



ROBECO QI INSTITUTIONAL EMERGING MARKETS ENHANCED  
INDEX EQUITIES 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
AFM	The Netherlands 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
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 [ <i>Besluit gedragstoezicht financiële ondernemingen</i> ]
Cut-off Time	Time (09:00h CET) before which orders must be received on a Dealing Day (D-1) by the Transfer agent in order to be settled at the Transaction Price of the next Dealing Day (D), calculated two Dealing Days later (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	All assets of the Investment Institution less all liabilities of the Investment Institution–
Information Memorandum	The Investment Institution’s most recent Information Memorandum
Investment Institution	Robeco QI Institutional Emerging Markets Enhanced Index Equities Fund

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 per 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 established per Participating Unit.
UCITS	An undertaking for collective investment in transferable securities as referred to in Article 1:1 of the Wft
USD	US Dollar
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> ]

Where the singular is used above, the plural may also apply 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 18. 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 consequences 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 3 May 2007. 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** of directors consists 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 decision making 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 of the Dutch Act on Financial Supervision (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 has been appointed 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*

In terms of managing the investments of the Fund, the main tasks of the Depositary are as follows:

- (i) monitoring and checking the Fund's cash flow, including payments to and from entering and exiting Participants;
- (ii) managing the Fund's assets, including establishing that the assets have been received by the Fund and that this is recorded in an administrative system;
- (iii) establishing that the execution of the issue, purchase, repayment and withdrawal of the Fund's Participating Units complies with the Terms and Conditions and the applicable legislation and regulation;
- (iv) checking whether the Fund's net asset value has been calculated correctly and periodically checking that the procedures relating to determining net asset value are compliant, as well as checking that the counter value of transactions relating to the Fund's assets are settled promptly to the Fund;
- (v) checking that the Fund's revenues are appropriated in accordance with applicable legislation and regulation and the Terms and Conditions; and
- (vi) executing the instructions of the Manager, unless these are in conflict with the Terms and Conditions or applicable legislation and regulation.

*Dismissal of the Depositary*

The Depositary can be dismissed by the Manager, or resign, on certain grounds and under certain conditions as stated in the Depositary Agreement. If the Depositary is dismissed or resigns, the Manager shall appoint a successor to the Depositary, taking account of the applicable legislation.

*Liability of the Depositary*

The Depositary is liable to the Fund and/or the Participants for the loss of a financial instrument under the custody of the Depositary or of a third party to which custody has been transferred. The Depositary is not liable if it can demonstrate that the loss is a result of an external event over which it in all reasonableness had no control and of which the consequences were unavoidable, despite all efforts to ameliorate them.

The Depositary is also liable to the Fund and/or the Participants for all other losses they suffer because the Depositary has not fulfilled its obligations as stated in this Depositary Agreement either deliberately or through negligence. Participants may make an indirect claim upon the liability of the Depositary through the Manager. If the Manager refuses to entertain such a request, the Participants are authorized to submit the claim for losses directly to the Depositary.

*Delegation and conflicts of interest*

Under the Depositary Agreement, the Depositary is authorized to delegate certain functions. The Manager shall inform the Participants without delay if a certain function is outsourced. Basically, the Depositary's liability remains intact regardless of what has been delegated and to whom. However, the Depositary may discard his liability if the Depositary Agreement allows this and all requirements for delegation are met, as stated in the applicable legislation.

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 Strawinskyalaan 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>Independent Auditor</u>
Robeco QI Institutional Emerging Markets Enhanced Index Equities 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 an 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 Transfer Agent 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 Transfer Agent. 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 provides further details on the execution of the investment policy as stated in the Terms and Conditions. The restrictions stated below are provided to give investors further insight into the execution of the investment policy. Under normal circumstances, the Manager aims for a portfolio within the framework of the stated restrictions. In case the stated restrictions are breached, the Manager shall in normal circumstances bring the portfolio back into line with the stated restrictions as quickly as possible, but certainly within 10 Dealing Days, while taking account of the interests of 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. Exceptional circumstances include:

- an unexpectedly large inflow to or outflow from the Investment Institution,
- the closure of a market on which the Investment Institution is active, or
- obtaining investment instruments through corporate action that are not described in the investment policies of the Investment Institution, or
- temporarily using derivatives not described in the investment policies for the benefit of Participants, if the Investment Institution may not / no longer invest directly in shares in a specific country for legal or operational reasons.

As a result of market movements and/or exceptional circumstances, it is conceivable that it may not be possible to bring the portfolio back into line with the stated restrictions within the specified timeframe. However, the Manager aims in all cases to bring the portfolio back into line with the restrictions mentioned below as quickly as possible while taking account of the interests of Participants.

### Investment objective

The Fund's investment policy is designed to achieve an optimal return on the Fund Assets, which are invested on behalf of the Participants and for their account and risk, while at the same time aiming for a better sustainability profile compared to the Benchmark by promoting certain ESG (i.e. Environmental, Social and corporate Governance) characteristics and integrating sustainability risks in the investment process.

### Investment universe and stock selection

The Fund invests at least 90% in equities and similar financial instruments (such as share certificates, ADRs, GDRs and NVDRs), issued by companies in emerging countries (including Hong Kong), i.e. having their registered offices in emerging countries (including Hong Kong), or whose principal economic activities take place there, or which are included in the MSCI Emerging Markets Standard Index. The Fund uses a quantitative stock-selection strategy.

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. For the assessment, areas like corporate strategy, corporate governance, transparency as well as the product and service range of a company are taken into account. 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 Manager believes that some products and business practices are detrimental to society and incompatible with sustainable investment strategies. Therefore, certain exclusion criteria are applied to this Fund. For this Fund, the exclusion policy of "Sustainability Focused" product category is applied. More information regarding the exclusion policy of Sustainability Focused funds can be found on [www.robeco.com/docm/docu-robeco-extended-exclusion-policy-and-list.pdf](http://www.robeco.com/docm/docu-robeco-extended-exclusion-policy-and-list.pdf)

#### Investment restrictions

The underweight or overweight of countries and sectors is limited to a maximum of 5% relative to the Benchmark at the moment of rebalancing. Under normal conditions rebalancing is carried out at least once every six weeks. The Investment Institution shall not invest more than 10% in the same issuing institution. The total exposure to issuing institutions in which it has invested more than 5% is no more than 40% of the Fund's assets.

For monitoring country limits, the country as defined by the index provider is taken as the starting point. An alternative country definition may be applied if the Manager thinks that greater justice can thus be done to a situation in specific cases (e.g. with the country in which the largest volume of economic activity is carried out being taken as the starting point). For monitoring these restrictions, corrections are permitted for (temporarily) using futures or ETFs.

The fund may invest up to 10% in A-shares and B-shares of companies in the People's Republic of China that are listed on exchanges in the People's Republic of China.

#### Benchmark

MSCI Emerging Markets Index (Net Return) (EUR). The Benchmark is a broad market weighted index that 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 (MSCI).

#### 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 provided by an administrator (MSCI Limited) 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 3.0%.

#### Currency policy

The Investment Institution invests in shares and similar financial instruments issued in different currencies of emerging and developed countries (including USD). The currency in which the financial instruments are issued may deviate from the currency of the actual (underlying) risk exposure. Country positioning therefore gives a better idea of the underlying currency risk in which the instrument is issued. The currency risk is limited because the underweighting and overweighting of countries is limited to a maximum of 5% of the Benchmark. The Investment Institution may use forward exchange contracts to limit currency risk.

#### Cash policy

The Investment Institution may hold a limited position in cash, for example, to provide for inflow and outflow of capital. As a debtor, the Investment Institution may enter into temporary loans to a maximum of 20% of the Fund Assets.

#### Investment portfolio

An overview of the investment portfolio and various divisions on the basis of this portfolio (such as country and sector distribution) is given in the Investment Institution's annual reports and financial statements.

### Derivatives

The Investment Institution intends to express its investment policy mainly in terms of equities. The Investment Institution does not intend to use derivatives extensively, but to support its investment policy. Under the Terms and Conditions and within the limits of (i) the relevant legislation and regulation and (ii) the Investment Policy and associated investment restrictions, the Investment Institution may use derivatives (such as futures and forward exchange contracts) for efficient portfolio management (e.g. for creating exposure to equities without using cash) and for hedging currency and market risks (for hedging purposes). The permitted derivatives are futures and forward exchange contracts. The use of derivative instruments with a non-linear risk profile is not permitted.

The transactions and the collateral exchanged in connection with these transactions are subject to the ISDA Master Agreement 1992 or 2002 and the Credit Support Annex in the schedule of the ISDA Master Agreement, respectively. The International Swaps and Derivatives Association ("ISDA") has prepared the standard documentation for these transactions.

### Collateral

The Investment Institution may request counterparties to provide collateral on a daily basis to cover the exposure to the counterparties in question arising from derivative financial instruments. The collateral received by the Investment Institution must meet the requirements of the relevant legislation and regulation, in particular with regard to liquidity, valuation, creditworthiness of the issuer, correlation and diversification.

Non-monetary collateral received by the Investment Institution for these transactions shall not be sold, reinvested or pledged.

The collateral received in connection with these transactions must meet the criteria laid down in applicable laws and regulations. Eligible collateral includes:

- (i) bonds issued or guaranteed by an EU Member State, a state that is a member of the OECD, local authorities thereof or by supranational institutions and organizations with a community, regional or international character;
- (ii) investment-grade corporate bonds issued by a company in an EU Member State or a member state of the OECD;
- (iii) shares or units issued by money-market UCITS which calculate their net asset value daily and are rated at 'AAA' or equivalent;
- (iv) shares or units issued by UCITS that invest chiefly in bonds or equities stated under (v) and (vi) below;
- (v) equities included in an index listed on a stock exchange in an EU Member State, a member state of the OECD, Hong Kong or Singapore;
- (vi) equities admitted to trading or which will be traded on a regulated market of an EU Member State or on a stock exchange in a member state of the OECD, on condition that these equities are included in an index; or
- (vii) cash;
- (viii) The collateral may not consist of financial instruments issued by the counterparty or one of its legal entities. The collateral may not be strongly correlated with the counterparty's performance.

To reduce exposure to a counterparty as a result of financial derivative instruments, the Investment Institution accepts collateral in the form of cash. Cash provided as collateral may be reinvested. No 'haircut' is applied to cash



when received as collateral in a derivative transaction. The term ‘haircut’ means that the value of collateral provided in cash would be assigned a lower value than the face value.

The Investment Institution can also accept cash when received as collateral in securities lending transactions. Cash collateral received from securities lending is subject to a margin grid that reflects the haircut (see paragraph “Lending of financial instruments”).

The Investment Institution may re-invest cash received in relation to these transactions in accordance with the investment objectives of the Investment Institution:

- (a) shares issued by money-market UCITS, as defined in the applicable laws and regulations, that calculate a net asset value on a daily basis and have a rating of ‘AAA’ or similar;
- (b) short-term bank deposits at a credit institution established in an EU Member State or, if its registered office is located in a third country, is subject to prudential regulations that the AFM considers to be equivalent to the regulations of EC legislation;
- (c) high-rated bonds issued or guaranteed by an EU Member State, Switzerland, Canada, Japan or the United States, or by the local authorities or supranational institutions and institutions with EU-wide, regional or global scope; and
- (d) reverse repurchase agreement transactions provided the transactions are with credit institutions subject to prudential supervision and the Investment Institution can recall at any time the full amount of cash on an accrued basis. Such reinvestment will be taken into account for the calculation of the Company’s global exposure, in particular if it creates a leverage effect.

None of these actions may in any event lead to the Investment Institution deviating from its investment policy and restrictions.

Regarding transactions in derivative financial instruments, the Manager is responsible for the administration of the transactions and the collateral, the valuation of the transactions and the collateral at the market price and the substitution of the collateral. The transactions and the collateral are measured at the market price on a daily basis.

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

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 Entities. Such investments will be reported in the Fund’s annual financial statements in accordance with the relevant transparency regulations.

#### Lending of financial instruments

To increase the total investment result of its investment portfolio, the Investment Institution and any investment institution in which the Investment Institution invests may lend financial instruments from the investment portfolio to other financial institutions (*securities lending*). Securities lending transactions are entered almost exclusively on the basis of standard contracts developed by the International Securities Lending Association (‘ISLA’). The Investment Institution may conclude securities-lending transactions to a maximum value of 100% of the investment portfolio, irrespective of their type. The expectation is that the average portion of the portfolio lent out annually shall be limited (<20%). The Investment Institution will ensure that the risks arising from these securities-lending transactions (*exposures* – including counterparty risk) will be limited by means of *collateral* as is normal market practice. In addition, the creditworthiness of lending counterparties will be monitored. The collateral received by the Investment Institution must meet the requirements of the relevant legislation and regulation, in particular with regard to liquidity, valuation, creditworthiness of the issuer, correlation and diversification.

The collateral obtained in connection with the lending of financial instruments must meet criteria i-viii, as described in the paragraph entitled 'Collateral'. To mitigate counterparty exposures, cash received from securities lending will be collateralised via short term reverse repo transactions.

In respect of securities lending transactions, the standard approach is that collateral is received by a tri-party agent, whereas in specific cases (e.g. specific government bonds) the collateral can also be received bilaterally. In case of such a bilateral receipt, the collateral is administrated, monitored and valued by the Lending Agent. The collateral received in case of a bilateral receipt is kept on a segregated account at the Depository.

If collateral is received by a tri-party agent, collateral will be received by way of title transfer in the tri-party account and will be held by the Depository on behalf of the Investment Institution in accordance with applicable laws and **the Depository's safekeeping duties under the Depository Agreement**. Collateral is valued by the tri-party agent, which acts as an intermediary between the two parties to the securities lending transactions. In this case the tri-party agent is responsible for the administration of the collateral, marking to market, and substitution of collateral. Securities lending positions and collateral are marked-to-market on a daily basis, in a similar manner and frequency as the assets of the Investment Institution, and are monitored by the Lending Agent.

The collateral margin received by the Investment Institution from its counterparties typically ranges between 102% and 110%. The margin may be changed without notice to reflect current market conditions. Margin depends on the type of securities being lent and the type of collateral received (equities, bonds or cash), the type of issuer (government or corporate), currency mismatches and the correlation between the securities lent and the collateral received. In normal circumstances, the collateral received as security for the lending of securities will exceed the market value of the securities lent. Every day, the collateral is assessed to determine whether it provides adequate cover for the value of the financial instruments that have been lent (mark-to-market). Additional collateral is requested if the collateral held is no longer adequate to cover the securities that have been lent. The adequacy of the collateral received vis-à-vis the collateral margins, as well as the adequacy of the collateral margins, is assessed on a daily basis. No other re-evaluation of the collateral takes place. The collateral may be executed if the securities-lending agreement in question is not complied with. The collateral may be subject to a right of pledge if this is established in the agreement in question.

The entire asset base of the Investment Institution is potentially available for securities lending, as long as the assets are sufficient for securities lending and the Investment Institution can meet redemption requests at all times. Securities-lending transactions may not affect the management of the Investment Institution in accordance with the investment policy.

#### Selection of counterparties

In terms of counterparty risk, procedures have been established relating to the selection of counterparties. Details of this are included in the chapter on the 'Management of Financial Risks'.

#### Levels of leveraging

The Investment Institution intends to express its investment policy mainly in terms of equities. Under the Terms and Conditions and within the limits of (i) the relevant legislation and regulation and (ii) the Investment Policy and associated investment restrictions, the Investment Institution may use derivatives (such as futures) for efficient portfolio management (e.g. creating exposure to equities without using cash) and for hedging currency and market risks (for hedging purposes). The Investment Institution does not intend to use derivatives extensively, but only to support its investment policy. As the Investment Institution may use derivative instruments, and because the Investment Institution may as a debtor temporarily enter loan contracts to invest with borrowed money, leveraged financing may arise. The level of leveraging based on the Gross Method and the Commitment Method, as stated in the AIFM directive, is for the Investment Institution a maximum of 210% (as a ratio of the Investment Institution's exposure and the Fund Assets). This relates to a maximum level, intended for exceptional circumstances. In the absence of leveraged financing, the percentage will be 100%. The expectation is that the average

level of the total leverage under normal conditions will be around 100%. An overview of the actual levels of leveraged financing are 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. The investment institution shall to a large degree invest in emerging and less developed markets. In these markets, the legal, judicial and regulatory infrastructure is still being developed and as a result of this, there may be a degree of legal uncertainty for both local and foreign market participants. In some markets the risks for investors may be higher. 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, as well as changes in an individual business situation. 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 that Participating Unit.

##### Concentration risk

Based on its investment policy, the Investment Institution may invest in financial instruments from issuing institutions that (mainly) operate within the same sector or region, or on 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.

##### Currency risk

All or part of the securities portfolio of the Investment Institution may be invested in currencies other than the euro or in financial instruments denominated in currencies other than the euro. As a result, fluctuations in the exchange rate may have both a negative and a positive effect on the investment result of the Investment Institution.

##### 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 that 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 counter-party 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.

Counterparty risk may also arise as a result of the lending of instruments. This is described further in the section on the "Risk of lending financial instruments".

*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 (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 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 chapter 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 chapter and no guarantee can be given that the intended result of the use of these instruments will 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 futures and total return swaps, 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".

*Synthetic short positions*

The Investment Institution may use derivative instruments to take synthetic short positions in some investments. If the value of such an investment rises, this will have a negative effect on the value of the Investment Institution. In exceptional market circumstances, the Investment Institution may theoretically face unlimited losses. Such exceptional market circumstances may mean that, under certain circumstances, investors could be confronted with minimal or no return, or even suffer a loss on such investments.

*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) Risk of lending financial instruments and (reverse) repurchase agreements

In the case of financial-instrument lending transactions, the Investment Institution runs the risk that the recipient cannot comply with its obligation to return the lent financial instruments on the agreed date or furnish the requested collateral. The policy of the Manager of the Investment Institution is designed to control these risks as far as possible.

In relation to securities lending transactions, investors should take into account the following risks:

- (A) if the borrower of securities lent by the Investment Institution fails to return them, there is a risk that the collateral received may be less than the value of the securities lent out, whether due to inaccurate pricing, adverse market movements, a deterioration of the credit rating of the issuers of the collateral, or insufficient liquidity in the market in which the collateral is traded.
- (B) in case of reinvestment of cash collateral, such reinvestment may (i) create leverage with the corresponding risks added to the risk of losses and volatility, (ii) introduce market exposures inconsistent with the objectives of the Investment Institution, or (iii) may generate a lower return than the amount of the collateral to be repaid;
- (C) delays in the return of securities on loan may have restricted the ability of the Investment Institution to meet its delivery obligations in relation to the sale of securities.

Generally, securities lending transactions may be effected or entered into in order to enhance the Investment Institution's overall performance, but an event involving failure or default (especially when this concerns a counterparty) may adversely affect the Investment Institution's performance. The risk management procedures carried out by the Manager and the Lending Agent are designed to mitigate such risks.

In relation to (reverse) repurchase agreements, investors must notably be aware that (A) in the event of the failure of the counterparty with which securities (cash) has been placed, there is the risk that collateral received may yield less than the securities (cash) placed out, whether because of inaccurate pricing of a traded instrument or, adverse market movements, or the illiquidity of the market in which the securities are traded; and that (B) difficulty in realizing collateral may restrict the ability of the Investment Institution to security purchases or, more generally, reinvestment.

g) Sovereign risk (or Country risk)

The Investment Institution may invest in securities from issuers domiciled in various countries and geographical 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 case of expropriation, nationalization or another form of confiscation, the Investment Institution may lose its entire investment in the country concerned.

*Risk attached to emerging and less developed markets*

The Investment Institution shall primarily invest in emerging markets. In emerging and less developed markets, the legal, judicial and regulatory infrastructure is still being developed and as a result of this, there may be a degree of legal uncertainty for both local and foreign market participants. In some markets the risks for investors may be higher.

Investors should be aware that potential social, political and economic in some frontier and emerging markets in which the Investment Institution invests may impact the value and liquidity of the Investment Institution's investments. In some countries, investments may also be exposed to currency risks, as the currencies concerned will have been weak at times or may have depreciated repeatedly. More specifically, investors should take into account the following risk warnings:

- Economic and/or political instability may result in legal, fiscal or regulatory changes, or in a reversal of legal, fiscal or market reforms and regulations. Assets may be compulsorily expropriated without adequate compensation;
- The interpretation and implementation of directives and acts may often be contradictory and unclear, especially relating to fiscal matters;
- Administrative and control systems may not comply with international standards;
- Conversion to a foreign currency, or transfer of income received from the sale of assets in some markets cannot be guaranteed. The value of the currency in some markets in relation to other currencies may fall, and the value of the investment can therefore be negatively affected;
- The stock markets of some countries lack the liquidity, efficiency, regulation and supervision seen in more developed markets, and a lack of liquidity may have a negative impact on the value of and the ease with which assets can be disposed of; and



- in some markets there may be no safe method of delivery against payment that avoids exposure to counterparty risk. It may be necessary to make payments for a purchase or delivery on a sale prior to receiving the assets or, depending on the situation, the proceeds of a sale.

#### *Chinese market risks*

##### China A-shares

China A-shares are shares issued by companies incorporated in the People's Republic of China ("PRC") and listed on the PRC stock exchanges, traded in the lawful currency of PRC and available for investment by domestic (Chinese) investors, holders of QFII Licenses and via stock connect programs (for a limited set of China A-shares) ("Stock Connect").

In addition to the risks mentioned under section "Emerging and less developed markets risk" above, investments in China A-shares are subject to the following risks:

##### General risks

Stock exchanges in the PRC on which China A-shares are traded are at a developing stage. Market volatility in the China A-share market may result in prices of securities traded on such markets fluctuating significantly resulting in substantial changes in the Share price of the Fund.

The Fund, by obtaining exposure to China A-shares, is subject to the following restrictions:

- shares held by a single foreign investor (such as the Fund) investing through a QFII or through the Stock Connect in a listed company should not exceed 10 per cent of the total issued shares of such listed company; and
- total China A-shares held by all foreign investors who make investment through QFIIs or through the Stock Connect in a listed company should not exceed 30 per cent of the total issued shares of such listed company.

As there are limits on the total China A-shares held by all foreign investors in one listed company in the PRC, the capacity of the Fund to make investments in China A-shares will be affected by the activities of all other foreign investors investing in the same listed company. Where those limits are reached, no further purchase of those shares will be permitted until the holding is reduced below the threshold and if the thresholds are exceeded, the relevant issuer of the China A-shares may sell those shares to ensure compliance with Chinese law which may mean that the relevant China A-shares are sold at a loss. The Fund may be adversely affected as a result.

##### Investments via the QFII Quota of the QFII Holder

Investments in China A-shares using the QFII quota of the QFII Holder carry increased risks, most notably liquidity and credit risks.

##### Liquidity risk

Investments via the QFII program are subject to an initial lock-up period. For the avoidance of doubt, the initial one year lock-up period for the Fund's appointed QFII Holder's investments in China A-shares through its QFII quota has now lapsed. It is possible that the QFII Holder may apply for additional QFII quota(s) and, upon obtaining this, allocate it to the Fund. Thus assets of the Fund in the PRC attributable to such additional quotas may be subject to another initial lock-up period. Further, under the QFII regulations, there are foreign exchange control restrictions imposed on the repatriation of funds by the QFII Holder. After the initial lock-up period or any additional lock-up period (if any), the QFII Holder may repatriate capital, dividends, interest and profit from the PRC, however any such repatriation is subject to a cumulative limit (currently of 20 per cent per month) of the total onshore assets managed by the QFII Holder as a QFII as at the end of the previous year, as stipulated by SAFE. It is currently expected that such repatriation limit will be applied across all the assets managed by the QFII

Holder as a QFII, including without limitation the assets attributable to the Fund, other clients of or other investment funds managed by the same QFII Holder and the proprietary assets of the QFII Holder. Thus, **repatriation requests made by such other entities may have an impact on the repatriation of the Fund's assets.** The net realized profits generated from investments via the QFII quota for the account of the Fund may be repatriated out of the PRC after the completion of the audit of such net realized profits by a PRC registered accountant and the issuance of the tax payment certificate. Process of repatriations of investment capital and net realized profits may be delayed due to any delay in the approval process of the SAFE, in completion of such audit by the PRC registered accountant or in the issuance of the tax payment certificate which may be beyond the control of the Manager. Credit risk arises from transactions taking place free-of-payment (i.e. effectively the time lag between the payment and the delivery of shares) and being only done through a single broker per market.

The current QFII policy and QFII Regulations are subject to change, which may take retrospective effect. In addition, there can be no assurance that the QFII Regulations will not be abolished. The Fund, which invests in the PRC markets through the QFII Quota of the QFII Holder, may be adversely affected as a result of such changes.

#### Investments via Stock Connect

Stock Connect is a program consisting of a securities trading and clearing linked program with the aim to give investors direct access to certain eligible China A-shares. Stock Connect is novel in nature and the relevant regulations are untested and subject to change. There is no certainty as to how they will be applied.

Currently the Shanghai-Hong Kong Stock Connect program and the Shenzhen-Hong Kong Stock Connect program are operational. The Shanghai – Hong Kong Stock Connect Program is a securities trading and clearing linked program developed by The Stock Exchange of Hong Kong Limited ("SEHK"), Shanghai Stock Exchange ("SSE"), the Hong Kong Securities Clearing Company Limited ("HKSCC") and ChinaClear. The Shenzhen-Hong Kong Stock Connect programme is a securities trading and clearing linked program developed by SEHK, the Shenzhen Stock Exchange ("SZSE"), HKSCC and ChinaClear. Further information about these programs is available online at the website: [http://www.hkex.com.hk/eng/market/sec\\_tradinfra/chinaconnect/chinaconnect.htm](http://www.hkex.com.hk/eng/market/sec_tradinfra/chinaconnect/chinaconnect.htm).

The use of Stock Connect may be subject to additional risks and limitations:

#### Regulatory setup

A leading principal of trading securities through Stock Connect is that the laws, rules and regulations of the home market of the applicable securities shall apply to investors in such securities. Therefore, for the Investment Institution, the PRC is the home market. As such, the laws, rules and regulations of the PRC regarding Stock Connect must be observed by the Investment Institution. If such laws, rules and regulations are breached, the SSE and the SZSE have the power to carry out an investigation and may require SEHK participants to provide information about the Investment Institution and to assist in investigations. In addition to the above, also certain Hong Kong legal and regulatory requirements will continue to apply when trading via Stock Connect.

#### Quota limitations

Stock Connect is subject to **quota limitations which may restrict the Fund's ability to invest in China A-shares through the program on a timely basis and as a result, the Fund's ability to access the China A-shares market (and hence to pursue its investment strategy) will be adversely affected.** Also, it should be noted that the regulations are untested and there is no certainty as to how they will be applied. Moreover, the current regulations are subject to change. There can be no assurance that Stock Connect will not be abolished. If the Fund invests in China A-shares through Stock Connect, it may be adversely affected as a result of such changes.

#### Investor compensation

The investments in China A-shares under Stock Connect will not be covered by the Hong Kong's Investor Compensation Fund, nor are these investments protected by the China Securities Investor Protection Fund in the PRC.

Custody

The safekeeping of the China A-shares involves a three tier structure in which the (sub-) custodian of the Fund holds the shares with the Hong Kong Securities Clearing Company Limited (“HKSCC”), which holds a nominee account with China Securities Depository and Clearing Corporation Limited (“ChinaClear”). As the nominee, the HKSCC is under no obligation to take any legal action or court proceedings to enforce the rights of the relevant Fund. Furthermore, the HKSCC is not the beneficial owner of the securities, so the risk exists that the concept of beneficial ownership in Mainland China will not be recognized and acted upon if the situation requires.

Investors should be aware that if the Fund invests in China A-shares through Stock Connect, it will not hold any physical China A-shares as these are only issued in scripless form when being traded through Stock Connect. Further information on the custody set-up relating to the Stock Connect is available upon request at the registered office of the Company.

Trading days

Due to the differences in trading days as the Stock Connect operates only on days when both the PRC and Hong Kong markets are open for trading and when banks in both markets are open on the corresponding settlement days, the Fund may be subject to a risk of price fluctuations in China A-shares on a day that the PRC market is open for trading but the Hong Kong market is closed.

Suspension risk

Both the Stock Exchange of Hong Kong Limited (“SEHK”) and Shanghai Stock Exchange (“SSE”) reserve the right to suspend trading if necessary for ensuring an orderly and fair market and managing risks prudently which would adversely affect the Funds' ability to access the PRC market.

Trading restrictions

PRC regulations require that before an investor sells any share, there should be sufficient shares in the account; otherwise SSE and SZSE will reject the sell order concerned. SEHK will carry out pre-trade checking on China A-shares sell orders of its participants (i.e. the stock brokers) to ensure there is no over-selling. In addition, stocks may be recalled from the scope of eligible stocks for trading via the Stock Connect. This may adversely affect the investment portfolio or strategies of the Fund.

Clearing and settlement risk

The Fund's ability to invest through Stock Connect is subject to the performance by Hong Kong Securities Clearing Company of its obligations and any failure or delay by HKSCC may result in the failure of settlement, or loss of China A shares. Should the remote event of a default of ChinaClear occur and ChinaClear be declared as a defaulter, HKSCC's liabilities will be limited to assisting clearing participants in pursuing their claims against ChinaClear. Should the remote event of a default of ChinaClear occur and ChinaClear be declared as a defaulter, HKSCC's liabilities will be limited to assisting clearing participants in pursuing their claims against ChinaClear. In the above events, the Fund may suffer delay in the recovery process or may not be able to fully recover its losses from ChinaClear.

Operational risk

It should also be noted that any investment through Stock Connect is premised on the functioning of the operational systems of the relevant market participants and is therefore subject to the operational risk in terms of meeting certain information technology capability, risk management and other requirements as may be specified by the relevant exchange and/or clearing house.

As cross-border routing is required by Stock Connect, the implementation of new information technology systems such as the “new order routing system”, are set up by the SEHK and market participants. Investors should be aware that it cannot be ensured that the systems of the SEHK and market participants will function properly or will continue to be adapted to changes and developments in both markets. In the event of any failure of a system to function properly, trading in both markets through the program could be disrupted. The Fund's ability to access

the China A-share market (and hence to pursue their investment strategy) could be adversely affected by such an operational failure.

#### Taxation risk

Funds investing in Chinese A-shares can be subject to Chinese withholding tax on dividends. It cannot be excluded that the Fund investing in China A-shares through Stock Connect may be subject to new portfolio fees and tax concerned with income arising from stock transfers which are yet to be determined by the relevant authorities in addition to paying trading fees and stamp duties in connection with China A-share trading.

#### RMB Currency and Exchange risk

Since 2005, the on-shore Renminbi (CNY) exchange rate is no longer pegged to the USD. CNY has now moved to a managed floating exchange rate based on market supply and demand with reference to a basket of foreign currencies. The daily trading price of the CNY against other major currencies in the inter-bank foreign exchange market is allowed to float within a narrow band around the central parity published by the People's Republic of China.

RMB convertibility from offshore RMB (CNH) to onshore RMB (CNY) is a managed currency process subject to foreign exchange control policies of and repatriation restrictions imposed by the Chinese government in coordination with the Hong Kong Monetary Authority (HKMA). The value of CNH could differ, perhaps significantly, from that of CNY due to a number of factors including without limitation those foreign exchange control policies and repatriation restrictions.

Since 2005, foreign exchange control policies pursued by the Chinese government have resulted in the general appreciation of RMB (both CNH and CNY). This appreciation may or may not continue and there can be no assurance that RMB will not be subject to devaluation at some point.

#### Foreign Exchange risk

Through the QFII Holder's QFII quota and Stock Connect, the Fund may invest in China A-shares and financial instruments issued by China-related companies. The Fund is denominated in Euro whilst their investments may be denominated in other currencies such as RMB. Accordingly, the Fund may need to convert EUR to RMB (on-shore Renminbi (CNY) and/or offshore Renminbi (CNH)) in order to invest. To meet redemption requests, the Fund may need to reconvert the RMB sale proceeds back to EUR. The Fund may incur costs as a result of the conversion and are subject to currency conversion risk. Investment in the Fund or distribution payments from the Fund, if any, will be subject to fluctuations in the exchange rates, as well as prices of the Funds' assets. In general, the performance of the Fund will be affected by such exchange rate movements. Further, the on-shore Renminbi (CNY) is not freely convertible and is subject to policies of exchange controls and repatriation restrictions which may be changed from time to time. There is no assurance that RMB will not be subject to devaluation or revaluation or that shortages in the availability of foreign currency will not develop.

#### Fiscal risk

##### *Capital gains*

The tax laws, regulations and practice in the PRC are constantly changing, and they may be changed with retrospective effect. In addition, although specific administrative rules governing taxes on capital gains derived by from the trading of China A-shares prior to 17 November 2014 have yet to be announced, gradually more details of such capital gains tax become available. As long as all details are not clear and final, any provision for taxation made by the Fund may be excessive or inadequate to meet final PRC tax liabilities on capital gains derived from indirect and direct China A-shares investments. Any excessive provision or inadequate provision for such taxation may impact the performance and hence the net asset value of the Fund during the period of such excessive or inadequate provision. Consequently, investors may be advantaged or disadvantaged depending upon the final outcome of how capital gains from indirect and direct China A-shares investments will be taxed, the level of tax provision and when the investors subscribed and/or redeemed their units in/from the Fund.

Gains derived from the trading of PRC equity investments (including China A-shares) will be temporarily exempt from PRC corporate income tax, individual income tax and business tax effective from 17 November 2014.

However, Hong Kong and overseas investors (such as the Fund) are required to pay tax on dividends and/or bonus shares at the rate of 10% which will be withheld and paid to the relevant authority by the listed companies. If the Fund invests in China A-shares, it may be adversely affected as a result.

h) 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.

i) Fiscal risk

During the existence of the Investment Institution, the applicable tax regime may change such that a favorable circumstance 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 chapter on '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.

j) 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 will invest.

k) Risk of investing with borrowed money

By investing with borrowed money the total return on the investments of the Investment Institution may increase. However, there are risks associated with investing with borrowed money. If the Investment Institution uses borrowed money to make investments and these investments do not achieve the desired result, the loss will be greater than if the investment had not been financed with borrowed money. The use of borrowed money for making investments not only increases the chance of profit but also the chance of loss. The maximum level of leverage fully or partly resulting from this is given in chapter 2 "Levels of Leverage".

l) 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.

m) Outsourcing risk

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

n) 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 categories 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 maximum levels of leveraging are covered in the section "Levels of Leveraging" in the chapter on Investment Policy.

### 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 or higher than P-1. In addition to external ratings, qualitative indicators are also used when assessing a new counterparty. While there are no predetermined legal status or geographical criteria applied in the selection of the counterparties, these elements are typically 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 counterparty concerned. 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. While there are no predetermined legal status or geographical criteria

applied in the selection of the counterparties, these elements are typically taken into account in the selection process.

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 its customers 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 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 fund or sustainable investment objective of the 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 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 are therefore indirectly paid (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 some financial instruments are incorporated in the (gross) price. Furthermore, the market impact per transaction and per period can 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. The average commission paid to brokers does not exceed 0.20%. Costs associated with transactions in derivative instruments are for the account of the Investment Institution (as are any gains and/or losses).

#### Lending of financial instruments

The income of securities-lending transactions will be for the benefit of the Investment Institution except for a fee applied by the Lending Agent, based on the securities lending returns. This fee amounts to (A) 25% of the income from these securities-lending transactions for any loans which generate a return of 0.5% or less and (B) 10% of the income from these securities-lending transactions for any loans which generate a return greater than 0.5%. If cash collateral is received, the Lending Agent will conduct reverse repurchase transactions, the result generated by these transactions will be for the benefit of the Investment Institution except for a fee applied by the Lending Agent, based on the returns. This fee amounts to (A) 25% of the income from these transactions if the return is 0.5% or less and (B) 10% of the income from these transactions if the return is greater than 0.5%. Further information on the financial results of these activities is included in the financial statements of the Investment Institution. The Investment Institution regularly takes advice from an external consultant in order to assess whether the fee is in accordance with current market practice, on the basis of (i) the relative/absolute value that the Manager adds as the agent for securities lending for the Investment Institution, and (ii) the fees charged by other agencies for securities lending.

#### 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 depositary 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 auditor

The costs of the auditor amount to a maximum of EUR 10,000. These costs are included retrospectively in the financial statement under “other costs”.

#### Costs of the Manager

The Manager receives a fee for the management carried out, which includes administrative costs. The level of this fee and further details are given in the Terms and Conditions. This fee does not include 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

To meet the conditions to which its status as a fiscal investment institution is subject, the Investment Institution will distribute to Participants its Mandatory Profit Distribution for Tax Purposes in the form of a dividend no later than eight months after the close of the financial year. The dividend is subject to Dutch dividend tax. After the deduction of Dutch dividend tax, these dividends are reinvested free of charge.

**A payment not exceeding the net dividend may be made once a year after the Fund’s annual financial statement has been drawn up. Participants must submit a written request to this end. Details about this option are provided in the Terms and Conditions.**

The Fund may decide to distribute an interim 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.

#### Corporate income tax

The Fund is a mutual fund according to Dutch law, open within the meaning of the 1969 Dutch Corporate Income Tax Act [*Wet op de vennootschapsbelasting 1969*] and is a fiscal investment institution on the basis of Article 28 of this Act.

#### Dividend tax on payments

The dividend is subject to 15% Dutch dividend tax.

#### Dutch and foreign withholding tax on income

15% Dutch dividend tax may be deducted from dividend received on investments in shares of companies established in the Netherlands. Dividends that the Investment Institution receives from its foreign investments may also

be subject to foreign withholding tax in the source country in question. The fiscal investment institution in principle has access to the Dutch treaties to avoid double taxation. Insofar as a tax treaty applies to the dividends received, the Investment Institution may recover part of the withholding tax or request that the withholding-tax rate be reduced to the rate of the relevant tax treaty. Interest income may also be subject to withholding tax.

For Dutch dividend tax and the remainder of foreign withholding tax (up to a maximum rate of 15%) that is withheld at the expense of the Investment Institution, the Investment Institution may apply the reduced remittance within the meaning of Article 11a of the Dividend Withholding Tax Act 1965. This reduced remittance means that the Investment Institution may, under certain conditions, apply a reduction to the Dutch dividend tax withheld at source that is payable on the return on account of Dutch dividend tax and foreign withholding tax (up to 15%) that is deducted from the Investment Institution. This reduced remittance increases the dividend distributed by the fund. The level of the remittance for foreign withholding tax is reduced proportionally to the holding in the Investment Institution by Dutch pension funds and comparable participants that have the right to a return of their withheld Dutch dividend tax.

#### Sales tax

The fee the Manager charges for the management, 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 which was adopted in March 2010. Part of this regulatory framework is the FATCA 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: 67NE4G.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, the Investment Institution moreover may take measures 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 in the sense of CRS and the Dutch CRS implementation legislation as prescribed by the European Directive on Mutual Assistance (Directive 2014/107/EU).

Under CRS, participating countries exchange information on the basis of automated data exchange relating to financial accounts held by natural persons and entities that are domiciled for tax purposes in another CRS country. As with FATCA, the aim of CRS is to prevent tax evasion. Pursuant to Directive 2014/107/EU of 9 December 2014, all EU member states are obliged to implement 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.

### Return

Please refer to the annual reports and the financial statements of the Investment Institution for the realized return, a comparative overview of the development of the Fund Assets as well as the income and expenditure of the Investment Institution over the last three financial years.

### Voting policy

The Manager aspires to exercise its voting right on shares held by the Investment Institution throughout the world. The Manager does this because it is convinced that good corporate governance in the longer term is beneficial to shareholder value. The corporate-governance policy of the Manager is based on the internationally accepted principles of the International Corporate Governance Network (ICGN). The Manager is of the opinion that local legislation and codes for corporate governance, such as the Code in the Netherlands, form the guiding principle for the practice of corporate governance and the voting behavior. This view is consistent with the application of the **ICGN principles 7.2 ('compliance with laws')** and **8.1 ('compliance with and disclosure of governance codes and systems')**.

If the shares of an investment position have been lent out, the voting rights attached to those shares may not be exercised during general meetings of shareholders. If an important event were to occur, the shares that have been lent out may be recalled in order for the voting rights attached to these shares to be able to be exercised. More information about the voting policy is published on [www.robeco.com](http://www.robeco.com).

### 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 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](http://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 <b>ICGN principles and local governance codes</b> . 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="http://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 fund(s) can be found on <a href="http://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="http://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 QI Institutional Emerging Markets Enhanced Index Equities Fund	x		x	x			

## TERMS AND CONDITIONS FOR MANAGEMENT AND CUSTODY

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### Definitions

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

Affiliated Entity	Any direct or indirect subsidiary of ORIX Corporation Eu-ropce N.V. within the meaning of section 2.24a Dutch Civil
Affiliated Investment Institution	An investment institution that is affiliated with or managed by another Affiliated Entity
Affiliated Party	A natural or other person as defined in Section 1 of the Bgfo
AFM	The Netherlands Authority for the Financial Markets [ <i>Autoriteit Financiële Markten</i> ]
AIFM Directive	The European directive (92011/61/EU) that introduces harmonized rules for managers of alternative investment institutions
Article	An article in these Terms and Conditions
BGfo	Decree on the Market Conduct Supervision of Financial Enterprises under the Wft [ <i>Besluit gedragstoezicht financiële ondernemingen</i> ]
Cut-off Time	Time (09:00h CET) before which orders must be received on a Dealing Day (D-1) by the Transfer agent in order to be settled at the Transaction Price of the next Dealing Day (D), calculated two Dealing Days later (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
Depositary	A Depositary as identified in Article 1:1 Wft, commissioned by the Manager from time to time.
EUR	Euro
FATCA	Foreign Account Tax Compliance Act
FATCA Status	A Participant's status under FATCA or an Intergovernmental Agreement relating to FATCA
Financial Year	The financial year of the Fund as stated in the Terms and Conditions
Fund	Robeco QI Institutional Emerging Markets Enhanced Index Equities 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
Legal title holder	The entity having legal possession of the Fund Securities



Manager	The person or entity responsible for managing the Fund
Mandatory Profit Distribution for Tax Purposes	<b>The Fund’s taxable results less additions to the reinvestment reserve, after deduction of a proportionate part of the costs referred to in Article 11.</b>
Meeting	A Meeting of Participants
Net Asset Value	The Net Asset Value of one Participating Unit in the Fund
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
Payment	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
Professional Investor	A professional investor as defined in Article 1 Wft and a non-professional investor pursuant to Article 4:18c Wft considered 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 for Management and Custody</b>
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)
Intergovernmental Agreement	Treaty between the Netherlands and the United States to establish further rules in relation to the implementation of FATCA, if and insofar as the Netherlands and the United States have reached agreement on this
Wft	The Dutch Financial Supervision Act [ <i>Wet op het financieel toezicht</i> ]
Working Day	A day on which banks are open to process payments (or have this done)
1.2	Definitions in singular form are also understood to comprise the plural and vice versa, unless explicitly stated otherwise.
1.3	Headings in the Terms and Conditions have no special meaning.

#### Article 2 Name and period of maturity

- 2.1 The name of the Fund is: Robeco QI Institutional Emerging Markets Enhanced Index Equities 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, open 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 to Professional Investors only.

- 3.3 By virtue of section 28 of the 1969 Dutch Corporate Income Tax Act [Wet op de Vennootschapsbelasting 1969], the Fund has the fiscal status of an investment institution.
- 3.4 The Fund is an 'investment entity' as defined in the Intergovernmental Agreement and is obliged to comply with Dutch legislation and regulation regarding implementation of the Intergovernmental Agreement. To reduce as far as possible the impact of FATCA on the Fund and its Participants, the Fund is not open to those who meet the definition of a Specified US person as identified by FATCA: on Participants who refuse to cooperate in identifying their FATCA Status; or any Participants who can be considered a Non-participating Foreign Financial Institution under the Intergovernmental Agreement.
- 3.5 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 involved are spread in order to allow its Participants to share in the profits.
- 4.2 **The Fund's investment policy is designed to achieve an optimal return on the Fund Assets, which are invested on behalf of the Participants and for their account and risk.** The Fund invests mainly in equities and similar financial instruments (such as share certificates, ADRs and GDRs), issued by companies in emerging countries (including Hong Kong), i.e. having their registered offices in emerging countries (including Hong Kong), or whose principal economic activities take place there, or which are included in the MSCI Emerging Markets Standards Index (EUR). The Fund uses a quantitative stock-selection strategy.
- 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. **Such investments will be reported in the Fund's annual financial statements in accordance with the relevant transparency regulations.**
- 4.4 The Fund may make use of financial instruments, including derivatives. The Fund is authorized (i) to enter into securities-lending agreements with third parties and (ii) 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 20% of the Fund Securities.
- 4.6 Wherever possible, the Manager, acting in the interests of the Participants, makes active discretionary use of the voting rights attached to the Fund Securities.
- 4.7 The Manager is authorized to participate in class actions on behalf of the Fund in accordance with the Manager'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 carried out by the Manager.** Management includes formulating 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, while no subsequent 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.
- 5.4 The Legal title holder is obliged to convene a Meeting within two months of an event such as described in Article 5.3 for the purpose of appointing a succeeding Manager.

## Article 6 Legal entitlement

- 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**. Similarly, all bank accounts will be held in the Legal title holder's **name**.
- 6.3 **The Fund's present and future liabilities are or will be entered into in the Legal title holder's name, whereby** it will be stated expressly that the Legal title holder is acting in the Fund's interests.
- 6.4 Agreements to acquire, alienate or encumber Fund Securities with restricted rights are made jointly by the Legal title holder and the Manager.
- 6.5 The Legal title holder will only transfer Fund Securities to third parties on the Manager's instructions.
- 6.6 The Legal title holder may ask the Manager to provide further information on the Fund Securities issued, 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 responsibilities, the Manager will appoint a successor at the earliest opportunity.
- 6.8 The Manager has, partly on behalf of the Fund and the Participants, entered into an agreement with the Depository, pursuant to Article 4:62m of the Wft.

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

- 7.1 **A participant's economic** entitlement to Fund Assets is proportionate to the number of Participating Units held in relation 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 Participants 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 Participating Units and parts thereof, rounded down to [four] decimal points.
- 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:
- the name and address of the Participant;
  - the Deposit and the number of Participating Units;
  - the Participant's registered office;**
  - the Participant's fiscal status for income-tax purposes.**
  - their FATCA status.
- The Participant shall inform the Manager as soon as possible if one of the above-mentioned details is subject to change.
- 8.3 **At Participants' request, the Manager will issue a non-negotiable declaration of entry in the register of Participants, signed by the Manager, stating the number of Participating Units held by the Participant involved and the value of each Participating Unit.**
- 8.4 If a Participant holds less than one (1) Participating Unit, the Manager is entitled (without prior permission from the Participant in question) to terminate the remaining participation in the Fund and in order to do

this to sell Fund Securities, in order to be able to proceed the Payment to the Participant of the value of their Participating Units (or fraction thereof), subject to the sales fee referred to in Article 10.5.

#### Article 9 Entries and increase of participation

- 9.1 A participating unit can only be obtained at an equivalent value of at least EUR 450,000 (four hundred and fifty thousand). The admission of Participants and the timing of such admission and permission to increase an existing participation and the timing of such increase will both be exclusively at the Manager's discretion; in which case 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 participants' admission or participants' applications for increasing their application or attach additional or special conditions thereto**, taking into account the interest of the existing Participants. In particular, the Manager shall not accept any Participants as defined in Article 3.4. Furthermore, the Manager shall not permit any expansion by sitting Participants if they turn out to be US persons as defined in Article 3.4. Participants are obliged to confirm their FATCA status prior to entering and for as long as they participate in the Fund at the request of the Manager and within the period of time set by said Manager, and to pass on to the Manager at the Manager's request any necessary documentation for establishing their FATCA Status.
- 9.2 Applications for participation or increasing an existing participation in the Fund 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. Participants can enter the Fund or increase their existing participation in accordance with this Article 9.2, provided that the relevant written order form/electronic order is received on behalf of the Manager before the Cut-off Time (D-1), so that the order can be executed against the value of the Fund Assets on the next Dealing Day (D). Orders that are received on behalf of the Manager after the Cut-Off Time, will be executed against the value of the Fund Assets on the second Dealing Day following the day the request is received.
- 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 14, 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 the participation, the number of Participating Units allotted to a 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 14, 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 two 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 two 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. The Participant is given a receipt for the book 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 mutatis mutandis, while all announcements and convening notices to the collective entitlement holders can be made to the representative at the address stated in the register.
- 9.8 For entry into the Fund or for an increase in Participation, the Manager will charge a fee on the Deposit to cover the associated transaction costs. This fee, which is expressed as a percentage of the Deposit, will be

determined by the Manager. The fee will accrue to the Fund. The fee thus determined can be requested from the Manager.

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

- 10.1 Participating Units may be transferred solely to the Fund, other Participants in the Fund or to third parties provided that the latter meet the provisions of Article 3.2.
- 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 the Fund and to effect same by means of selling Fund Securities, in order to be able to proceed the Payment to the Participants of the value of their Participating Units, subject to retention of the cancellation fee referred to in Article 10.5. 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 on behalf of the Manager before the Cut-off time (D-1). Requests that are received on behalf of the Manager only after the Cut-off time will be executed at the value of the Fund Assets as of the second Dealing Day following the day on which the request is received. 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 has at all times the authority to cancel the Participating Units of Participants who, contrary to what is written in Article 3.4, turns out to be a US Specified person after all as defined by the Intergovernmental Agreement. In that case, the Manager shall, after written notice to the Participant, terminate the Participating Units the Participant holds in the Fund in accordance with the procedure stated in this Article.
- 10.5 For full or partial redemption of the participation, the Manager will charge a fee on the cancellation value to cover the associated transaction costs. This fee, which is expressed as a percentage of the cancellation value, will be determined by the Manager. This fee will accrue to the Fund. The fee thus determined can be requested from the Manager.
- 10.6 Upon the Payment of the cancellation value dividend tax shall be withheld in respect of that part of the Mandatory Profit Distribution for Tax Purposes attributable to the Participation concerned.

## Article 11 Costs

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

- the taxes and duties levied on the Fund and the transactions made by the Fund;
- costs charged by third parties in connection with purchases, sales and custody of the fund securities (custody costs), and for the activities associated therewith, including the active use by the Manager of the voting rights attached to the fund securities.
- the costs charged by the Depositary;
- costs of certified external accountants and other external experts;
- interest costs;
- if the Fund invests in an Affiliated Investment Institution the costs of entering and exiting are indirectly charged to the Fund Assets; and
- the fee as defined in Article 12.

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 may 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

12.1 The Manager receives a fee for the management carried out, which includes administrative costs. This fee is 0.10% per quarter and is charged to the Fund Assets in accordance with Article 11.

12.2 The fee for the management activities carried out by the Manager is payable on the last day of each quarter, and is calculated on the average Fund Assets during the quarter. The Manager deducts a provision for the fee from the balance on a daily basis.

12.3 In the event of a participation exceeding a sum determined by the Manager and also if several institutional equity funds of the Robeco Group are participated in by one and the same Participant, management fees deviating from those stipulated in Article 12.1 may apply. Any refund of excess fees deducted from the Fund Assets in conformity with the preceding full sentence, will be made by the Manager directly to the Participant concerned within three months of the end of each calendar year.

12.4 No VAT will be charged over the fee as referred to in Article 12.1 if, and insofar as the exemption of article 11, section 1, part i, 3° of the 1968 Dutch Value-added Tax Act (Wet op de Omzetbelasting) will apply.

## Article 13 Financial year, annual accounts and reporting

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

13.2 Each Participant receives a report on the management carried out and the annual financial statements of the Fund once a year, which will be drawn up by the Manager within five months of the end of the financial year.

13.3 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 statement 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.

13.4 Each Participant receives a monthly specification of the number and value of their Participating Units, based on the composition and value of the Fund Assets at that time.

#### Article 14 Determination of the value of the 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 nominal value;
- financial investments are in principle valued at fair value;
- listed investments are valued at the closing prices 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; and
- investments in Affiliated Investment Institutions are valued on the basis of their net asset value.

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 15 Distributions

- 15.1 The Mandatory Profit Distribution for Tax Purposes is paid out in the form of dividends within eight months after the end of the Fund's Financial Year. The dividend is subject to Dutch dividend tax. After the deduction of Dutch dividend tax, these dividends (hereinafter referred to as 'net dividend') are reinvested free of charge. The Fund may decide to distribute an interim dividend.
- 15.2 Notwithstanding the provisions of the previous paragraph, a payment not exceeding the net dividend may be made once a year after the Fund's annual financial statement has been drawn up. Participants should submit a written request in respect hereof to the Manager within three months of the close of the financial year. The limitations given in Article 9.2 do not apply to such requests.
- 15.3 If Participants decide to have this payment distributed in accordance with paragraph 15.2, the net dividend will be paid. The Manager will designate the day of payment.
- 15.4 If the net dividend is reinvested in accordance with the provisions in Article 15.1, 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 Manager will set the date for such increased participation. The value of one Participating Unit is established by dividing the Fund Assets, calculated in accordance with Article 14, on the relevant day by the number of Participating Units outstanding. The number of Participating Units is determined by dividing the Deposit by the value of one Participating Unit thus established.

#### Article 16 Meetings

- 16.1 The Manager will convene a Meeting annually within six months of the end of the Fund's financial year, and otherwise as often as he 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 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.
- 16.2 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 request is submitted to the Manager, submit a request to the Manager to convene a Meeting, the Manager is obliged to convene such a Meeting.



- 16.3 If the Manager does not respond to such a request as described in Article 16.2 within 15 working days of its receipt, the Participants concerned are entitled to convene the Meeting subject to observance of the provisions in Article 16.1.
- 16.4 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.
- 16.5 The Manager will appoint the chairperson of the Meeting. In the absence of such an appointment, the Meeting will appoint its own chairperson.
- 16.6 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.
- 16.7 Participants who have applied to attend in accordance with the provisions of Article 16.4 are entitled to attend, speak and vote at the meeting.
- 16.8 Each Participating Unit gives the right to exercise one vote.
- 16.9 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.
- 16.10 If at any Meeting, at which, according to these Terms and Conditions, a quorum is required to be present, such quorum is not represented, a second Meeting will be convened, to be held at least three days and not more than six weeks after the first Meeting; this second Meeting is authorized to take decisions on the basis of at least a two-thirds majority of the valid votes cast, regardless of the Fund Assets represented at the meeting.
- 16.11 Any resolutions that can be passed by the Participants at a Meeting, may also be passed without a Meeting. The Manager will inform the Participants by mail about resolutions to be taken without a Meeting and will at the same time dispatch any pertinent documentation to them. The Manager may also inform Participants by electronic mail, unless a specific Participant indicates a preference for notification by mail. A resolution passed outside a meeting is only valid if the Participants with voting rights have expressed the majority required for the resolution concerned in a readable and reproducible electronic format or written 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 approval of such resolution in a readable and reproducible electronic format or written letter, in which case the third sentence of Article 16.11 applies mutatis mutandis.**

#### Article 17 Announcements to Participants

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 18 Changes to the Terms and Conditions

- 18.1 Without prejudice to the provisions in Articles 18.4 and 18.5, the Meeting is authorized to change these Terms and Conditions, but only on a proposal by the Manager.
- 18.2 A resolution to change the Terms and Conditions requires a two-thirds majority of the number of Participants attending or represented at the Meeting of Participants, who represent at least three-quarters of the Fund Assets as on the last Stock-exchange Day preceding the day on which the Meeting of Participants is held.
- 18.3 If a quorum of three-quarters of the value of the fund assets is not represented at the Meeting of Participants, a second Meeting of Participants can be convened at which a decision can be taken for which a qualified majority is required according to these Terms and Conditions, regardless of the proportion of the Fund Assets represented at this second meeting.
- 18.4 Amendments to these Terms and Conditions will come into effect only after the term established by the Manager for this purpose has elapsed. These amendments will be communicated to the Participants in writing.



- 18.5 Changes to the Manager’s fee as described in Article 12 may be introduced by the Manager. Such changes will only come into effect two months after the date on which they are communicated to the Participants in writing.

Article 19 Dissolution and liquidation

- 19.1 A decision to dissolve the Fund can be taken exclusively on the basis of a proposal by the Manager, at a meeting of Participants by a two-thirds majority vote by the number of Participants attending or represented at the Meeting. These Participants should represent at least three-quarters of the value of the Fund Assets as on the last Stock-exchange Day preceding the day on which the Meeting is held.
- 19.2 In case of the Fund’s dissolution, the Manager will be charged with its liquidation. During the liquidation, the Terms and Conditions will remain in force to the extent possible.
- 19.3 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. Dutch dividend withholding tax will be withheld over the part of the profits, attributable to a Participation, to which the Mandatory Profit Distribution for Tax Purposes applies.

Article 20 Termination of management and custody

- 20.1 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.
- 20.2 Manager and Legal title holder will give the Participants at least three months’ prior notice in writing of their intention to cease performing their function.
- 20.3 The provisions of Articles 5.3, 5.4 and 6.7 will apply in this case.

Article 21 Liability of the Manager and the Legal title holder

- 21.1 Any liability of the Manager arising from the policy implemented and its consequences is expressly excluded by the Manager, unless caused by malicious intent, gross negligence or a shortcoming in observing a provision in the Terms and Conditions accountable to the Manager.
- 21.2 Any liability arising from activities are legal owner is expressly excluded by the Legal title holder, unless caused by malicious intent, gross negligence or a shortcoming in observing a provision in the Terms and Conditions accountable to the Legal title holder.

Article 22 Applicable law and disputes

- 22.1 The Terms and Conditions are governed by Dutch law.
- 22.2 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.