instruments with lower creditworthiness are generally more sensitive to short-term corporate and market developments than financial instruments with higher creditworthiness. The latter respond mainly to fluctuations in the general exchange-rate level. On average, fewer investments are made in financial instruments with lower creditworthiness, and it may therefore be difficult to purchase and sell such financial instruments at the most favorable moment (see also the paragraph entitled 'Liquidity risk'.) Financial instruments may run the risk of being classified as less creditworthy because of a downgrade in their credit rating.

The Investment Institution is subject to concentration limits for fixed-income portfolios to limit the risk of lower classification and defaults (also referred to as event risks). The credit-spread risk is included in the general market-risk measures.

##### Concentration risk

Based on its investment policy, the Investment Institution may invest in financial instruments from issuing institutions that operate entirely or mainly within the same sector or region, or in the same market. If this is the case – due to the concentration of the investment portfolio of the Investment Institution – events that have an effect on these issuing institutions may have a greater effect on the Fund Assets than in the case of a less concentrated investment portfolio.

##### Risk of premature termination

In case of dissolution of the Investment Institution, the balance on liquidation will be distributed to the Participants in proportion to the number of Participating Units they hold. It is possible that on liquidation the value of a Participating Unit will have fallen to below the value at which the Participant purchased the Participating Unit.



Inflation risk

As a result of inflation (reduction in value of money), the actual investment income of the Investment Institution may be eroded.

## b) Counterparty risk

A counterparty of the Investment Institution may fail to fulfill its obligations towards the Investment Institution. This risk is limited as much as possible by taking every possible care in the selection of counterparties.

In general, there is less governmental regulation and supervision of transactions in the OTC markets (in which cash deposits, currencies, forward, spot and option contracts, credit default swaps, total return swaps and certain options on currencies are generally traded) than of transactions entered into on organized exchanges. In addition, many of the protections afforded to participants on some organized exchanges, such as the performance guarantee of an exchange clearinghouse, may not be available in connection with OTC transactions. Therefore, a fund entering into OTC transactions will be subject to the risk that its direct counterparty will not perform its obligations under the transactions and that a fund will sustain losses.

For OTC derivatives cleared by a central counterparty clearing house (CCP), the Fund is required to post margin with its clearing member of the CCP. This margin is subsequently transferred by the clearing member to the CCP on behalf of the fund. As a result thereof, the fund is temporarily subjected to counterparty risk on the clearing member of the CCP. During the return of margin by the CCP to the clearing member, the fund is again temporarily subject to counterparty risk on the clearing member until the clearing member has posted the margin back to the Fund.

For listed derivatives, such as futures and options, where the Fund is not a direct member of various exchanges, clearing services are required from a third party that is a clearing member. This clearing member is required by the clearing house to post margin, which in turn requires the Fund to post margin. Because of risk premiums and netting margins across a multitude of clients, the actual margin posted by the clearing member at the clearing house can be significantly lower than the margin posted by the Fund, implying the Fund runs residual counterparty credit risk on the clearing member.

Settlement risk

For the Investment Institution, incorrect, non or late payment or delivery of financial instruments by a counterparty may mean that settlement via a trading system cannot take place on time or in line with expectations.

Custodian risk

The financial instruments in the securities portfolio of the Investment Institution are placed in custody with a reputable bank (*custodian*). The Investment Institution runs the risk that its assets placed in custody may be lost as a result of the liquidation, insolvency, bankruptcy, negligence of, or fraudulent activities by, the custodian or sub-custodian appointed by it.

## c) Liquidity risk

Asset Liquidity risk

The actual buying and selling prices of financial instruments in which the Investment Institution invests partly depend upon the liquidity of the financial instruments in question. Due to a (temporary) lack of liquidity in the market in terms of supply and demand there is a risk that a position taken on behalf of the Investment Institution (1) will be valued at an outdated price and (2) cannot be liquidated (in time) at a reasonable price. The lack of liquidity may potentially lead to the limitation or deferral of the issue and repurchase of Participating Units.

Financial derivative transactions are also subject to liquidity risk. Given the bilateral nature of OTC positions, liquidity of these transactions cannot be guaranteed. The operations of OTC markets may affect the Funds' investment via OTC markets.

From time to time, the counterparties with whom the Investment Institution enters into transactions may cease to perform market-making activities or quoting prices for certain financial instruments. In such cases it is possible that the Investment Institution might be unable to enter into a desired transaction or carry out an offsetting transaction for an open position, which may have a negative effect on the Investment Institution's performance.

*Large redemption risk*

As the Investment Institution has an open-ended character, it can in theory be confronted at any time with a large number of redemptions. In such situations, investments must be sold in the short term to comply with the repayment obligation towards the redeeming Participants. This may be detrimental to the results of the Investment Institution and potentially result in the suspension or restriction of purchase and issue of Participating Units.

*Risk of suspension or restriction of repurchase and issuance*

Under specific circumstances, for example if one of the risks referred to in this section occurs, the issuance and repurchase of Participating Units may be restricted or suspended. Participants run the risk that they cannot always buy or sell Participating Units in the short term.

d) Sustainability risk

The value of securities in which the Fund invests may be materially impacted by the occurrence of environmental, social or governance events or conditions.

Climate-related and other environmental risks are divided into two major categories: (1) risks related to the transition to a lower-carbon economy and (2) risks related to the physical impacts of climate change.

Transition Risk

The process of adjustment towards a lower-carbon and more environmentally sustainable economy may directly or indirectly influence the value of securities of the Fund. This could be triggered by adoption of climate and environmental public policies, technological progress or changes in market sentiment, client preferences and/or society values. Depending on the nature, speed, and focus of these changes, transition risks may pose varying levels of financial and reputational risk to the Fund's portfolio.

Physical risk

Financial impact on securities of the Fund may occur as a result of a changing climate, including more frequent extreme weather events and gradual changes in climate, as well as of environmental degradation, such as air, water and land pollution, water stress, biodiversity loss and deforestation. Physical risk can be "acute" when it arises from extreme events, such as droughts, floods and storms, and "chronic" when it arises from progressive shifts, such as increasing temperatures, sea-level rises, water stress, biodiversity loss and resource scarcity.

Social risk

Occasionally the value of securities of the Fund may be negatively influenced by an issuer institution involved in a situation or event around health and safety conditions, human rights, selling practices & product labelling, customer welfare, public governance failure or infectious diseases.

Governance risk

Governance practices of issuers may negatively impact the values of securities of the Fund for instance as a consequence of sub-optimal business ethics, competition behaviour, management of the regulatory environment and critical risk management.

## e) Risks attached to the use of derivative instruments

Derivative financial instruments are subject to the risks described in this section and no guarantee can be given that the results the use of these instruments is intended to achieve will actually be achieved. The following risks also apply specifically to derivative instruments:

*Basic risk*

Derivative instruments may be subject to basic risk: in unfavorable market conditions, the price of a derivative instrument, such as interest rate swaps and futures, may not be perfectly correlated with the price of the underlying financial instrument. This may be detrimental to the results of the Investment Institution.

*Leverage risk*

The Investment Institution may make use of derivative instruments, techniques or structures. They may be used for hedging risks, and for achieving investment objectives and ensuring efficient portfolio management. These instruments may present a leverage effect, **which will increase the Investment Institution's sensitivity to market fluctuations**. The risk of derivative instruments, techniques or structures will always be limited within the conditions of the Investment Institution's integral risk management. Chapter 2 gives the maximum level of leverage under "Levels of leverage".

*Collateral risk*

With regard to derivative instruments, investors should particularly be aware that in the event of counterparty default there is a risk that the proceeds of the collateral received may be less than the exposure to the counterparty, whether this is the result of inaccurate pricing, adverse market movements, a downgrade of the credit rating of the issuer of the collateral, or insufficient liquidity in the market in which the collateral is traded.

Furthermore, (i) delays in recovering the invested liquid collateral or (ii) difficulties in selling the collateral may limit the ability of the Investment Institution to carry out requests for repurchase, the purchase of securities or, more generally, reinvestment.

## f) Sovereign risk (or Country risk)

The Investment Institution can invest in securities issued by issuing institutions established in various countries and geographic regions. The economies of individual countries may differ from one another in positive or negative terms. These differences can relate to gross domestic product or gross national product, inflation, reinvestment of capital, self-sufficiency relating to commodities and the state of the balance of payments. The standards for reporting, accounting and supervision of issuing institutions may differ on important points in each country. These differences may be substantial. As a result, in some countries less information may be available for investors in securities or other assets. Nationalization, expropriation or confiscatory tax, currency blocking, political changes, government regulations, political or social instability or diplomatic developments may have a negative impact on a **country's economy or the investments** of the Investment Institution in such a country. In the event of expropriation, nationalization or another form of confiscation, the Investment Institution may lose its entire investment in the country concerned.

## g) Valuation risk

Investments of the Investment Institution are subject to valuation risk, the financial risk that an investment is incorrectly valued. Valuation risk could be the result of using incorrect data or valuation methods.

Derivative instruments are subject to valuation risk as a result of various permitted methods of valuation and the fact that derivative instruments do not always correlate perfectly with the underlying securities, prices and indices. Many derivative instruments, in particular those that are not traded via official markets, are complex and are often valued subjectively. Furthermore, only a limited number of market professionals can deliver a valuation. As they

usually also act as counterparty in the transaction to be valued, this may jeopardize the independence of such valuations. Inaccurate valuations may require higher cash payments to counterparties or a loss of value for the Investment Institution.

h) Tax risk

During the existence of the Investment Institution, the applicable tax regime may change such that a favorable situation at the time of subscription could later become less favorable, whether or not with retroactive effect. A number of important tax features of the Investment Institution are described in the section entitled 'Tax features'. The Investment Institution expressly advises Participants and potential Participants to consult their own tax advisor in order to obtain advice about the tax implications associated with any investment in the Investment Institution.

i) Risk of investments in other investment institutions

When investing in other investment institutions, the Investment Institution is partly dependent upon the quality of services and the risk profile of the investment institutions in which they invest. This risk is limited by means of a careful selection of the investment institutions in which the Investment Institution invests.

j) Operational risk

The operational infrastructure used by the Investment Institution involves the inherent risk of potential losses, such as resulting from processes, systems, employees and external events.

k) Outsourcing risk

The risk of outsourcing activities is that the third party cannot meet its obligations, despite existing contracts.

l) Model risk

The Investment Institution may use models to make investment decisions. There is a risk that these models are not in line with the objectives for which they are used.

## 4. Management of financial risks

On behalf of the Investment Institution, the Manager has set up a risk-management process that enables it to measure and monitor the financial risk of the positions and their contribution to the total risk profile. On behalf of the Investment Institution, the Manager has implemented a process to establish an accurate and independent assessment of the value of derivative instruments not traded on official markets.

An independent risk-management team is responsible for monitoring the financial risks on the Manager's behalf. The term 'financial risk' can be divided into four main categories: market risk, counterparty risk, liquidity risk and sustainability risk. These are explained separately below.

### Market Risk

Risk controls are designed to limit the fund's market risk. The internal risk management methodology applied by the Manager focuses on the tracking error, relative volatility versus the benchmark, and absolute volatility. Where appropriate, the extent to which the funds are exposed to market risk is restricted by means of limits on these risk measures. Derivative positions are included in the market risk calculations, by taking into account the economic exposures of each instrument to its underlying value(s). The use of market risk limits implicitly caps the economic exposure introduced by derivatives that can be part of the portfolio. In circumstances where the market risk of a fund is measured relative to an appropriate benchmark, where possible, the fund uses a widely accepted index as benchmark. On top of the above mentioned risk measures, results of stress scenarios are analyzed and monitored. Both the absolute and relative (to the benchmark) stress test results are measured and monitored. In addition, concentration limits (e.g. on countries or sectors) vis-a-vis the benchmark may apply.

In addition to the internal market-risk limits, the paragraph entitled 'Levels of leveraged financing' in the section on Investment Policy also sets out the maximum levels for leveraged financing.

### Counterparty risk

With respect to counterparty risk, procedures have been established relating to the selection of counterparties, specified on the basis of external credit ratings and credit spreads. Counterparty risk exposure and concentration limits are computed and monitored on a frequent basis. In addition, counterparty risk is mitigated by securing appropriate collateral.

Counterparties for cash, deposits and transactions in derivative instruments not traded on official markets are assessed on their creditworthiness prior to acceptance using the short- and long-term ratings of external sources, on the basis of credit spread, and based on any guarantees issued by the counterparty's parent company. Apart from in exceptional cases or circumstances, the minimum acceptance level for approving a counterparty is a long-term mid-rating equal to or higher than A3, and a short-term mid-rating equal to P-1. In addition to external ratings, qualitative indicators are also used when assessing a new counterparty. Although no predetermined legal status or geographical criteria are applied in the selection of the counterparties, these elements are normally taken into account in the selection process.

The creditworthiness of the counterparty for derivative instruments shall determine whether derivative instruments may be entered into with the respective counterparty. The Investment Institution shall only enter into transactions in derivative financial instruments with counterparties specializing in this sort of transaction and in observance of the acceptance criteria stated above. The use of financial derivative instruments must also comply with the objectives, policies and risk profile of the Investment Institution.

Counterparties for lending financial instruments are assessed on their creditworthiness using the short- and long-term ratings of external sources, on the basis of credit spread, and where necessary also based on guarantees issued by the counterparty's parent company. The observed creditworthiness of the counterparty determines the maximum lending level of this counterparty. If the counterparty has a short-term mid-rating lower than P-1, the maximum lending level shall be reduced.

If the supply of a financial instrument by the Investment Institution to a counterparty should take place as a result of a derivative instrument, then the Investment Institution should either supply it directly, or obtain it in such a way that supply takes place in time. If payment by the Investment Institution to a counterparty should take place as a result of a derivative instrument, then the Investment Institution should have enough liquidity to meet its obligations.

The above-mentioned guidelines relating to counterparties have been drawn up by the Investment Institution in the best interests of the Participant and may be changed without prior warning.

### Liquidity risk

The Manager employs a liquidity risk framework that incorporates the dynamic that exists between asset liquidity risk and funding liquidity risk. Asset liquidity risk arises when transactions cannot be executed in a timely fashion at quoted market prices and/or at acceptable transaction cost levels due to the size of the trade. Or in more extreme cases, when they cannot be conducted at all. Funding liquidity risk occurs when the redemption requirements of clients or other liabilities cannot be met without significantly impacting the value of the portfolio. Funding liquidity risk will only arise if there is also asset liquidity risk. Asset liquidity risk is a function of transaction size, transaction time and transaction cost. Asset liquidity risk is estimated by calculating how much of the portfolio can be sold within a certain timeframe against acceptable transaction costs. Funding liquidity risk is estimated by applying several redemption scenarios, but also taking into account funding obligations arising from collateral or margin requirements from derivative positions. The combination of asset and funding liquidity can result in a liquidity surplus or

shortfall. In case of a liquidity shortfall asset liquidity is insufficient to address potential funding liquidity risk. Portfolios with significant liquidity shortfall are discussed in relevant risk committees and, if deemed necessary, appropriate measures are taken.

On a frequent basis the market liquidity of the funds is measured and monitored by market trading volumes (equity positions) and bid-ask spreads (fixed income positions). Funding liquidity risks of the funds are also measured and monitored; portfolios are considered "at risk" if the portfolio's assets are illiquid (market liquidity risk) whilst the client base is relatively concentrated. Portfolios exhibiting market or funding liquidity risk are discussed in relevant risk committees and, if deemed necessary, appropriate measures are taken.

#### Sustainability risk

The Manager systematically incorporates sustainability factors, to the extent these present a material risk to a Sub-fund, into its investment and portfolio construction processes, alongside traditional financial risk factors. This is done through ESG scoring methodologies using proprietary sustainability research and external resources which are built into the portfolio construction process.

Processes and controls for sustainability risk integration are embedded in a designated Sustainability Risk Policy which is maintained by the risk management function and governed by the Risk Management Committee (RMC). The Sustainability risk policy is built on three pillars. The environmental or social characteristics promoted by the Sub-fund or sustainable investment objective of the Sub-fund is used to identify and assess the relevant material sustainability risk topics. Based on these characteristics or investment objectives sustainability risk is monitored. Sensitivity and scenario analyses are conducted on a frequent basis to assess any material impact climate change risk may have on the portfolio of the Sub-fund.

#### *Assessment of the likely impact of sustainability risks on returns*

The financial position of investments in the portfolios the Manager manages, may deteriorate due to material sustainability related risks, depending on the investment universe.

The financial position of the securities owned by a fund in the portfolios the Manager manages, may deteriorate due to geological or environmental risks these companies are exposed to, which in turn may impact the market value of these investments referred to as physical climate risk. Furthermore the financial position of investments in the portfolio's the Manager manages, may deteriorate due to increasing government regulation or a shift in consumer behavior that in turn may impact the market value of these investments referred to as climate transition risk.

Failing to mitigate against the consequences of climate change could potentially have a negative impact on the underlying assets of a fund. A fund may also experience liquidity risk after a natural disaster in a relevant market, potentially resulting in redemptions.

A climate risk scenario analysis for the funds is performed as a quantitative assessment of the potential impact of climate transition scenarios. In addition, sustainable investment objectives of a fund, i.e. carbon reduction, may reduce the impact on the market value of the portfolio and is less impacted by any climate transition or physical risks in general and/or market risk stemming from issuers with insufficient environmental management.

## 5. Issuance and repurchase of Participating Units

The Investment Institution has an open-ended character. This means that, subject to statutory provisions and barring exceptional circumstances, it issues Participating Units on every Dealing Day if the demand exceeds the supply, and repurchases Participating Units if the supply exceeds the demand, insofar as this is not in conflict with the Terms and Conditions or legislation and regulations.

Details about the issue and purchase of Participating Units, such as the costs at issue and purchase of Participating Units, the Cut-off time and the moment of deposit, are provided in the Terms and Conditions. The current level of the surcharge and deduction, charged to cover transaction costs at issue or purchase of Participating Units, is available on the Manager's Website.

#### Limitation or suspension

In case of exceptional (market) circumstances, the Manager may temporarily limit or suspend the issue or purchase of Participating Units in the interests of the Participants. The Manager shall immediately announce this on the Website and inform the authorized regulator.

#### Guarantees for repurchase and repayment

Except insofar as not required on the basis of statutory provisions or in the case of limitation or suspension, there are at all times sufficient guarantees available within the Investment Institution to be able to comply with the repurchase and repayment obligation with a view to the repurchase of Participating Units.

## 6. Valuation and determination of result

Details about the valuation and determination of the result are provided in the Terms and Conditions.

## 7. Costs and fees

The following cost items are charged to the result of the Investment Institution and therefore paid indirectly (pro rata) by the Participants. For the costs of issuance and repurchase of Participating Units, please refer to the Terms and Conditions.

#### Transaction costs

Costs relating to the purchase and sale of assets of the Investment Institution (transaction costs) may consist of taxes, broker commission, spreads between offer and bid prices and the change in the market price as a result of the transaction (market impact). An accurate estimate of the amount of the transaction costs over the longer term cannot be given in advance. The transaction costs for financial instruments are incorporated in the (gross) price. Furthermore, the market impact per transaction and per period fluctuate strongly. The purchase costs may form part of the purchase price of the relevant financial instruments and are incorporated in the unrealized capital gains if the valuation is at market value. Sales costs are accounted for in the realized capital gain. Transactions performed for the Investment Institution are executed at market rates. Costs associated with transactions in derivative instruments are for the account of the Investment Institution (as are any gains and/or losses).

#### Custody costs

The custody costs of the financial instruments in the portfolio of the Investment Institution amount to a maximum per year of 0.10% (excluding VAT) of the average Fund Assets during the Financial Year and are charged to the result of the Investment Institution. The custody costs include a custody fee for the Custodian and bank charges.

#### Costs of the Depositary

The costs the Depositary charges amount to a maximum per year of 0.01% (excluding VAT) of the average Fund Assets during the Financial Year and are charged to the result of the Investment Institution.

#### Costs of taxation

The costs relating to taxes and duties, such as but not limited to withholding tax, transaction tax or any corporate-income tax that is due, are charged to the result of the Investment Institution.

#### Costs in the case of investment in Affiliated Investment Institutions

If the Investment Institution invests in an Affiliated Investment Institution, the costs that are charged to the Fund Assets of that Affiliated Investment Institution are indirectly for the account of the Participants. The management fee and service fee (the costs of entering and exiting, explicitly excluding performance fees) for the right of participation in the Affiliated Investment Institution held by the Investment Institution will, however, be repaid to the Investment Institution by the Manager.

#### Costs in the case of investments in other investment institutions

If the Investment Institution invests in an investment institution that is not an Affiliated Investment Institution, all costs at the level of these investment institutions (including management fees, service fees, performance fees and/or transaction costs) are indirectly for the account of the Participants.

#### Costs of financial instruments fully or partly issued by Affiliated Entities

If the Investment Institution invests in financial instruments that are fully or partly issued by Affiliated Entities, other than in rights of participation in Affiliated Investment Institutions, all costs associated with this will be repaid to the Investment Institution by the Manager.

#### Costs of financial instruments not fully or partly issued by Affiliated Entities

If the Investment Institution invests in financial instruments that are not fully or partly issued by Affiliated Entities, all costs associated with this will be charged to the result of the Investment Institution.

#### Costs of the Manager

The Manager receives a fee for managing the fund, and a Service Fee which is intended to cover costs such as administration. The level of these fees and further details are given in the Terms and Conditions. These fees are all exclusive of VAT. If and insofar as these services may be subject to exemption from VAT, such as the exemption for collective asset management, the manager will not charge any VAT on these costs.

## 8. Dividend policy

The Investment Institution will not distribute any dividend.

## 9. Tax features

A general summary of the most important tax aspects for the Investment Institution and the investment in its Participating Units is provided below. The description of the tax aspects is based on fiscal legislation, jurisprudence and policy rules in the Netherlands as in force and known on the publication date of the Information Memorandum. The summary does not constitute advice about a specific situation.

The Fund is a mutual fund incorporated under Dutch law, closed within the meaning of the 1969 Dutch Corporate Income Tax Act and therefore is not liable to tax in the Netherlands. This means that the Fund is not liable for tax within the meaning of the 1969 Dutch Corporate Income Tax Act. The income and costs must be attributed to the Participants for tax purposes in proportion to their interest in the Investment Institution and, depending on the relevant Participant's tax position, these income and costs will not be included in their tax charges. The Manager does not intend to take action to claim back any withholding taxes on behalf of the Fund.

The Investment Institution is not required to deduct tax at source within the meaning of the 1965 Dutch Dividend Tax Act [*Wet op de dividendbelasting*]. Payments by the Investment Institution are therefore not subject to Dutch dividend tax.



## VAT

The fee the Manager charges, including administrative costs, excludes VAT. If and insofar as these services may be subject to exemption from VAT, such as the exemption for collective asset management, the manager will not charge any VAT on these costs.

## Foreign Account Tax Compliance Act (FATCA) and the Common Reporting Standard (CRS)

The Hiring Incentives to Restore Act (hereinafter the 'HIRE ACT') is US legislation that was adopted in March 2010. The FATCA forms part of this legislation. The purpose of FATCA is to prevent tax evasion by US taxpayers with financial assets held outside the United States by getting financial institutions to cooperate in the provision of information to the US Internal Revenue Service ('US IRS'). Financial institutions registered outside the United States which do not cooperate with the FATCA run the risk of being subject to a 30% US levy on proceeds of sales and income.

The Netherlands concluded an agreement with the United States whereby information on US taxpayers will be exchanged with the United States on an automatic basis. The agreement is incorporated in Dutch law, whereby Dutch financial institutions will be obliged to provide information on clients in scope to the Dutch Tax & Customs Administration, which will pass this information to the US IRS. The Investment Institution is a financial institution as defined by FATCA, as defined by the above-mentioned agreement concluded between the Netherlands and the United States as joint administrative obligation as defined by the International Assistance in the Levying of Taxes Act.

FATCA took force in phases starting in 2014.

The Investment Institution is classified as a "Reporting Model 1 FFI" and is registered with the US Internal Revenue Service (the IRS) as a "Registered Deemed-Compliant Financial Institution (including a Reporting Financial Institution under a model 1 IGA)". The investment Institution has received a Global Information Identification Number (GIIN) for reporting purposes: X751DV.99999.SL.528

In order to be able to comply with the FATCA requirements (and by extension Dutch regulation and legislation resulting from the agreement with the US), the Investment Institution must request its direct Participants to provide additional information in order to be able to establish whether they are so-called "Specified US Person" (in the sense of FATCA and the agreement between the Netherlands and the US) or institution that refuses to work with FATCA. The Investment Institution has the freedom to outsource its identification and reporting obligations to an external party identified by the Manager.

It is a standing policy of the Investment Institution not to admit any Participants domiciled in the United States or to trade for the account or benefit of any person in the United States. This policy also governs persons designated as "Specified US persons" under FATCA and the agreement concluded by the Netherlands with the United States, and institutions that do not cooperate with FATCA. Furthermore, at the discretion of the Manager of the Investment Institution, measures may be taken in connection with the requirements of FATCA, and in connection with the agreement concluded between the Netherlands and the US, in the interests of the Investment Institution and its Participants to exclude certain Participants from the Investment Institution or cease any payments to institutions that do not cooperate with FATCA until such time as the documentation required by the Investment Institution shows that this party complies with FATCA.

The Investment Institution is also a financial institution within the meaning of the CRS and the Dutch implementing legislation of CRS, as prescribed in the European Mutual Assistance Directive (2014/107/EU).

Under the CRS, participating countries will exchange information concerning financial accounts held by natural persons and entities that are subject to tax in another CRS country on the basis of automatic data exchange. As

with the FATCA, the aim of the CRS is to prevent tax evasion. Under the Directive 2014/107/EU of 9 December 2014, all member states within the EU are required to implement the CRS. This means that the Investment Institution is obliged to establish as of 1 January 2016 the domicile(s) for tax purposes of every new Participant prior to participation in the Investment Institution, and also to establish the domicile(s) for tax purposes of existing Participants before 1 January 2018. The Investment Institution operates on the basis that, in line with its ALM/KYC processes for Participants, only has to further identify Participants who are included directly in the registry of the Investment Institution. This includes Participants that are not classified as a financial institution domiciled in a CRS country, but that are domiciled for tax purposes in a (or another) CRS country. The Investment Institution is obliged to submit certain details about Participants domiciled for tax purposes in another CRS country to the Dutch Tax & Customs Administration, which in its turn automatically shares this information with the CRS country concerned. The Investment Institution has the freedom to outsource its identification and reporting obligations to an external party identified by the Manager.

At the discretion of the management of the Investment Institution, measures may be taken, in relation to FATCA, CRS and the relevant Dutch implementation legislation, in the interest of the Investment Institution and its Participants, to reject new participants in the Investment Institution.

## 10. Reports and other data

### Regular reports

Details about periodic reporting are provided in the Terms and Conditions. This includes the details about the reporting year and the period in which the financial statement and the annual report are made public.

### Returns

Please refer to the Investment Institution's annual reports and annual financial statements for the return achieved, a comparative overview of the development of the Fund Assets and the Investment Institution's income and expenditure over the last three Financial Years.

### Fair treatment

The Manager has procedures and policies in place to ensure fair treatment of the investors in the Investment Institution, such as a Conflict of Interest Policy, Robeco's Principles on Fund Governance and the Code of Conduct of the Manager. These policies can be found on the website [Robeco.com](http://Robeco.com) under "policies".

### General Meeting of Participants

Details about the Meeting of Participants are provided in the Terms and Conditions.

### Liquidation

Details about the possibility of liquidation of the Investment Institution are provided in the Terms and Conditions.

### Legal actions and settlements

The Investment Institution may, if it is in the best interests of its Participants, commence or participate in legal or extra-judicial procedures and/or settlements.

## Appendix I: Sustainable Investing

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As outlined in the General Information section, RIAM sees sustainability as a long-term driver for structural change in countries, companies and markets. And RIAM believes companies with sustainable business practices are more successful.

The definitions and table below are applicable to help Investors better understand to which extent sustainability criteria are taken into account in the management of the Sub-funds. More information about the application of the sustainability criteria in relation to the relevant funds, and RIAM's related policies and methodologies, can be found on [robeco.com/si](https://robeco.com/si).

### Definitions:

"Active Ownership"	Voting and engagement apply to the fund. As a signatory to the United Nations Principles for Responsible Investments, Robeco's dedicated Active Ownership team conducts engagement activities based on clearly stated objectives. Voting is done based on the ICGN principles and local governance codes. More information on RIAM's voting and engagement activities performed in relation to the fund(s), including the latest active ownership report, can be found on <a href="https://robeco.com/si">robeco.com/si</a> .
"ESG Integration"	Financially material ESG (i.e. Environmental, Social and corporate Governance) factors are integrated into the investment process. This means ESG issues can affect target prices, the fundamental assessment of a company or country and/or the portfolio construction methodology. More information on RIAM's approach to integrating ESG factors into investment analysis and the investment decision-making process in relation to the Sub-fund(s) can be found on <a href="https://robeco.com/si">robeco.com/si</a> .
"Exclusions"	The Robeco exclusion policy and list apply to the funds. Robeco excludes on the basis of controversial behaviour, controversial products (including controversial weapons, tobacco, palm oil and fossil fuel) and controversial countries. Funds with an enhanced sustainability profile will apply additional exclusion criteria. A full overview of the funds and their level of exclusions as well as the Robeco exclusion policy can be found on <a href="https://www.robeco.com/docm/docu-exclusion-policy-and-list.pdf">https://www.robeco.com/docm/docu-exclusion-policy-and-list.pdf</a>
"Negative screening"	Negative screening is applied which means the fund targets not to invest in thermal coal, weapons, military contracting and companies that severely violate labor conditions.
"Reduce footprint"	The fund aims to have a lower environmental footprint than the benchmark on Greenhouse gas emissions, water use and waste generation.
"SDG Investing"	SDG (i.e. Sustainable Development Goals) investing aims at producing both an attractive return and alignment with the Sustainable Development Goals. The proprietary framework we have developed measures a company's exposure to the SDGs. Our SDG strategies focus on one or multiple goals by investing in companies with a neutral to positive exposure. More information on the SDG framework methodology can be found on <a href="https://robeco.com/si">robeco.com/si</a>
"Sustainability-themed investing"	Sustainability-themed investments contribute to address social or environmental challenges by aiming to invest in companies offering solutions to these issues. These

issues may be, but are not limited to, population growth, food security, natural resource scarcity, energy security and climate change.

Name	Exclusions	Negative screening	ESG Integration	Active Ownership	Reduce footprint	Sustainability-themed investing	SDG Investing
Robeco Institutional Sustainable Core Euro Bonds Fund	x		x				

## TERMS AND CONDITIONS FOR MANAGEMENT AND CUSTODY

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1.1 In these Terms and Conditions capitalized words and abbreviations have the following meanings, unless explicitly stated otherwise.

Affiliated Entity	Any direct or indirect subsidiary of ORIX Corporation Europe N.V. within the meaning of Section 2.24a Dutch Civil Code
Affiliated Investment Institution	An investment institution that is affiliated with or managed by the Manager or another Affiliated Entity
Affiliated Party	A natural or other person as defined in Section 1 of the Bgfo
AFM	The Dutch Authority for the Financial Markets ( <i>Autoriteit Financiële Markten</i> )
AIFM Directive	The European Directive (2011/61/EU) that introduces harmonized rules for managers of alternative investment institutions
Article	An article in the Terms and Conditions
BGfo	Market Conduct Supervision (Financial Institutions) Decree ( <i>Besluit gedragstoezicht financiële ondernemingen Wft</i> )
Class Action	A legal group process in which the claims for damages by claimants with common but not identical interests are combined and brought before a judicial authority or comparable institution by one of the claimants representative of that group.
Cut-off Time	Time (15:00h CET) before which orders must be received on a Dealing Day (D) by the Transfer Agent in order to be settled at the Transaction Price of that Dealing Day, calculated the next Dealing Day (D+1)
Deposit	An investment (1) in cash, denominated in euros or other currencies accepted by the Manager or (2) in kind, if and insofar as this investment in kind is accepted by the Manager and upon such terms and conditions as determined by the Manager, taking into account the interest of the existing Participants;
Depository	A Depository as defined in Section 1:1 of the Dutch Financial Supervision Act ( <i>Wet op het financieel toezicht, Wft</i> ) and appointed periodically by the Manager
Disbursement	A Payment (1) in cash, denominated in euros or other currencies accepted by the Manager or (2) in kind, if and insofar as this Payment in kind is accepted by the Manager and upon such terms and conditions as determined by the Manager, taking into account the interest of the existing Participants
EUR	Euro
FATCA	Foreign Account Tax Compliance Act
FATCA Status	The status of a participant under FATCA or an Intergovernmental Agreement regarding FATCA.
Financial Instrument	A financial instrument as referred to in section 1:1 of the Wft
Financial Year	The financial year of the Investment Institution, as stated in the Terms and Conditions
Fund	Robeco Institutional Sustainable Core Euro Bonds Fund
Fund assets	The total assets of the Fund
Fund Securities	The Fund's investments as well as balances in the Fund's bank accounts

Intergovernmental Agreement	Treaty between the Netherlands and the United States that details the rules relating to the application of FATCA if and insofar as the Netherlands and the United States have come to such agreement.
Legal title holder	The entity that holds legal ownership of the Fund Securities
Manager	The person or entity responsible for managing the Fund
Meeting	A Meeting of Participants
Net Asset Value	The net asset value per Participating Unit
Participant	The holder of one or more Participating Units
Participating Unit	The economic entitlement of a Participant to a part of the Fund Assets
Participation	The total of all Participating Units held by a Participant
Professional Investor	A professional investor as defined in Article 1 Wft or a non-professional investor who, pursuant to Article 4:18c Wft is deemed by the Manager to be a professional investor.
Stock-exchange Day	A day on which Euronext Amsterdam is open for business
Terms and Conditions	<b>The Fund's Terms and Conditions</b> for Management and Custody
Dealing Day	A Dealing Day is a day fixed by the Manager on which Fund Participants can enter or exit the Fund (details of these are sent annually by the Manager on request)
Transfer Agent	The entity entrusted with performing the function of transfer agent for the Fund.
Wft	The Dutch Financial Supervision Act [ <i>Wet op het financieel toezicht</i> ]
Working Day	A day on which the banks in the Netherlands are open to process payments (or have this done)
1.2	Definitions in the singular form also include the plural form and vice versa, unless explicitly stated otherwise.
1.3	Headings in the Terms and Conditions have no special meaning.

#### Article 2 Name and duration

- 2.1 The name of the Fund is: Robeco Institutional Sustainable Core Euro Bonds Fund
- 2.2 The Fund is established for an indefinite period.

#### Article 3 Nature of the Fund and registered office

- 3.1 The Fund is a mutual fund incorporated under Dutch law, closed within the meaning of the 1969 Dutch Corporate Income Tax Act. The Fund is composed of the Fund Assets that are accumulated from Deposits from Participants. The Fund is considered to have its registered office at the offices of the Manager in Rotterdam, the Netherlands.
- 3.2 The Fund is open exclusively to Professional Investors, and only after express prior written permission from the Manager.
- 3.3 The Fund is an 'investment entity' as defined in the Intergovernmental Agreement and shall make every effort to comply with Dutch legislation and regulation regarding implementation of the Intergovernmental Agreement. In order to restrict the impact of FATCA on the Fund and its Participants as much as possible, the Fund is not open to Participants who fall under the definition of a Specified US person as defined under FATCA, or to Participants who refuse to cooperate in clarifying their FATCA status, or to Participants who can be classed as a Non-participating Foreign Financial Institution under FATCA.
- 3.4 Neither the Fund, nor the Terms and Conditions or actions taken on the basis thereof can be regarded as any kind of partnership according to Dutch law (*individual, general or limited partnership*).

#### Article 4 Objective and investment policy

- 4.1 The object of the Fund is to collectively invest the Fund Assets in such a way that the risks thereof are spread in order to allow its Participants to share in the profits.
- 4.2 **The Fund's investment policy is geared towards capital accumulation in the long term.** The Fund invests mainly in government bonds issued in euros by EMU member states and in euro denominated bonds issued by government-related entities. The Fund mainly invests in bonds rated at least AA or with a comparable

rating from at least one of the recognized rating agencies. The Fund aims for a better sustainability profile by integrating country ESG scores. The Fund also aims to invest in green bonds of government and government-related entities. In addition, the Fund can invest in interest-rate swaps, inflation swaps, bond futures, other fixed-income securities, debt titles and/or liquid assets.

- 4.3 The Fund may invest in (1) Affiliated Investment Institutions and (2) other investment institutions, as well as in financial instruments that are fully or partly issued by Affiliated Parties, subject to legal restrictions. If such arrangements are used, they will be mentioned in the annual report of the Investment Institution.
- 4.4 The Fund may make use of derived financial instruments, including derivatives. The Fund is authorized to put up security and/or margin for the Fund's liabilities.
- 4.5 As a debtor, the Fund may enter into loan, guarantees or surety agreements which lead or may lead to a net debt position for the Fund equivalent to no more than 10% of the Fund Securities.
- 4.6 The Manager is authorized to participate in class actions on behalf of the Fund in accordance with the Managers's prevailing policy.

#### Article 5 The Manager, management, administration and other actions

- 5.1 **The management of the Fund Assets and the Fund's administration are entrusted to the Manager.** Management includes implementing the investment policy, as well as making the investments in accordance with the fund's investment policy and all activities that are associated therewith, in the broadest sense. The Manager is entitled to have third parties, other than the Legal title holder, carry out activities that fall within its responsibility pursuant to its management function. The Manager cannot represent the Participants.
- 5.2 The Manager, in accordance with the provisions of Article 4, is free to make its choice of investments and is at all times authorized to make changes to the Fund Securities that it considers to be in the Participants' interest.
- 5.3 Should the Manager cease to perform its function for whatever reason and if no successor to the Manager has been appointed, the Legal title holder is authorized to appoint an interim manager until a new Manager has been appointed by the Meeting of Participants.
- 5.4 The Legal title holder is obliged to convene a Meeting of Participants within two months of an event such as described in Article 5.3 for the purpose of appointing a succeeding Manager.

#### Article 6 Legal ownership

- 6.1 The Legal title holder is the legal owner of the Fund Securities. The Legal title holder cannot represent the Participants.
- 6.2 The Legal title holder will deposit all Fund Securities in bearer form for and on behalf of the Fund in the Legal title holder's **name with reputable financial institutions.** All registered Fund Securities will be held in the Legal title holder's name for and on behalf of the Fund. All bank accounts will be held in the Legal title holder's name for and on behalf of the Fund.
- 6.3 **The Fund's present and future liabilities are or will be made in the Legal title holder's name, in which case it is stated explicitly that the Legal title holder acts on behalf of the Fund.**
- 6.4 Agreements to acquire, alienate or encumber Fund Securities with restricted rights are made jointly by the Manager and the Legal title holder.
- 6.5 The Legal title holder will only transfer Fund Securities to third parties on the instructions of the Manager.
- 6.6 The Legal title holder may require the Manager to provide further information regarding Fund Securities, or share certificates or moneys representing such, if these are not placed in custody in the manner described in these Terms and Conditions.
- 6.7 If the Legal title holder for whatever reason no longer performs its duties, the Manager will appoint a successor at the earliest possible date.
- 6.8 The Manager has, partly on behalf of the Fund and the Participants, entered into an agreement with the Depositary, pursuant to Section 4:37 of the Wft.

## Article 7 Relationship between Manager, Legal title holder and Participants

- 7.1 Participants have an economic entitlement to the Fund Assets in proportion to the number of Participating Units held by a Participant compared to the total number of participating units outstanding.
- 7.2 By submitting the application to participate mentioned in Article 9.2, a Participant accepts the contents of the Terms and Conditions. Participants remain bound to the Terms and Conditions until they have completely terminated their participation in the Fund.
- 7.3 Participants will be considered, from the moment stated in Article 7.2, to have granted an irrevocable mandate with the right of substitution to both the Manager and the Legal title holder for the performance and assignment of such tasks as may be considered necessary or useful in accordance with the provisions of these Terms and Conditions.

## Article 8 Participating Units

- 8.1 The extent of the entitlement of Participants to the Fund Assets is expressed in one or more series of Participating Units and parts thereof, rounded down to four decimal points. Each series of Participating Units represents entitlement to certain Fund Assets.
- 8.2 The Participating Units are registered by name and no certificates are issued. Ascription is made by entry in the register of Participants to be maintained by or on behalf of the Manager. Each entry will include:
  - a. the name and address of the Participant;
  - b. the Deposit and the number of Participating Units;
  - c. **the Participant's registered office;**
  - d. **the Participant's fiscal status for income-tax purposes;**
  - e. FATCA Status

The Participant will inform the Manager in writing without delay in the event of a change in any one of the data entries referred to above.
- 8.3 If a Participant holds less than one (1) Participating Unit, the Manager may (without requiring prior permission from the relevant Participant) cancel the remaining Participation in the Fund and, to this end, sell Fund Securities in order to be able to pay the Participant the value of their Participating Units (or fraction thereof).

## Article 9 Entries and increasing participations

- 9.1 (1) Admitting Participants and timing such admission and (2) permitting an increase in existing participations and timing such an increase will both be exclusively at the Manager's discretion. In this connection, the Manager may consider aspects such as the current general and/or market circumstances and the size of the Fund Assets. The Manager is at all times authorized to refuse to admit participants or to **reject participants' applications for increased participation**, or to attach additional or special conditions thereto, taking into account the interests of the existing Participants. Above all, the Manager may not accept Participants as defined in Article 3.4. Furthermore, the Manager shall not allow any expansion by current Participants if these are Specified US Persons as defined in Article 3.4. Participants are obliged to confirm the FATCA Status prior to their entry and for as long as they participate in the fund at the request of the Manager within a term to be fixed by the Manager and to submit to the Manager on request any documentation required to establish the FATCA Status.
- 9.2 Applications for participation or increasing an existing participation in the Fund should be submitted in writing on a form made available for this purpose on behalf of the Manager, or through electronic communication media using appropriate Internet applications and including an electronic signature. Participants can enter the Fund or increase their existing participation in accordance with this Article 9.2, provided that the relevant written request / electronic order is received by the Transfer Agent before the Cut-off Time), so that the order can be executed against the value of the Fund Assets on that Dealing Day. Orders that are received by the Transfer Agent after the Cut-Off Time, will be executed at the value of the Fund Assets on the next Dealing Day (D+1).
- 9.3 The number of Participating Units ascribed to entering Participants in the Fund Assets will be calculated on the basis of the value of one Participating Unit on the date of admission. The value of one Participating Unit is established by dividing the Fund Assets, calculated in accordance with Article 15, on the relevant day by



the number of Participating Units outstanding. The number of Participating Units is determined by dividing the value of the Deposit by the value of one Participating Unit thus established.

- 9.4 In the event of an increase in their participation, the number of Participating Units allotted to the Participant as a result will be calculated on the basis of the value of one Participating Unit on the day such increase takes place. The value of one Participating Unit is established by dividing the Fund Assets, calculated in accordance with Article 15, on the relevant day by the number of Participating Units outstanding. The number of Participating Units is determined by dividing the value of the Deposit in euros by the value of one Participating Unit thus established.
- 9.5 Participants are obliged to make Deposits (including the fee as mentioned in Article 9.8) not later than three Working Days after the relevant Dealing Day. In the event of an increase in the Participation, Participants are obliged to make Deposits (including the fee as mentioned in Article 9.8) not later than three Working Days after the relevant Dealing Day. If a Participant does not meet the Deposit obligations (including the fee as mentioned in Article 9.8) in a timely fashion, the claim in cash from the Manager against that Participant for the purchase price of the Fund Securities including costs plus interest costs as a result of that Participant not meeting said obligations, is due immediately, without requiring notice of default.
- 9.6 After the Deposit (including the fee mentioned in Article 9.8) has been made, Participants will be credited in the Fund register as referred to in Article 8.2 for the value of the number of Participating Units then held. Participants will receive a statement of such entry.
- 9.7 The Manager recognizes only one entitled person for each Participation in the Fund. If the Participating Units are held in joint ownership, the collective entitlement holders, who should also be registered as referred to in Article 8.2, may only be represented towards the Fund by one person appointed by them in writing. The provisions in Article 8.2 will apply by analogy, while all announcements and notices convening Meetings to the collective entitlement holders can be made to the representative at the address stated in the register.
- 9.8 For reasons of transparency and simplicity the Manager has set a maximum percentage of 2.00% of the Net Asset Value for the surcharge and deduction to cover the costs of issuance and repurchase of Participating Units. The Manager may decide to increase the surcharge and deduction in exceptional circumstances constituting reasons for doing so (such as high market volatility, disruption of markets or slowdown of the economy caused by terrorist attack or war (or other hostilities) serious pandemic, or a natural disaster (such as a hurricane or a super typhoon)) and in the best interest of the investors. In this case, Participants will be notified on the Website of any such increase of the maximum surcharge and deduction.

#### Article 10 Transfer and full or partial redemption

- 10.1 Participating Units can only be transferred to the Fund.
- 10.2 Barring exceptional market and other circumstances, as defined by the Manager, the Manager is obliged to honor Participant's requests for partial or full redemption of their participation in a Fund and to effect same by means of selling Fund Securities, in order to proceed with the Payment of the value of the Participating Units to the Participants. The cancellation value of the Participating Units is calculated on the basis of the value of the Fund Assets on the Dealing Day (D), provided that the request is received by the Transfer Agent before the Cut-off time. Requests that are received by the Transfer Agent after the Cut-off time will be carried out at the value of the Fund Assets as of the next Dealing Day (D+1). Payment will be made three Working Days after the relevant Dealing Day.
- 10.3 A request for full or partial redemption of participation should be made by submitting the completed and signed form provided by the Manager for this purpose, or by means of an electronic order that is accepted by the Manager.
- 10.4 The Manager is at all times authorized to terminate the participation of participants who contrary to the specifications of Article 3.4 are indeed a Specified US Person as defined by the Intergovernmental Agreement. In such cases, after notifying the Participant of this in writing, the Manager will terminate the Participant's participation in accordance with the procedure described in this Article.

#### Article 11 Costs

- 11.1 The following costs and charges (including any VAT payable) will be charged to the Fund Assets:

- the management fee as defined in Article 12;
- the service fee as defined in Article 13;
- transaction costs;
- custody costs;
- costs charged by the Depositary; and
- costs of taxation.

11.2 All other costs are for the account of the Manager.

11.3 If the Fund invests in an Affiliated Investment Institution, the costs that are charged to the Fund Assets of that Affiliated Investment Institution are indirectly for the account of the Participants. The management fee and service fee (explicitly excluding the costs of entering and exiting) for the unit of participation in the Affiliated Investment Institution held by the Fund will, however, be repaid to the Fund by the Manager. Any performance fees for the unit of participation in the Affiliated Investment Institution will be charged to the Fund. If the Fund invests in Financial Instruments that are (co)issued by Affiliated Entities, other than in units of participation in Affiliated Investment Institutions, all costs associated with this will be repaid to the Fund by the Manager.

#### Article 12 Management Fee

The Fund pays the Manager a maximum annual management fee of 0.05%. The pro-rata percentage of this management fee is calculated daily on the basis of the Fund Assets (without deduction of the obligations by virtue of the management fee and service fee that have not yet been charged to the result of the Fund) of the previous day plus or minus the net cash flow associated with the balance of the purchases or sales of Participating Units that take place at the next trading time. The sum of the pro-rata percentages from the beginning to the end of the month is subsequently charged to the result of the Fund. The management fee partly serves to cover the costs of (1) management of the Fund Assets, (2) marketing and (3) distribution. The management fee is excluding VAT and is exempt from VAT. If and insofar as the management fee is no longer exempt from VAT, then VAT will be charged on the management fee.

#### Article 13 Service fee

The Fund pays an annual service fee to the Manager of a maximum percentage of 0.08% of the Fund Assets. The pro-rata portion of the service fee is calculated daily on the basis of the Fund Assets (without deduction of the obligations relating to the management fee, performance fee and service fee not yet charged to the result of the Fund) plus or minus the net-cash flow associated with the balance of the purchases or sales of Participating Units to take place at the first subsequent trading opportunity. The sum of the pro-rata percentages from the beginning to the end of the month is subsequently charged to the result of the Fund. The service fee serves among other things to cover the costs of (1) administration, (2) auditors, tax advisors and legal advisors, (3) preparation and distribution of the documentation required for the Investment Institution, (4) the possible registration of the Investment Institution with government bodies or stock exchanges, (5) publication of prices, (6) Meetings of Participants and (7) exercise of the voting rights in accordance with the voting policy. The service fee is excluding VAT and is exempt from VAT. If and insofar as the service fee is no longer exempt from VAT, then VAT will be charged on the service fee.

#### Article 14 Financial Year, annual financial statements and reporting

14.1 **The Fund's financial year is the same as the calendar year.**

14.2 The Manager will draw up a report relating to the policy implemented during the previous Financial Year and the annual financial statements of the Fund, within four months of the end of the Financial Year. These are available at the Manager's offices.

14.3 **The Fund's annual financial statements will be audited by an independent certified auditor appointed by the Manager, who will issue a report thereon to the Manager. This report will be included in the Fund's annual financial statements. The Manager will submit the Fund's annual financial statements to the Meeting of Participants for approval. Approval of the Fund's annual financial statements will entail the discharge of responsibility of the Manager and the Legal title holder.**

#### Article 15 Determination of the value of Fund Assets

The Manager will establish the composition and value of the Fund Assets in euros every Dealing Day. The assets and liabilities owned by the Fund are then in principle valued as follows:

- unless indicated otherwise, all assets and liabilities are valued at their nominal value;
- the financial investments are in principle valued at fair value;
- listed investments are valued at the last known market price after the Cut-off Time and before the trading time (*forward pricing principle*). If this price is not considered representative for the current market value, the instrument in question is valued in accordance with generally accepted standards;
- investments in Affiliated Investment Institutions are valued on the basis of their net asset value; and

Income and expenses are allocated to the period in which they occurred. In times of great volatility in the financial markets, wide fluctuations in stock prices will be taken into account by calculating the Net Asset Value according to the 'fair-value pricing' principle. Besides actual prices, forecast quotations using other relevant factors that may influence prices on financial markets are also taken into account in the calculation. Particularly at times when prices are fluctuating sharply, it is important that the Net Asset Value can always be accurately calculated so that entering or exiting Participants do not suffer losses because the Net Asset Value was calculated on the basis of outdated information.

#### Article 16 Payments

The Fund does not make any distributions.

#### Article 17 Meetings

- 17.1 **The Manager will convene a Meeting of Participants annually within six months of the end of the Fund's Financial Year, and otherwise as often as it considers to be in the interests of the Participants.** The Meetings will be held in Rotterdam, the Netherlands, or such other location as determined by the Manager. The convening notice will give at least fifteen (15) Working Days notice of the meeting, excluding the day the convening notice is published and the day of the Meeting itself. If, according to the exclusive opinion of the Manager and in view of the urgency of the subject to be dealt with, the aforementioned convening period is too long, the Manager can apply a shorter convening period in the interests of the Fund and the Participants. The convening notice will state the subjects to be dealt with, and all relevant documentation will be sent to the Participants. Once per calendar year, the agenda of the Meeting will contain at least the following items: approval of the annual financial statements and discharge of the Manager and the Legal title holder.
- 17.2 In the event that Participants, who collectively represent at least one quarter of the value of the Fund Assets on the last Stock-exchange Day of the month prior to the day the Manager submits a request to that end, wish to hold a Meeting, the Manager is obliged to convene such a Meeting.
- 17.3 If the Manager does not respond to such a request as described in Article 17.2 within 15 Working Days of its receipt, the Participants concerned are entitled to convene the Meeting subject to observance of the provisions in Article 17.1.
- 17.4 Participants wishing to attend the Meeting and exercise their right to vote should inform the Manager of their intentions in writing at least five Working Days before the Meeting.
- 17.5 The Manager will appoint the chairperson of the Meeting. In the absence of such an appointment, the Meeting will appoint its own chairperson.
- 17.6 The chairperson will designate one of the attendees to take minutes and will confirm these minutes with the secretary, after which both the chairperson and the secretary will add their signatures in confirmation. If a notarial record is made of the matters dealt with at the Meeting, minutes do not have to be taken, and signature of the notarial record by the civil-law notary is sufficient.
- 17.7 Participants who have applied to attend in accordance with the provisions of Article 17.4, are entitled to attend, speak and vote at the Meeting.
- 17.8 Each Participating Unit gives the right to exercise one vote.
- 17.9 All resolutions which do not require a larger majority in these Terms and Conditions will be adopted by an absolute majority of votes cast. These will be binding on all Participants. Spoiled or blank votes will be treated

as not being cast. The chairperson will decide in the event of disagreements over the votes. If votes are tied, the motion will be rejected.

- 17.10 Any resolutions that can be passed by the Participants at a Meeting may also be passed without a Meeting. A resolution passed outside a Meeting is only valid if the Participants with voting rights have brought out a majority vote required for the resolution concerned in a legible and reproducible written message transmitted electronically or by letter. In the event that the Manager has not received a response from a Participant within 30 Working Days, that Participant's approval is assumed to have been given, as if the Participant concerned had communicated written approval of such resolution in a legible and reproducible written message transmitted electronically or by letter, .

#### Article 18 Publications

All announcements by the Manager to the Participants will be sent in writing to the address as entered in the register referred to in Article 8.2.

#### Article 19 Amendment of the Terms and Conditions

- 19.1 The Manager may amend these Terms and Conditions, provided that they have informed the Participants of the proposal to amend or the amendment itself in the manner as laid down in Article 18. The Manager will not implement the proposal until at least one month has elapsed after the announcement referred to in the first sentence.
- 19.2 Amendments to these Terms and Conditions that reduce (1) the rights and securities of Participants, or inflict charges upon them, or (2) which substantially change the investment policy of the Fund, will not come into effect until one month after the Participants have been informed about the amendments as laid down in Article 18.

#### Article 20 Dissolution and liquidation

- 20.1 A decision to liquidate the fund may only be taken by the Manager. If a proposal to liquidate the Fund is made, then the Manager will inform the Participants.
- 20.2 **In case of the Fund's dissolution** the Manager will be charged with the liquidation. During the liquidation, the Terms and Conditions will remain in force as much as possible.
- 20.3 As the liquidation progresses, the Manager will release the proceeds against the Participating Units, on a pro rata basis, subject to the deduction of costs and expenses.

#### Article 21 Termination of management and custody

- 21.1 The Manager and the Legal title holder each reserve the right to terminate their management or custodianship respectively at any time, without stating their reasons.
- 21.2 The Manager and the Legal title holder **will give the Participants at least three months' notice in writing** of their intention to no longer perform their function.
- 21.3 The provisions of Articles 5.3, 5.4 and 6.7 will apply in this case.

#### Article 22 Liability of the Manager and the Legal title holder

- 22.1 The Manager accepts no liability arising from the policy implemented and its consequences, unless caused by malicious intent, gross negligence or failure to meet the obligations of the Terms and Conditions imputable to the Manager.
- 22.2 The Legal title holder accepts no liability arising from legal ownership, unless caused by malicious intent, gross negligence or failure to meet the obligations of the Terms and Conditions imputable to the Legal title holder.

#### Article 23 Applicable law and disputes

- 23.1 The Terms and Conditions are governed by Dutch law.
- 23.2 Mutual disputes between the Legal title holder, the Manager and/or the Participants will be exclusively subject to the competent court in Rotterdam, the Netherlands.