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# **KALTCHUGA FUND**

“Société d’Investissement à Capital Variable”  
Multiple Sub-Fund investment company incorporated under the laws of the  
Grand Duchy of Luxembourg

## **PROSPECTUS**

**FEBRUARY 2021**

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## IMPORTANT INFORMATION

KALTCHUGA FUND (the “**Fund**”) is a Luxembourg Société d’Investissement à Capital Variable organized as an umbrella Fund and composed of several separate “sub-funds”. It has been authorized under Part I of the Luxembourg Law of December 17, 2010 (the “**2010 Law**”) and qualifies as an Undertaking for Collective Investment in Transferable Securities. The Fund is registered with the Luxembourg Register of Commerce under the number B 123.323.

This Prospectus, as well as a copy of all other documents concerning the Fund including the Key Investor Information Document (KIID), the Articles of Incorporation, the audited annual accounts, the semi-annual accounts, the Net Asset Value as well as the subscription and redemption prices are available and can be obtained free of charge from Kredietrust Luxembourg S.A., 88 Grand Rue, L-1660 Luxembourg.

The value of an investment in the Fund can fall as well as rise. An investment in the Fund is subject to a high degree of risk including the possible loss of all the capital. There is no assurance that the Sub-Funds will meet their investment objectives. The historical performance of the Fund and its Sub-Funds are disclosed in the simplified prospectus.

The distribution of this Prospectus and the offering of the Shares may be restricted in certain jurisdictions. Additionally, an investment in the Fund can result in the application to the subscriber of laws and regulations, tax rules or exchange controls. The Fund reserves the right to reject any application in whole or in part.

No person is authorized to give any information about the Fund other than the information contained in this Prospectus.

### **Data Protection**

Investors are informed that personal data (i.e. any information relating to an identified or identifiable natural person) (the “**Personal Data**”) provided in connection with an investment in the Fund (the “**Data Controller**”) will be processed by the Fund and the Management Company, the Administrative Agent, the Registrar and Transfer Agent, the Depository, the Paying Agent or the approved statutory auditor, and their affiliates and agents including the Global Distributor and Distributors (if any) (together the “**Entities**”) in accordance with data protection law applicable in Luxembourg (including, but not limited to (i) the amended Law of 2 August 2002 on the protection of persons with regard to the processing of Personal Data (ii) Regulation (EU) 2016/679 of 27 April 2016 on the protection of natural persons with regard to the processing of Personal Data and on the free movement of such data (the “**General Data Protection Regulation**”), as well as (iii) any law or regulation relating to the protection of Personal Data applicable to them) (together the “**Data Protection Laws**”).

The Entities may act as data processors on behalf of the Data Controller (or, as applicable by law, other controllers) or as controllers in pursuing their own purposes of (i) offering and managing investments and performing the related services (ii) developing and processing the business relationship with the Processors, and (iii) if applicable direct or indirect marketing activities. The Entities shall declare that, in the event of any sub-processing of such processing they will oblige their sub-contractor (the “**Authorised Third Party**”) to respect the same level of protection of Personal Data.

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Such arrangements will not relieve the Entities of their obligations of protection, notably in the event of the transfer of personal data outside the European Economic Area ("**EEA**").

Subscribers may refuse to communicate their Personal Data to the Data Controller and the Entities and consequently prevent it from using such data. However, this might result in the impossibility for these persons to become Investors of the Fund. Failure to provide relevant Personal Data requested in the course of their relationship with the Fund may prevent an Investor from exercising its rights in relation to its Shares and maintaining its holdings in the Fund. This failure may also need to be reported by the Fund, the Management Company and/or the Administrative Agent to the relevant Luxembourg authorities to the extent permitted and/or required by applicable law.

A beneficial owner shall however provide the Company with the relevant Personal Data in relation to the Luxembourg law of 13 January 2019 creating a registrar of beneficial owners (the "**RBO Law**") and shall inform the Fund of any change thereof. In case of failure to fulfil these obligations under the RBO Law, the relevant beneficial owner may incur penalties in accordance with such law. It may also be prevented from maintaining its holdings in the Fund.

### **1. Personal data collected**

Personal data processed includes, but is not limited to, the name, signature, date and place of birth, nationality, national identification number, address, transaction history of each Investor, e-mail address, bank and financial data, data concerning personal characteristics and data concerning source of wealth, or record of any telephone conversation (including for record keeping).

### **2. Purpose of processing your personal data.**

In most cases, Personal Data provided by Investors are processed notably in order to:

- (i) update the Fund's register of Investors,
- (ii) process subscriptions, redemptions, and conversions of Shares as well as the payment of dividends to Investors,
- (iii) ensure controls in terms of late trading and market timing operations, and record keeping as proof of a transaction or related communication
- (iv) comply with the applicable rules regarding the prevention of money laundering and terrorist financing.
- (v) meet the purposes of the legitimate interests pursued by the Fund for direct marketing purposes relating to the Fund's products and services, to conduct surveys (including developing commercial offers).

In particular in relation to point (iv) above and pursuant to the RBO Law, the Fund will be required to provide (and keep up-to-date) the Luxembourg Registrar of Beneficial Owners ("**RBO**") with the following information on any natural person controlling ultimately (directly or indirectly) the fund or holding more than 25% of the Shares or of voting rights: name and first name, date and place of birth, nationality, country of residence, private or professional address, national identification number (NIN) and nature and extent of the beneficial interest held.

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**Such data may be accessed by any national authorities as well as by the general public (except for the NIN and the nature and extent of the beneficial interest held for which specific exemptions are required) under the conditions set forth by the RBO Law.**

**3. Based on specific lawful ground, your personal data may be processed in these ways for the following reasons**

The Data Controller and the Entities collect, store, process, and use, electronically or by other means, the Personal Data provided by Investors in order to fulfil their respective legal obligations. In this respect, in application of the legal obligations including the ones under applicable company law, anti-money laundering legislation, FATCA regulations as well as legislation for the purpose of application of the standard for Automatic Exchange of Financial Account Information developed by OECD, the information on the subscribers identified as subject to reporting as defined by these laws will be included in an annual declaration to the Luxembourg tax authorities. If applicable, they will be informed thereof by the Administrative Agent at the very least before the declaration is sent and in sufficient time to exercise their data protection rights (within 1 month or extended period of two other months if necessary).

Record keeping as proof of a transaction or related communication in the event of a disagreement and to enforce or defend the Controller's and Entities' interests or rights in compliance with any legal obligation to which they are subject. Such recordings may be produced in court or other legal proceedings and permitted as evidence with the same value as a written document and will be retained for a period of 5 years starting from the date of the recording. The absence of recordings may not in any way be used against the Controller and Entities).

Investors acknowledge and accept that the Fund, the Management Company and/or the Administrative Agent will report any relevant information in relation to their investments in the Fund to the Luxembourg tax authorities (*Administration des Contributions Directes*) which will exchange this information on an automatic basis with the competent authorities in the United States of America or other permitted jurisdictions as agreed in the FATCA Law, the CRS Law or similar laws and regulations in Luxembourg or at EU level.

The Data Controller and the Entities may use the Personal Data to regularly inform Investors about other products and services that the Data Controller and the Entities believe to be of interest to the Investors, unless the Investors have indicated to the Data Controller and the Entities in writing that they do not wish to receive such information.

The Data Controller and the Entities may also transfer the Personal Data of Investors to entities located outside the European Union that may not have developed a suitable level of data protection legislation. Where personal data is transferred outside the EEA, the Data Controller will ensure that the transfer is subject to appropriate safeguards or is otherwise permitted under applicable law. For example, the country to which the personal data is transferred may be approved by the European Commission, the recipient may have agreed to model contractual clauses approved by the European Commission that oblige them to protect the personal data.

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#### **4. Based on specific lawful ground, the Fund is entitled to process your personal data in these ways for the following reasons**

Upon written request, the Data Controller shall also allow Investors to access to their Personal Data provided to the Fund.

The Investor has the right to:

- access his/her Personal Data;
- correct his/her Personal Data where it is inaccurate or incomplete or object to the processing of his/her Personal Data;
- ask for erasure of his/her Personal Data;
- ask for Personal Data portability under certain conditions.

Insofar as Personal Data is not provided by the data subject him/herself, his/her representatives and/or authorized signatories confirm having informed and, where applicable, secured his/her consent to the transmission to and processing by the various parties referred to above (including in countries outside the European Union) of such Personal Data.

The Fund will accept no liability with respect to any unauthorised third party receiving knowledge of and/or having access to the Investors' Personal Data, except in the event of gross negligence or willful misconduct of the Fund.

Attention of Investors is drawn to the fact that information relating to the processing of Personal Data (the "**Personal Data Protection Policy**") is subject to update and/or modification.

#### **5. Contact information & exercise of rights**

The investor may exercise these rights by writing to [slexa@bcblux.lu](mailto:slexa@bcblux.lu).

In addition, the investor has a right to file a complaint with the Luxembourg data protection authority, the "*Commission nationale pour la protection des données*" (CNPD), if the investor has concerns about the processing of his or her personal data.

Below are the contact details of the "*Commission nationale pour la protection des données*":

Address: 1, avenue du Rock'n'Roll, L-4361 Esch-sur-Alzette

Telephone: (+352) 26 10 60 -1

Fax. : (+352) 26 10 60 - 29

Website: <https://cnpd.public.lu/en.html>

Web-form: <https://cnpd.public.lu/en/particuliers/faire-valoir/formulaire-plainte.html>

Additional information on data protection is available upon request.

The Fund will retain the Investor's personal data only for as long as necessary for the relevant processing activity and/or for as long as is necessary to comply with all relevant legal and regulatory requirements.

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**Please read this Prospectus before considering an investment in the Fund. If you have any question about it or about investing in the Fund, you should consult your financial, legal and tax advisors.**

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## TABLE OF CONTENTS

DEFINITIONS .....	8
1. ORGANIZATION OF THE FUND AND FUND SERVICE PROVIDERS .....	11
2. SHARES, SUBSCRIPTION, REDEMPTION OR CONVERSION OF SHARES .....	21
3. NET ASSET VALUE .....	28
4. INVESTMENT RESTRICTIONS .....	32
5. TECHNIQUES & INSTRUMENTS .....	40
6. PRINCIPAL RISK FACTORS .....	44
7. LIQUIDATION AND MERGER .....	51
8. TAXATION .....	53
9. SUB-FUNDS' TERMS .....	58

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## **DEFINITIONS**

The following definitions shall apply throughout this document unless the context otherwise requires:

<b>“1915 Law”</b>	The Luxembourg Law of August 10, 1915 relating to commercial companies, as amended.
<b>“2010 Law”</b>	The Luxembourg Law of December 17, 2010 relating to undertakings for collective investment, as amended.
<b>“Articles”</b>	The Articles of Incorporation of the Fund.
<b>“Board”</b>	The board of directors of the Fund.
<b>“Business Day”</b>	Any day on which banks are open for business in Moscow and Luxembourg.
<b>“Central Administration Agent”</b>	Kredietrust Luxembourg S.A.
<b>“Class” or “Classes”</b>	Pursuant to the Articles, the Directors may decide to issue, within each Sub-Fund, separate classes of Shares (hereinafter referred to as a “Class” or “Classes”, as appropriate). The characteristics of each Class are described in the relevant Sub-Fund’s Terms.
<b>“Depositary”</b>	Quintet Private Bank (Europe) S.A.
<b>“Domiciliary Agent”</b>	Kredietrust Luxembourg S.A.
<b>“EFA”</b>	European Fund Administration, acting as delegated administrative agent and transfer and registrar agent of the Fund
<b>“EU”</b>	European Union, formerly the European Community (“EC”).
<b>“EUR”</b>	The European currency.
<b>“Fund”</b>	Kaltchuga Fund.
<b>“Investment Manager”</b>	Probus Middle East Limited.

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<b>“Management Company”</b>	Lemanik Asset Management S.A.
<b>“MICEX”</b>	Moscow Interbank Currency Exchange.
<b>“Net Assets”</b>	The Net Asset Value of a Share, of a Class, of a Sub-Fund or of the Fund, as the context may require.
<b>“Net Asset Value”</b>	The Net Asset Value of a Share, of a Class, of a Sub-Fund or of the Fund as calculated in accordance with the provisions of the Prospectus.
<b>“Reference Currency”</b>	The currency which is used to express the Net Asset Value of a Share, of a Class, of a Sub-Fund or of the Fund as the context may require.
<b>“Registrar and Transfer Agent”</b>	Kredietrust Luxembourg S.A.
<b>“Rouble”</b>	The Russian Rouble.
<b>“RTS”</b>	Russian Trading System.
<b>“Russia” or “Russian Federation”</b>	The Republic of Russia.
<b>“UCITS Directive”</b>	Means Directive 2009/65/EC of the European Parliament and of the Council of 13 July 2009 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (UCITS) as amended, notably by Directive 2014/91/EU of 23 July 2014 on the coordination of laws, regulations and administrative provisions relating to UCITS as regards depositary functions, remuneration policies and sanctions.
<b>“USD”</b>	The lawful currency of the United States of America.
<b>“Prospectus”</b>	This document accompanied by all the addenda which can be added.
<b>“Share(s)”</b>	The share(s) of the Classes representing the Sub-Funds of the Kaltchuga Fund.
<b>“Shareholder”</b>	The shareholders of a Class or a Sub-Fund or the Fund, as the context may require.
<b>“SICAV”</b>	Société d'Investissement à Capital Variable i.e. investment company with variable capital.

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<b>“Sub-Fund(s)”</b>	Pool(s) of assets and liabilities constituting separate entities, established by the Board within the meaning of article 181 of the 2010 Law, and provided in the Sub-Fund’s Terms.
<b>“Sub-Funds’ Terms”</b>	Part of the Prospectus giving details on each particular Sub-Fund.
<b>“Valuation Day”</b>	The day on which the issue and redemption price per Share is determined by the Fund or the appropriate agent of the Fund.

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## **1. ORGANIZATION OF THE FUND AND FUND SERVICE PROVIDERS**

### **1.1. Board of Directors and Fund Service Providers**

Board of Directors:	Bernard Lozé (Chairman) Jean-Marie Billiotte Kim Müller
Management Company:	Lemanik Asset Management 106 Route d'Arlon L-8210 Mamer
Investment Manager:	Probus Middle East Limited Emirates Financial Towers, South Tower, Office 1101, DIFC, Dubai United Arab Emirates
Depository Bank and Paying Agent:	Quintet Private Bank (Europe) S.A. 43, boulevard Royal L-2449 Luxembourg
Central Administration Agent, Domiciliary Agent, Registrar and Transfer Agent:	Kredietrust Luxembourg S.A. 88 Grand Rue L-1660 Luxembourg
Auditor:	ERNST & YOUNG 35E, Avenue John F. Kennedy L-1855 Luxembourg

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## 1.2. Legal Form and General Terms

The Fund is a Luxembourg investment company with variable capital (société d'investissement à capital variable), which was set up for an unlimited period in the form of a limited liability company (société anonyme) on December 4, 2006, in accordance with the provisions of the 1915 Law and of Part I of the 2010 Law.

The Articles of Incorporation were published in the Mémorial C, Recueil des Sociétés et Associations (the “Mémorial”) on January 30, 2007. The Articles of Incorporation as well as the legal notice concerning the issue of the Fund's Shares have been deposited with the Registrar of the Luxembourg District Court. The Fund is registered at the Luxembourg Register of Commerce under number B 123.323. The registered office of the Fund is established at 88 Grand Rue, L-1660 Luxembourg.

The Fund is organized as an umbrella Fund composed of several separate “Sub-Funds” within the meaning of article 181 of the 2010 Law. Sub-Funds' assets are invested in accordance with their investment policy as provided in the Sub-Funds' Terms and are represented by specific Class or Classes of Shares. Pursuant to the article 181 of the 2010 Law, an umbrella Fund constitutes a single legal entity and notwithstanding the article 2093 of the Luxembourg Civil code, the assets of one Sub-Fund are only responsible for all debts, engagements and obligations attributable to this Sub-Fund.

### Fund's Capital

The Fund's capital is expressed in EUR, it will always be equal the Net Asset Value of the Fund and is represented by Shares issued with no par value and fully paid up. Variations in the capital of all the Sub-Funds of the Fund can take place without further consideration or inquiry and without the need for publication or registration in the Register of Commerce. The minimum capital required is EUR 1,250,000.

### Accounting year and Reports

The financial year of the Fund starts on the first of January and ends on the thirty-first of December of each year. The Fund publishes an annual audited report on its activity and the management of its assets. The annual audited report includes a consolidated balance sheet, a consolidated income and expenditure account for the financial year, a statement of assets and liabilities for each Sub-Fund, and the auditor's report.

At the end of each calendar semester, a semi-annual report is published containing the composition of the portfolio of each Sub-Fund and the Fund, a statement of changes in the portfolio, the number of outstanding Shares and the number of Shares issued and redeemed since publication of the last report.

### Shareholder's General Meeting

The annual general meeting of Shareholders (the “Annual General Meeting”) is held each year at the registered office of the Fund or at any other address in Luxembourg specified in the notice of meeting. The Annual General Meeting will be held on the second Wednesday in May at 10.00 a.m. If such day is not a bank business day in Luxembourg, the Annual General Meeting shall be held on the following bank business day in Luxembourg. The notice will be sent to registered Shareholders at the address given in the Share register at least eight days before the date of the meeting. If necessary, the same notice of meeting will be published in the Mémorial, the Luxemburger Wort and any other newspaper as decided upon by the Directors. These

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notices will set out the conditions of the meeting, the agenda, the quorum and the majority, in accordance with the provisions of Luxembourg law.

### **1.3. The Board of Directors**

The Board of the Fund has overall responsibility for the management and administration of the Fund and its Sub-Funds, for authorizing the establishment of Sub-Funds, for providing their investment policies and restrictions and the offering terms and conditions of the Classes relating thereto.

In the performance of its management duties, the Board shall be assisted by the Management Company and by the Investment Advisor.

### **1.4. Management Company**

Lemanik Asset Management S.A. (the "Management Company"), is appointed as management company, principal distributor, administrative agent, registrar and transfer agent, as well as domiciliary agent of the Company pursuant to the agreement signed as of 1 December 2020 between the Company and the Management Company.

The Management Company is a company incorporated under Luxembourg law with registered office situated at 106, route d'Arlon – L-8210 Mamer. The company was incorporated for an indeterminate period in Luxembourg on 1<sup>st</sup> September 1993 in the form of a joint stock company (i.e., a *société anonyme*), in accordance with the 1915 Law. Its capital is actually in the amount of EUR 2.000.000.- (two millions Euro).

The deed of incorporation of the Management Company was published in the *Mémorial* of 5<sup>th</sup> October 1993 (*Registre de Commerce et des Sociétés* of Luxembourg n° 44 870). The coordinated articles of incorporation have been published in the "*Mémorial*" on 5<sup>th</sup> October 1993. The articles of incorporation were last amended by notarial deed of June 19<sup>th</sup>, 2015 and published in the *Mémorial* on August 25<sup>th</sup>, 2015.

The Management Company is governed by Chapter 15 of the Law of 17<sup>th</sup> December 2010 and, in this capacity, is responsible for the collective management of the Company's portfolio. As provided in Appendix II to such law, these duties encompass the following tasks:

- (I) asset management, the Management Company may:
  - provide all advice and recommendations as to the investments to be made,
  - enter into contracts, buy, sell, exchange and deliver all Transferable Securities and any other assets,
  - exercise, on behalf of the Company, all voting rights attaching to the Transferable Securities constituting the Company's assets.
  
- (II) administration, which encompasses:
  - a) legal services and accounts management for the Company,
  - b) follow-up of requests for information from clients,
  - c) valuation of portfolios and calculation of the value of Company shares (including all tax issues),

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- d) verifying compliance with regulations,
  - e) keeping the Company's Register of Shareholders,
  - f) allocating Company income,
  - g) issue and redemption of Company shares (Transfer Agent's duties),
  - h) winding-up of contracts (including sending certificates),
  - i) recording and keeping records of transactions.

(III) marketing the Company's shares.

The rights and obligations of the Management Company are governed by contracts entered into for an indefinite period.

The Company may release the Management Company from them upon 3 (three) months' written notice. The Management Company may resign from its duties provided it gives the Company 3 (three) months' written notice.

The names of all other undertakings for collective investment managed by the Management Company from time to time are available at the registered office of the Management Company.

In accordance with the laws and regulations currently in force and with the prior approval of the Board, the Management Company is authorised to delegate, unless otherwise provided herein, all or part of its duties and powers to any person or company which it may consider appropriate, it being understood that the Prospectus will be amended prior thereto and that the Management Company will remain entirely liable for the actions of such representative(s).

The management duties and the duties of administrative agent, registrar and transfer agent are currently delegated, as described below.

As consideration for the above services the Management Company shall be paid a commission as stipulated in each sub-fund's data sheet under Appendix III (the "**Fees borne by the Company**").

The Management Company may be entitled to the payment of an additional commission linked to the performance of each one of the sub-funds (the "**Performance Fee**"), as stipulated in each sub-fund's data sheet under Appendix III.

The Management Company has established and applies a remuneration policy and practices that are consistent with, and promote, sound and effective risk management and that neither encourage risk taking which is inconsistent with the risk profiles, rules, this Prospectus or the Articles nor impair compliance with the Management Company's obligation to act in the best interest of the Company (the Remuneration Policy).

The Remuneration Policy includes fixed and variable components of salaries and applies to those categories of staff, including senior management, risk takers, control functions and any employee receiving total remuneration that falls within the remuneration bracket of senior management and risk takers whose professional

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activities have a material impact on the risk profiles of the Management Company, the Company or the Sub-Funds.

Details of the Remuneration Policy, including the persons in charge of determining the fixed and variable remunerations of staffs, a description of the key remuneration elements and an overview of how remuneration is determined, is available on the website [http://www.lemanikgroup.com/management-company-service\\_substance\\_governance.cfm](http://www.lemanikgroup.com/management-company-service_substance_governance.cfm). A paper copy of the Remuneration Policy is available free of charge to the Shareholders upon request.

The Remuneration Policy is in line with the business strategy, objectives, values and interests of the Management Company, the Company and the Shareholders and includes measures to avoid conflicts of interest.

In particular, the Remuneration Policy will ensure that:

- a) the staff engaged in control functions are compensated in accordance with the achievement of the objectives linked to their functions, independently of the performance of the business areas that they control;
- b) the fixed and variable components of total remuneration are appropriately balanced and the fixed component represents a sufficiently high proportion of the total remuneration to allow the operation of a fully flexible policy on variable remuneration components, including the possibility to pay no variable remuneration component;
- c) the measurement of performance used to calculate variable remuneration components or pools of variable remuneration components includes a comprehensive adjustment mechanism to integrate all relevant types of current and future risks;

In context of delegation, the Remuneration Policy will ensure that the Delegate comply with the following:

- a) the assessment of performance is set in a multi-year framework appropriate to the holding period recommended to the investors of the Company in order to ensure that the assessment process is based on the longer-term performance of the Company and its investment risks and that the actual payment of performance-based components of remuneration is spread over the same period;
- b) if at any point of time, the management of the Company were to account for 50 % or more of the total portfolio managed by the Delegate, at least 50 % of any variable remuneration component will have to consist of Shares, equivalent ownership interests, or share-linked instruments or equivalent non-cash instruments with equally effective incentives as any of the instruments referred to in this item (b); and
- c) a substantial portion, and in any event at least 40 % of the variable remuneration component, is deferred over a period which is appropriate in view of the holding period recommended to the Shareholders and is correctly aligned with the nature of the risks of the Company.

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## **Management Company Fee**

Under the Management Company Services Agreement, the Company will pay the Management Company a contractually defined fee for its services rendered to the Company in accordance with Chapter 15 of the Law of 2010 and this Prospectus (the “**Management Company Fee**”).

Except as otherwise stated in the relevant Appendix of this Prospectus, this Management Company Fee accrues daily and is paid monthly in arrears.

The Management Company Fee payable is determined in the Management Company Services Agreement and summarized for each Sub-Fund in its Appendix.

### **1.5. Investment Manager**

The Management Company has appointed pursuant to the investment management agreement effective as of 1 December 2020 (the “**Investment Management Agreement**”) Probus Middle East Limited with registered office at Emirates Financial Towers, South Tower, Office 1101, DIFC, Dubai, United Arab Emirates as the investment manager (the “**Investment Manager**”).

The Investment Manager has received full authority to act on behalf of the Sub-Funds in all matters concerned with the daily management and affairs of the Sub-Fund’s portfolio. The Investment Manager will be liable and responsible towards the Management Company in accordance with the terms of the Investment Management Agreement and this Prospectus.

## **Investment Management Fee**

Under the Investment Management Agreement, the Investment Manager will receive from the Company under the supervision of the Management Company a contractually defined fee for its services which may encompass performance related remuneration.

The investment management fee (the “**Investment Management Fee**”) together with any performance related remuneration is determined in the Investment Management Agreement (including any of its appendices) and summarized for each Sub-Fund in its Appendix.

### **1.6. Investment Advisor**

The Investment Manager can use the services of one or more investment advisors for one or several Sub-Funds, to provide the Investment Manager with investment recommendations taking into account the principles of the investment policy and investment limits described for each Sub-Fund.

Upon appointment, the role and the remuneration of the Investments Advisor(s) will be detailed in the relevant Appendix of the Prospectus.

### **1.7. Depositary**

Pursuant to a depositary agreement and a paying agency agreement, Quintet Private Bank (Europe) S.A. has been appointed as the Fund’s Depositary and Paying Agent.

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Quintet Private Bank (Europe) S.A. was founded in Luxembourg as a public limited company on May 23, 1949; its headquarters are located at 43, boulevard Royal, Luxembourg. At 31 December 2019, its capital and reserves amounted to EUR 1,285,125,738.63.

In consideration for its services as Depositary, Quintet Private Bank (Europe) S.A. will receive a yearly fee of up to 0.05% payable monthly in arrears of the Net Asset Value of each Sub-Fund, subject to a monthly minimum of EUR 833.33 per Sub-Fund.

A supplementary yearly Depositary Control Fee of 0.005% of the Net Asset Value will apply, with a minimum of EUR 2,500 per year per Sub-Fund.

As Depositary, Quintet Private Bank (Europe) S.A. will carry out its functions and responsibilities in accordance with the provisions of the UCITS Directive and the 2010 Law.

The Depositary will further, in accordance with the UCITS Directive:

- a) ensure that the sale, issue, repurchase, redemption and cancellation of shares of the Fund are carried out in accordance with the applicable Luxembourg law and the Articles;
- b) ensure that the value of the shares of the Fund is calculated in accordance with the applicable Luxembourg law and the Articles;
- c) carry out the instructions of the Management Company or the Fund, unless they conflict with the applicable Luxembourg law, or with the Articles;
- d) ensure that in transactions involving the assets of the Fund any consideration is remitted to the Fund within the usual time limits;
- e) ensure that the income of the Fund is applied in accordance with the applicable Luxembourg law and the Articles.

The Depositary shall ensure that the cash flows of the Fund are properly monitored, and, in particular, that all payments made by, or on behalf of, investors upon the subscription of shares of the Fund have been received, and that all cash of the Fund has been booked in cash accounts that are:

- a) opened in the name of the Fund or of the Depositary acting on behalf of the Fund;
- b) opened at an entity referred to in points (a), (b) and (c) of Article 18(1) of Commission Directive 2006/73/EC ; and
- c) maintained in accordance with the principles set out in Article 16 of Directive 2006/73/EC.

The assets of the Fund shall be entrusted to the Depositary for safekeeping as follows:

- a) for financial instruments that may be held in custody, the Depositary shall:
  - (i) hold in custody all financial instruments that may be registered in a financial instruments account opened in the Depositary's books and all financial instruments that can be physically delivered to the Depositary;
  - (ii) ensure that all financial instruments that can be registered in a financial instruments account opened in the Depositary's books are registered in the Depositary's books within segregated accounts in accordance with the principles set out in Article 16 of Directive 2006/73/EC, opened in the name of the Fund, so that they can be clearly identified as belonging to the Fund in accordance with the applicable law at all times;
- b) for other assets, the depositary shall:

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- (i) verify the ownership by the Fund of such assets by assessing whether the Fund holds the ownership based on information or documents provided by the Fund and, where available, on external evidence;
  - (ii) maintain a record of those assets for which it is satisfied that the Fund holds the ownership and keep that record up to date.

The assets held in custody by the Depositary may be reused only under certain circumstances, as provided for in the UCITS Directive.

In order to effectively conduct its duties, the Depositary may delegate to third parties the functions referred to in the above paragraphs, provided that the conditions set out in the UCITS Directive are fulfilled. When selecting and appointing a delegate, the Depositary shall exercise all due skill, care and diligence as required by the UCITS Directive and with the relevant CSSF regulations, to ensure that it entrusts the Fund's assets only to a delegate who may provide an adequate standard of protection.

The list of such delegates is available on <https://www.quintet.com/en-lu/pages/regulatory-affairs> and may be made available to investors free of charge upon request.

#### **Conflicts of interests:**

In carrying out its duties and obligations as depositary of the Fund, the Depositary shall act honestly, fairly, professionally, independently and solely in the interest of the Fund and the investors of the Fund.

As a multi-service bank, the Depositary may provide the Fund, directly or indirectly, through parties related or unrelated to the Depositary, with a wide range of banking services in addition to the depositary services.

The provision of additional banking services and/or the links between the Depositary and key service providers to the Fund, may lead to potential conflicts of interests with the Depositary's duties and obligations to the Fund.

In order to identify different types of conflict of interest and the main sources of potential conflicts of interests, the Depositary shall take into account, at the very least, situations in which the Depositary, one of its employees or an individual associated with it is involved and any entity and employee over which it has direct or indirect control.

The Depositary is responsible to take all reasonable steps to avoid those conflicts of interest, or if not possible, to mitigate them. Where, despite the aforementioned circumstances, a conflict of interest arises at the level of the Depositary, the Depositary will at all times have regard to its duties and obligations under the depositary agreement with the Fund and act accordingly. If, despite all measures taken, a conflict of interest that bears the risk to significantly and adversely affect the Fund or the investors of the Fund, may not be solved by the Depositary having regard to its duties and obligations under the depositary agreement with the Fund, the Depositary will notify the conflicts of interests and/or its source the Fund of which shall take appropriate action. Furthermore the Depositary shall maintain and operate effective organizational and administrative arrangements with a view to take all reasonable steps designed to properly (i)

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avoid them prejudicing the interests of its clients, (ii) manage and resolve such conflicts according to the Fund decision and (iii) monitor them.

As the financial landscape and the organizational scheme of the Fund may evolve over time, the nature and scope of possible conflicts of interests as well as the circumstances under which conflicts of interests may arise at the level of the Depositary may also evolve.

In case the organizational scheme of the Fund or the scope of Depositary's services to the Fund is subject to a material change, such change will be submitted to the Depositary's internal acceptance committee for assessment and approval. The Depositary's internal acceptance committee will assess, among others, the impact of such change on the nature and scope of possible conflicts of interests with the Depositary's duties and obligations to the Fund and assess appropriate mitigation actions.

Situations which could cause a conflict of interest have been identified as at the date of this Prospectus as follows (in case new conflicts of interests are identified, the below list will be updated accordingly):

- Conflicts of interests between the Depositary and the Sub-Custodian:
  - The selection and monitoring process of Sub-Custodians is handled in accordance with the 2010 Law and is functionally and hierarchically separated from possible other business relationships that exceed the subcustody of the Fund's financial instruments and that might bias the performance of the Depositary's selection and monitoring process. The risk of occurrence and the impact of conflicts of interests is further mitigated by the fact that none of the Sub-Custodians used by the Depositary for the custody of the Fund's financial instruments is part of the Quintet Group.
- The Depositary has a significant Shareholder stake in EFA and some members of the staff of the Depositary are members of EFA's board of directors.
  - The staff members of the Depositary in EFA's board of directors do not interfere in the day-to-day management of EFA which rests with EFA's management board and staff. EFA, when performing its duties and tasks, operates with its own staff, according to its own procedures and rules of conduct and under its own control framework.
- The Depositary may act as depositary to other UCITS funds and may provide additional banking services beyond the depositary services and/or act as counterparty of the Fund for over-the-counter derivative transactions (maybe over services within Quintet).
  - The Depositary will do its utmost to perform its services with objectivity and to treat all its clients fairly, in accordance with its best execution policy.

The Depositary shall be liable to the Fund and its investors for the loss by the Depositary or a third party to whom the custody of financial instruments held in custody in accordance with the UCITS Directive. The Depositary shall not be liable if it can prove that the loss has arisen as a result of an external event beyond its reasonable control, the consequences of which would have been unavoidable despite all reasonable efforts to the contrary.

For other assets, the Depositary shall be liable only in case of negligence, intentional failure to properly fulfil its obligations.

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The rights and duties of the Depositary are governed by the Depositary Agreement entered into for an unlimited period of time from the date of its signature. The Fund and the Depositary may terminate the Depositary Agreement on ninety (90) calendar days' prior written notice; provided, inter alia, that a new depositary assumes the responsibilities and functions of the Depositary and that the prior approval of the home regulator of the Fund has been obtained, being understood that such appointment shall happen within two months. The Depositary shall, if terminated by the Fund, however continue thereafter for such period as may be necessary for the complete delivery or transfer of all assets held by it.

Quintet Private Bank (Europe) S.A. shall also act as Paying Agent for paying dividends, if any.

### **1.7. Central Administration Agent**

Pursuant to a Domiciliary Agency, Registrar Agency and Administrative Agency Agreements dated 4 December 2006, restated as of 1 December 2020, Kredietrust Luxembourg S.A. was appointed as Domiciliary Agent to the Fund in Luxembourg, as Registrar and Transfer Agent and as Administrative Agent. These agreements are made for an unlimited period and may be terminated by a 90 calendar days prior written notice by either party.

Kredietrust Luxembourg S.A. was established on February 16<sup>th</sup>, 1973 in the form of a public limited company ('Société Anonyme') under Luxembourg law. Its registered office is established at 88 Grand Rue, L-1660 Luxembourg. Kredietrust Luxembourg S.A. is a subsidiary of Quintet Private Bank (Europe) S.A.

Kredietrust Luxembourg S.A. in its position as Administrative and Registrar and Transfer Agent has mandated, under its entire responsibility, EFA, established in Luxembourg, with the fulfillment of its duties.

In consideration for its services as Central Administration Agent Kredietrust Luxembourg S.A. will receive a yearly administrative fee of up to 0.12% payable monthly in arrears of the Net Asset Value of each Sub-Fund.

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## **2. SHARES, SUBSCRIPTION, REDEMPTION OR CONVERSION OF SHARES**

### **2.1. Shares**

Each Sub-Fund is authorized to issue Shares in several Classes differing with respect to:

- the distribution policy,
- the subscription and redemption fee or charge schedule,
- the management and advisory fee structures,
- the type of investors, specific classes of shares may be available only to Institutional Investors and subject to a reduced tax rate,
- the currency of quotation,
- such other features as may be determined by the Board in compliance with applicable law.

The characteristics of each Class is detailed in the “Sub-Fund’s terms” in the paragraph “Characteristics of the Sub-Fund’s Shares”.

Shares of each Class will generally be issued in registered uncertificated form. A confirmation statement will be issued upon issuance of the Shares. Registered Shares will be issued in fractions of up to three decimal places. The Shareholders’ register is held in Luxembourg by EFA.

The Shares are to be fully paid up and will be issued without indication of their nominal value. Unless otherwise stated in the “Sub-Fund’s terms”, there will be no limit on the number of Shares to be issued.

#### **Shareholder Rights**

The rights attached to the Shares are set forth in the 1915 Law as far as these do not depart from the 2010 Law. All Shares of the Fund, irrespective of their value, have equal voting rights. Fractions of Shares have no voting right. The Shares of each Class have equal rights with respect to distribution of dividends attributable to such Class and with respect to liquidation of the Sub-Fund attributable to such Class.

Any change in the Articles of Incorporation resulting in a change of the rights of a Class has to be approved by the General Meeting of Shareholders of the Class concerned.

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

#### **Dividend Policy**

The Fund has the power to distribute dividends as well as interim dividends within the limits set forth by the 2010 Law. The “Sub-Funds Terms” shall describe the intended allocation of the net results of each Class. The annual general meeting, constituted per Class, shall resolve on the allocation of its respective annual net results, as proposed by the Board.

Announcements of distributions will be notified to the Shareholders and, if necessary, will be published in the Luxemburger Wort and in any other newspapers as the Board may consider suitable. Dividends not cashed within 5 years will be forfeited and will accrue for the benefit

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of the relevant Class. No interest shall be paid on a dividend declared by the Fund and kept by it at the disposal of its beneficiary.

## 2.2. Subscriptions

### Offering constraints

The distribution of the Prospectus and the offering of Shares in certain jurisdictions or to certain investors may be restricted, and accordingly persons into whose possession this Prospectus may come, are required by the Fund to inform themselves of and to observe any such restrictions. Also, pursuant to the Articles, the Board may restrict or prevent the ownership of Shares in the Fund by any person, firm or corporate body, if in the judgment of the Board such holding may be detrimental to the Fund or the majority of its Shareholders or any Sub-Fund or Class; if it may result in a breach of any law or regulation, whether Luxembourg or foreign; or if as a result thereof it may have adverse regulatory, tax or fiscal consequences, in particular if as a result thereof the Fund would become subject to laws other than those of the Grand Duchy of Luxembourg including but without limitation tax laws (such persons, firms or corporate bodies to be determined by the Board being referred to in Article 8 of the Articles as “Prohibited Person”). The Fund may compulsorily redeem all Shares held by any such person.

The Fund has not registered and will not register with the US Securities and Exchange Commission any public offer or sale of its Shares under the US Securities Act of 1933 (“**1933 Act**”). The Fund has not been and will not be registered under the US Investment Company Act of 1940, as amended (“**1940 Act**”).

Investors should note that under the Foreign Account Tax Compliance Act (“**FATCA**”) details of US investors holding assets outside the US may be reported by financial institutions to the Internal Revenue Service (IRS), as a safeguard against US tax evasion. As a result, and to discourage non-United States financial institutions from staying outside this regime, financial institutions that do not enter and comply with the regime will be subject to a 30% withholding tax penalty with respect to certain United States sourced income (including dividends) and gross proceeds from the sale or other disposal of property that can produce United States sourced income. The detailed implementation rules and schedule of implementation have not yet been finalised and the Fund is therefore at this time not in a position to accurately assess the extent of the relevant requirements and the costs implied by such requirements. In order to protect the Shareholders from the effect of any withholding penalty, it is the intention of the Fund to be compliant with the requirements of the FATCA regime as this applies to entities such as the Fund. For further details, please refer to section "**FATCA**".

The Shares have not been filed with or approved or disapproved by any regulatory authority of the United States or any state thereof, nor has any such regulatory authority passed upon or endorsed the merits of this offering or the accuracy or adequacy of this Prospectus. Any representation to the contrary is unlawful.

There will be no public offering of the Shares in the United States.

The Board reserves the right in its discretion to postpone subscriptions or to cancel applications. Shares resulting from accepted subscriptions will be allotted only after receipt of the subscription request together with cleared moneys.

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### **Subscription procedure**

Each Class may have established specific subscription terms and conditions, as provided for in the “Sub-Fund’s Terms”.

Applications to subscribe for Shares must be addressed to the Fund c/o the Registrar and Transfer Agent and must be confirmed in writing. Application must be received by the Fund c/o the Registrar and Transfer Agent not later than the specified time period as provided in the “Sub-Fund’s Terms”. Applications received after that time may be processed on the next Valuation Day. Payment for the Shares must be made in the Reference Currency of the relevant Class not later than the time period specified in the “Sub-Fund’s Terms” for the relevant Class. Investors whose applications are accepted will be allotted Shares at a subscription price based on the Net Asset Value per Share of the relevant Class on the relevant Valuation Day increased by or including a subscription charge – if determined – which will be for the benefit of the Sub-Fund, and a Subscription fee – if determined – which will be for the benefit of the selling agent(s).

### **Subscription in kind**

The Board may accept subscriptions by means of an existing portfolio, as provided for in the 1915 Law as amended, provided that the securities of this portfolio comply with the investment objectives and restrictions of the Sub-Fund. Such a portfolio must be easy to evaluate and must be evaluated in accordance with the same criteria used to calculate the Net Asset Value of the Sub-Fund concerned. A valuation report, the cost of which is to be borne by the relevant investor, will be drawn up by the auditor according to Article 420-10 (2) of the above-referred law and will be deposited with the court and available for inspection at the registered office of the Fund.

### **Late Trading and Market Timing**

The Fund does not permit practices related to Late Trading and Market timing following the CSSF Circular 04/146, as amended, concerning the protection of undertakings for collective investment and their investors against Late Trading and Market Timing practices. Subscriptions, redemptions and conversion are dealt with at an unknown NAV and the Fund reserves the right to reject subscription or conversion orders from an investor or Shareholder who the Fund suspects of using such practices and to take, if appropriate, the necessary measures to protect the other Shareholders of the Fund.

The Management Company may, upon request and within a delay which shall not be less than 48 hours after the latest publication of the net asset value, communicate the composition of the portfolio of the Fund to professional investors who are subject to the obligations deriving from Directive 2009/138/CE (Solvency II).

The information so transmitted shall be considered as strictly confidential and shall be used only for the purpose of calculating prudential requirements in connection with Solvency II. They may under no circumstances entail prohibited practices such as "market timing" or "late trading" from Shareholders having been provided with such information.

### **Money Laundering**

Pursuant to international rules and Luxembourg laws and regulations (comprising, but not limited to, the amended Law of 12<sup>th</sup> November 2004 on the fight against money laundering and financing of terrorism the Grand Ducal Regulation dated 1<sup>st</sup> February 2010, CSSF Regulation

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12-02 of 14<sup>th</sup> December 2012 and CSSF Circular 13/556 concerning the fight against money laundering and terrorist financing, and any respected amendments or replacements), obligations have been imposed on all professionals of the financial sector to prevent the use of undertakings for collective investment for money laundering and financing of terrorism purposes. As a result of such provisions, the registrar agent of a Luxembourg undertaking for collective investment must ascertain the identity of the subscriber in accordance with Luxembourg laws and regulations. The Registrar and Transfer Agent may require subscribers to provide any document it deems necessary to effect such identification.

In case of delay or failure by an applicant to provide the documents required, the application for subscription will not be accepted and in case of redemption, payment of redemption proceeds delayed. Neither the Fund nor the Registrar and Transfer Agent have any liability for delays or failure to process deals as a result of the applicant providing no or only incomplete documentation.

If the Fund, the Registrar and Transfer Agent or any governmental agency believes that the Fund has accepted subscriptions for Shares by, or is otherwise holding assets of, any person or entity that is acting, directly or indirectly, in violation of any anti-money laundering laws, rules, regulations, treaties or other restrictions, or on behalf of any suspected terrorist or terrorist organisation, the Fund, the Registrar and Transfer Agent or such governmental agency may freeze or be required by the Fund, the Registrar and Transfer Agent or such governmental agency to freeze the assets of such person or entity invested in the Fund or suspend their redemption rights. The Fund may also be required to remit or transfer those assets to a governmental agency.

Shareholders may be requested to provide additional or updated identification documents from time to time pursuant to ongoing client due diligence requirements under relevant laws and regulations.

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## **2.3. Redemptions**

### **Redemption Procedure**

Each Class may have established specific redemption terms and conditions, as provided for in the “Sub-Fund’s Terms”.

Redemption requests shall be received by the Fund c/o the Registrar and Transfer Agent before the time period preceding the Valuation Day for each Class and must be confirmed in writing. Redemption requests received after that time period will be dealt on the following Business Day which is a Valuation Day.

The redemption request will be irrevocable and must quote the Shareholder’s full name and registered address, the number and form of Shares to be redeemed or, if allowed, the amount of currency to be redeemed, the name in which such Shares are registered, details as to whom payment should be made and the relevant Class of Shares. All necessary documents to fulfil the redemption shall be enclosed with such request.

Shares shall be redeemed at a Redemption Price based on the Net Asset Value per Share of the relevant Class on the relevant Valuation Day decreased by a redemption charge – if determined – which will be for the benefit of the Sub-Fund, and by a redemption fee – if determined – which will be for the benefit of the relevant Class as well. The charges and fees for the relevant Classes are specified in the “Sub-Fund’s Terms”.

Redemption proceeds will be transferred in the Reference Currency of the relevant Class to the bank account, as previously specified by the Shareholder, within the settlement period specified in the “Sub-Fund’s Terms” in normal circumstances.

### **Redemption in kind**

The Board shall have power, with the consent of the Shareholder to divide in specie the whole or any part of the assets of the Sub-Fund and appropriate such assets and transfer the same to the Shareholder requesting redemption in satisfaction or part satisfaction of the redemption price.

The following provisions shall apply to any such appropriation and transfer of assets: the Sub-Fund shall transfer to the Shareholder that proportion of the assets of the Sub-Fund whose value corresponds to the Net Asset Value of Shares to be redeemed by the Shareholder, provided always that the nature of the assets of the Sub-Fund and the type of any securities to be transferred to the Shareholder shall be determined by the Board on such basis as the Board in its sole discretion shall deem equitable as between the holder concerned and the remaining Shareholders and not prejudicial to the interests of the remaining Shareholders. For the foregoing purposes, the value of securities shall be determined on the same basis as used in calculating the Net Asset Value of the Shares being redeemed and the Board shall obtain the confirmation of such valuation by a special report of the auditors of the Fund. The cost of such report is borne by the Sub-Fund.

### **Redemption Constraints**

The redemption procedure and/or settlement can be subject to redemption constraints under special circumstances. Shares of any Class will not be redeemed if the calculation of the Net Asset Value of the corresponding Sub-Fund is suspended in accordance with Article 24 of the

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Articles. In the case of suspension of dealings in Shares, the Shareholder may give notice that he wishes to withdraw his request. If no such notice is received by the Fund, the request will be dealt with on the first Valuation Day following the end of such suspension period.

The Sub-Fund shall not, on any Valuation Day, be bound to redeem more than 10% of the number of Shares in issue in the Sub-Fund concerned. If redemption requests for more than 10% are received, the exceeding part of the Shares will be redeemed at the next Valuation Day. On such Valuation Day, such requests for redemption will be complied with in priority to later requests.

When redemptions would exceed 10% of the Sub-Fund's Net Assets, the Fund reserves also the right to postpone the calculation of the Net Asset Value per Share after having sold the necessary securities or other investments and received the related proceeds. The redemption requests will be processed at this Net Asset Value per Share.

### **Compulsory redemptions**

If as a result of any request for redemption the amount invested by any Shareholder in a Class would fall below the minimum holding requirement in that Class, as detailed in the "Sub-Fund's Terms", the Board may decide to redeem the entire shareholding of such Shareholder in such Class.

In the event that for any reason the Net Asset Value of any Sub-Fund or Class (as defined in Article 21 of the Articles) would fall below such amount as the Board shall determine to be the minimum investment level for the Sub-Fund or the Class to operate in an efficient manner, the Board may upon thirty days' prior notice to the holders of Shares of such Sub-Fund or Class proceed to a compulsory redemption of all Shares of the given Sub-Fund or Class at the Net Asset Value calculated on the Valuation Day at which such decision shall take effect, decreased by any charges incurred in connection with the redemption of such Shares (taking into account actual realisation prices of investments and realisation expenses). Shareholders shall be notified in writing.

Shareholders are required to notify the Registrar and Transfer Agent immediately if at any time they become US Persons or hold Shares for the account or benefit of US Persons.

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## 2.4. Conversion

Provided that a Class authorizes expressly the conversion and provided the Valuation Day of the former Class coincides with the Valuation Day of the new Class, Shareholders may convert their Shares (or a part of them, including fractions) held in one Class into the Shares of another Class.

If the contemplated Valuation Day of the former Class does not coincide with the Valuation Day of the new Class, the converting Shareholder shall be informed thereof and given the possibility to withdraw his request, or to apply his conversion at the next Valuation Day which coincides with the Valuation Day of the new Class, or to make a redemption request.

The application for conversion must be received in advance by the Fund c/o Registrar and Transfer Agent to be carried out on the basis of the net asset value determined on a Valuation Day following the receipt of the application. Conversion will be subject to the notices applicable to redemptions; Conversion will be made according to the following formula:

$$A = [(B \times C) \times E] / D$$

Where:

A is the number of Shares of the new Class;

B is the number of Shares of the former Class;

C is the net asset value per share of the former Class;

D is the net asset value per share of the new Class;

E is the applicable exchange rate, if necessary, between the two reference currencies.

Conversion confirmations will be made as for subscriptions. The Shares of the former Class will be cancelled.

There is no conversion fee.

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### **3. NET ASSET VALUE**

For the purpose of determining the issue, redemption and conversion price per share on a given date (referred to as the “**Valuation Day**”), the Fund shall calculate the Net Asset Value of Shares of each Sub-Fund and its relating Class(es) (referred to as the “**Net Asset Value**”).

The determined dates of Valuation and their frequency (at least twice a month) shall be specified in the Sub-Fund’s Terms.

The Net Asset Value of each Sub-Fund is equal to the total assets of that Sub-Fund less its total liabilities.

The Net Asset Value of each Sub-Fund, and its relating Class(es) shall be expressed in their respective reference currencies. If the Reference Currency of a Class is different from the Reference Currency of the corresponding Sub-Fund, the Net Assets of the Sub-Fund attributed to the Class valued in the Reference Currency of the Sub-Fund shall be converted into the Reference Currency of the Class concerned.

For a Sub-Fund with several classes of Shares, the Net Asset Value per Share of a Class shall be computed as follows: on each Valuation Day the assets and liabilities of the considered Sub-Fund are valued in the Reference Currency of the Sub-Fund. A Class of Shares participates in the portfolio of the Sub-Fund according to the portfolio entitlements attributable to such Class. The value of the total number of portfolio entitlements attributed to a particular Class on a given Valuation Day adjusted with the value of the assets and liabilities relating to that Class represent the total Net Asset Value of that Class of Shares.

On a given Valuation Day, the Net Asset Value per Share of a Class equals the total Net Asset Value of that Class divided by the total number of outstanding Shares of that Class. The Net Asset Value per Share will be rounded up or down to the nearest whole unit of the relevant Reference Currency. For the avoidance of doubt, the unit of a Reference Currency is the smallest unit of that currency (e.g. if the Reference Currency is EUR the unit is the cent).

If, subsequent to the close of business on the relevant Valuation Day, there has been a material change in the quotations for a substantial portion of the investments of a Sub-Fund, the Board may, in order to safeguard the interests of the Shareholders and/or the Sub-Fund, cancel the first valuation and carry out a second valuation. All subscription and redemption requests shall be treated on the basis of this second valuation.

Except as otherwise may be provided in the Sub-Fund’s Terms:

- I. The assets of each Sub-Fund shall be deemed to include:
  - all cash in hand or receivable or on deposit, including accrued interest not yet cashed as well as accrued interest on cash deposits until the relevant Valuation Day;
  - all bills and notes payable on demand and any amounts due (including the proceeds of the securities sold but not yet collected);
  - all securities, derivatives, shares, bonds, debentures, options, contracts, subscription rights and any other investments;

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- all dividends and distributions due in cash or in kind to the extent known to the Sub-Fund, provided that the Fund may adjust the valuation for fluctuations in the market value of securities due to trading practices such as trading ex-dividends or ex-rights;
  - all accrued interest on any interest-bearing securities except to the extent that such interest is comprised in the principal thereof;
  - the preliminary expenses as far as the same have not been written off; and
  - all other permitted assets of any kind and nature including prepaid expenses.

II. The value of assets of each Sub-Fund shall be determined as follows:

- the value of any cash in hand or on deposit, discount notes, bills and demand notes and accounts receivable, prepaid expenses, cash dividends and interest declared or accrued as aforesaid and not yet received, shall be deemed the full amount thereof, unless in any case the same is unlikely to be paid or received in full, in which case the value thereof shall be arrived at after making such discount as the Board may consider appropriate in such case to reflect the true value thereof;
- the value of all portfolio securities which are listed on an official Stock Exchange or traded on any other regulated market will be valued at the last available price in Luxembourg on the principal market on which such securities are traded, as furnished by a pricing service approved by the Board. If such prices are not representative of the fair value, such securities as well as other permitted assets, including securities which are listed on a Stock Exchange or traded on a regulated market, will be valued at a fair value at which it is expected that they may be resold, as determined in good faith by and under the direction of the Board;
- the value of securities which are not quoted or dealt in on any regulated market will be valued at the last available price in Luxembourg, unless such price is not representative of their true value; in this case, they will be valued at a fair value at which it is expected that they may be resold, as determined in good faith by and under the direction of the Board;
- the value of other assets will be determined prudently and in good faith by and under the direction of the Board in accordance with generally accepted valuation principles and procedures.

The Board, in its discretion, may permit some other method of valuation to be issued if it considers that such valuation better reflects the fair value of any asset held by the Sub-Fund.

III. The liabilities of each Sub-Fund shall be deemed to include:

- all borrowings, bills and other amounts due;
- all administrative expenses due or accrued including the costs of its constitution and registration with regulatory authorities, as well as legal, audit, management, advisory, custodial, paying agency and corporate and central administration agency, transfer and registrar agency, other administrative costs;
- all known liabilities, due or not yet due including all matured contractual obligations for payments of money or property, including the amount of all dividends declared but not yet paid out;
- an appropriate amount set aside for taxes due on the Valuation Day and any other provisions or reserves authorized and approved by the Board; and

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- any other liabilities of the Sub-Fund of whatever kind towards third parties.

For the purposes of valuation of its liabilities, each of the Sub-Funds may duly take into account all administrative and other expenses of regular or periodical character by valuing them for the entire year or any other period and by dividing the amount concerned proportionately for the relevant fractions of such period.

As far as possible, all investments and disinvestments decided upon until the Valuation Day will be included in the Net Asset Value calculations.

The property, commitments, fees and expenses, that are not attributed to a certain Sub-Fund, will be ascribed equally to the different Sub-Funds, or if the amounts and cause justify doing so, will be prorated according to the Net Asset Value of each Sub-Fund.

The Net Assets of the Fund shall mean the assets of the Fund, as herein above defined, on the Valuation Day on which the Net Asset Value of the Shares is determined. The capital of the Fund shall be at any time equal to the Net Assets of the Fund. The Net Assets of the Fund are equal to the aggregate of the Net Assets of all Sub-Funds, such assets being converted into EUR when expressed in another currency.

In the absence of bad faith, gross negligence or manifest error, any decision taken by the Board or by a delegate of the Board in calculating the Net Asset Value or the Net Asset Value per Share, shall be final and binding on the Sub-Fund and present, past or future Shareholders.

### **3.1. Suspension of calculation of the Net Asset Value**

The Fund may temporarily suspend the determination of the Net Asset Value of one or more Sub-Funds and the issue and redemption of its/their Shares:

- during any period when any of the principal markets or exchanges on which a substantial portion of the investments of the relevant Sub-Fund from time to time are quoted is closed otherwise than for ordinary holidays or during which dealings therein are restricted or suspended;
- during the existence of any state of affairs which constitutes an emergency as a result of which the disposal or valuation of assets owned by the relevant Sub-Fund would be impracticable;
- during any breakdown in the means of communication normally employed in determining the price of any of the investments of the relevant Sub-Fund;
- during any period when the Sub-Fund is unable to repatriate funds for the purpose of making payments on the redemption of Shares or during which any transfer of funds involved in the realization or acquisition of investments or payments due on the redemption of Shares cannot in the opinion of the Directors be effected at normal rates of exchange.

Any of such suspension shall be notified to the Shareholders requesting redemption of their Shares. Pending subscription and redemption requests can be withdrawn after written notification as long as these notifications reach the Fund before the end of the suspension. These requests will be considered on the first Valuation Day following the end of the suspension.

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### **3.2. Fees and Expenses**

The fees and charges are paid out of the Net Assets of each Sub-Fund and will conform to common practice. Costs and expenses specifically attributable to a particular Sub-Fund shall be borne by such Sub-Fund. Costs and expenses not specifically identifiable or attributable to a particular Sub-Fund will be ascribed equally to the different Sub-Funds, or if the amounts and cause justify doing so, will be prorated according to the Net Asset Value of each Sub-Fund.

#### **3.2.1. Management Fee**

Each Sub-Fund will pay a management fee, as specified in the “Sub-Fund’s Terms”. The management fee shall be calculated at each valuation Day and accrued in each Net Asset Value. The management fee is payable monthly and shall represent an amount not exceeding the percentage (per annum) of the Net Asset Value as specified in the “Sub-Fund’s Terms.

#### **3.2.2. Other charges and expenses**

The Fund pays out of the assets of the relevant Sub-Funds all expenses payable by the Fund which shall comprise formation and reorganization expenses, fees and charges payable to the Investment Advisor, the Investment Manager, the Management Company, the Depositary and Central Administration Agent and its correspondents, the Registrar and Transfer Agent, any permanent representatives in places of registration, advisors (if any) and any other agent employed by the Fund, any fees and expenses involved in registering and maintaining the registration of the Fund with any governmental agencies or stock exchanges in the Grand Duchy of Luxembourg and in any other country, fees for legal, fiscal and auditing services, fees and expenses of the Directors, printing, reporting and publishing expenses, including the cost of preparing, printing and distributing prospectuses, KIIDs, periodical reports or registration statements, all taxes, duties, governmental and similar charges, and all other operating expenses, including the cost of buying and selling assets.

The costs and expenses incurred in connection with the formation of the Fund and the initial issue of Shares by the Fund, including those incurred in the preparation and publication of the Prospectus, the costs incurred in obtaining a listing for Shares in the Fund on the Luxembourg Stock Exchange, all legal, fiscal and printing costs, certain launch expenses and other preliminary expenses are estimated to EUR 150,000 and will be written off over a period not exceeding five years and in such amounts in each year and in each Sub-Fund as determined by the Board on an equitable basis. Charges relating to the creation of a new Sub-Fund shall be written off over a period not exceeding five years against the Net Assets of that Sub-Fund and in such amounts in each year as determined by the Board on an equitable basis.

Fees and income payable to Fund’s agents with respect to services for the Fund may be redistributed among those agents. The Management Company, the Investment Manager, the Investment Advisor may, from time to time, rebate to selling agents or financial consultant a portion of the fees it receives in respect of investors in the Sub-Funds introduced by such persons or firms.

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#### **4. INVESTMENT RESTRICTIONS**

Unless more restrictive rules are provided for a specific Sub-Fund in the “Sub-Funds Terms” part, the investments of each Sub-Fund shall comply with the following limits and restrictions:

##### **4.1. The Fund will invest only in:**

- (i) Transferable securities and money market instruments admitted to or dealt in on an official stock exchange in an Eligible State, any member of the OECD and any other country of Europe (including Russia), North and South America, Africa, Asia and the Pacific Basin;
- (ii) Transferable securities and money market instruments dealt in on another regulated market in an Eligible State, which operates regularly and is recognized and open to the public;
- (iii) Recently issued transferable securities and money market instruments, provided that the terms of issue include an undertaking that application will be made for admission to official listing in an Eligible State or on a Regulated Market, and such admission is secured within a year of the issue;
- (iv) UCITS authorized according to the UCITS Directive and/or other UCIs within the meaning of Article 1, paragraph (2) of the UCITS Directive, whether they be located in an EU Member State or not, provided that:
  - such other UCIs are authorized under laws which provide that they are subject to supervision considered by the CSSF to be equivalent (Hong-Kong, Canada, Japan, Switzerland, the United States of America and Norway) to that laid down in EU Community law, and that cooperation between authorities is sufficiently ensured;
  - the level of protection for Shareholders in the other UCIs is equivalent to that provided for Shareholders in a UCITS and in particular that the rules on asset segregation, borrowing, lending, uncovered sales of transferable securities and money market instruments are equivalent to the requirements of UCITS Directive ;
  - the business of the other UCIs is reported in semi-annual and annual reports to enable an assessment of the assets and liabilities, income and expenses over the reporting period;
  - no more than 10 per cent. of the UCITS’s or the other UCI’s net assets can, according to their constitutional documents, be invested in aggregate in units of other UCITS or other UCIs;
- (v) deposits with credit institutions which are repayable on demand or have the right to be withdrawn, and maturing in no more than twelve months, provided that the credit institution has its registered office in an EU Member State or, if the registered office of

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the credit institution is located in a non-EU Member State, provided that it is subject to prudential rules considered by the CSSF as equivalent to those laid down in EU law.

(vi) financial derivative instruments, including equivalent cash-settled instruments, dealt in on a Regulated Market; and/or OTC Derivatives, provided that:

- the underlying consists of instruments covered by Article 41, paragraph (1) of the Law, financial indices, interest rates, foreign exchange rates or currencies, in which the Fund may invest according to its investment objectives as stated in the constitutive documents of the Fund;
- the counterparties to OTC Derivative transactions are financial institutions subject to prudential supervision, and belonging to the categories approved by the CSSF for the time being only credit institutions and broker-dealers being first-rated class financial institutions specialized in that kind of market ( that have their registered office in an EU Member State or in the US or in Canada are used); and
- the OTC Derivatives are subject to reliable and verifiable valuation on a daily basis and can be sold, liquidated or closed by an offsetting transaction at any time at their fair value at the Fund's initiative;

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

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

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the financing of securitisation vehicles which benefit from a banking liquidity line.

A maximum of up to 10% of each Sub-Fund's net assets may consist of assets other than those enumerated in Paragraph 4.1

**4.2. Each Sub-Fund may hold on ancillary basis cash given that cash level may not exceed 49% of the Sub-Fund's Net Assets. Each Sub-Fund may borrow up to 10% of its net assets on a temporary basis.**

**4.3. Investments in one issuer.**

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

**Transferable Securities, money market instruments and deposits.**

- (i) The Fund may not invest more than 10 per cent of the net assets of a relevant Sub-Fund in transferable securities and money market instruments issued by the same issuer.
- (ii) For each Sub-Fund, the total value of the transferable securities and money market instruments held, amounting to more than 5 per cent per issuer must not exceed 40 per cent of its total net assets.
- (iii) The Fund may not invest more than 20 per cent of the net assets of a relevant Sub-Fund in deposits made with the same body.
- (iv) The risk exposure to a counterparty of the Fund in an OTC Derivative transaction may not exceed 10 per cent of the net assets of a relevant Sub-Fund when the counterparty is a credit institution referred to in paragraph 5.1 (v) above or 5 per cent of the net assets of the relevant Sub-Fund in other cases.
- (v) The limit laid down in paragraph 5.3 (i) is increased to a maximum of 35 per cent if the transferable securities and money market instruments are issued or guaranteed by an EU Member State, its local authorities, by a non EU Member State or by public international bodies of which one or more EU Member States are members. The limit is raised to a maximum of 25 per cent for certain Transferable Debt Securities if they are issued by a credit institution having its registered office in an EU Member State and which is subject, by law, to special public supervision designed to protect the holders of Transferable Debt Securities. In particular, sums deriving from the issue of such Transferable Debt Securities must be invested pursuant to the Law in assets which, during the whole period of validity of such Transferable Debt Securities, are capable of covering claims attaching to the Transferable Debt Securities and which, in the event of bankruptcy of the issuer,

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would be used on a priority basis for the reimbursement of the principal and payment of the accrued interest.

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

The restriction described in paragraph 5.3 (ii) is not applicable to the investments described in the above paragraph (v).

**(vi) Notwithstanding above paragraphs, the Fund is authorized to invest in accordance with the principle of risk spreading up to 100 per cent of the net assets of a relevant Sub-Fund in transferable securities and money market instruments issued or guaranteed by an EU Member State, by its local authorities, by another member of the OECD or by public international bodies of which one or more EU Member States are members, provided that the Fund holds transferable securities from at least six different issues, and that transferable securities from one issue do not account for more than 30 per cent of the total net assets of the relevant Sub-Fund.**

(vii) The limits laid down in paragraphs 5.3 (i) and (ii) are raised to a maximum of 20 per cent for investments in shares and/or bonds issued by the same body when, the aim of the relevant Sub-Fund investment policy is to replicate the composition of a certain stock or bond index which is recognized by the Luxembourg Supervisory Authority, on the following basis:

- the composition of the index is sufficiently diversified,
- the index represents an adequate benchmark for the market to which it refers,
- it is published in an appropriate manner.

The limit of 20 per cent is raised to 35 per cent where that proves to be justified by exceptional market conditions in particular in regulated market where certain transferable securities or money market instruments are highly dominant. The investment up to this limit is only permitted for a single issuer.

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### **Units/shares of other UCIs**

- (i) Each Sub-Fund may not invest more than 20 per cent of its net assets in a single UCITS or UCI as defined in paragraph 5.1 (iv). For the purposes of applying this investment limit, each compartment of a UCITS or UCI with multiple compartments shall be considered as a separate issuer, provided that the principle of segregation of liabilities of the different compartments is ensured in relation to third parties.
- (ii) Investments in other UCIs may not exceed in aggregate 30 per cent of the net assets of a relevant Sub-Fund.
- (iii) No subscription or redemption fees may be charged to the Fund if the latter invests in the units of UCITS and/or other UCIs managed directly or by delegation by the Management Company or by any other company with which the Management Company is linked by common management or control, or by a substantial direct or indirect holding.
- (iv) If the Fund invests a substantial proportion of its net assets in other UCITS and/or UCIs then it shall disclose in its prospectus the maximum level of the management fees that may be charged both to the Fund and to the other UCITS and/or UCIs in which it intends to invest. In its annual report the Fund shall indicate the maximum percentage of management fees charged both to the Fund itself and to the UCITS and/or other UCI in which it invests.

### **Combined limits**

- (i) Notwithstanding the individual limits laid down in paragraphs 5.3 (i) to (vii), the Fund may not combine (a) investments in transferable securities or money market instruments issued by a single body; (b) deposits made with a single body; and/or (c) exposure arising from OTC Derivative transactions undertaken with a single body in excess of 20 per cent of the net assets of a relevant Sub-Fund.
- (ii) The limits set out in paragraphs 5.3 (i) to (v) may not be combined; thus investments in transferable securities or money market instruments issued by the same body, in deposits or derivative instruments made with this body carried out in accordance with paragraphs 5.3 (i) to (v) shall under no circumstances exceed in total 35 per cent of the net assets of the relevant Sub-Fund.

### **4.4. Influence over one Issuer**

- (i) The Fund may not acquire any shares carrying voting rights which would enable it to exercise significant influence over the management of an issuing body;
- (ii) Moreover, the Fund may acquire no more than :
  - 10 per cent of the non-voting shares of the same issuer;

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- 10 per cent of the Transferable Debt Securities of the same issuer;
  - 25 per cent of the units of the same UCITS and/or other UCI;
  - 10 per cent of the money market instruments issued by the same issuer;

(iii) The limits laid down in the second, third and fourth indents may be disregarded at the time of acquisition if at that time the gross amount of Transferable Debt Securities or money market instruments or the net amount of the transferable securities in issue cannot be calculated;

(iv) The limits contained in hereabove paragraphs (i) and (ii) are waived with regards to:

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

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#### **4.5. Prohibited Transactions**

The Fund is prohibited from engaging in the following transactions:

- (i) Make investments in, or enter into transactions in precious metals, commodities or certificates representing them;
- (ii) Purchase or sell real estate or any option, right or interest therein, provided the Fund may invest in securities secured by real estate or interests therein or issued by companies which invest in real estate or interests therein;
- (iii) Issue rights to subscribe or warrants in Shares of the Fund;
- (iv) Enter into uncovered short sales of Transferable Securities or Money Market Instruments, UCITS, UCIs or financial derivative instruments;
- (v) Invest in any assets involving the assumption of unlimited liability of the investor;
- (vi) Mortgage, pledge, hypothecate or in any manner encumber as security for indebtedness any securities owned or held by the Fund, except as may be necessary in connection with the borrowings permitted by paragraph 4.2. above, on terms that the total market value of the securities so mortgaged, pledged, hypothecated or transferred shall not exceed that proportion of the Fund's assets necessary to secure such borrowings; the deposit of securities or other assets in a separate account in connection with repurchase, reverse purchase agreements and derivative contracts such as option, forward or financial futures transactions shall not be considered to be mortgage, pledge, hypothecation or encumbrance for this purpose;
- (vii) Grant loans or act as a guarantor on behalf of third parties. This restriction shall not prevent the Fund from acquiring Transferable Securities, Money Market Instruments, UCITS, UCIs, or financial derivative instruments which are not fully paid;
- (viii) Underwrite transferable securities of other issues.

#### **4.6. SFDR disclosure**

Within the investment decision process of the relevant Sub-Fund, the Investment Manager does not aim to promote any sustainability related factors in the meaning of article 8 of the EU Regulation 2019/2088 of 27 November 2019 on sustainability-related disclosures in the financial services sector (“SFDR”). The Investment Manager is furthermore only subject to the investment restrictions laid down in this Prospectus.

While certain sustainability risk factors are taken into account in the risk management process of the Management Company in accordance with article 6.1 of SFDR, there are no specific restrictions to limit sustainability risks which may have an adverse impact on the performance of the relevant Sub-Fund. The Investment Manager would however expect that a possible adverse impact of sustainability risks might have a limited impact on the return of the portfolio of a relevant Sub-Fund through appropriate risk spreading in the

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Sub-Fund's portfolio. Sustainability risk factors are included in the risk management process of the Management Company.

The Board is entitled to update or amend the two abovementioned clauses as it deems necessary or desirable to comply with the disclosure requirements under SFDR or to replicate any changes adopted by the Management Company and/or by the Investment Manager.

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## **5. TECHNIQUES & INSTRUMENTS**

### **5.1. Financial Futures and Options**

Futures and options on financial instruments may only consist of contracts traded either on a regulated market which is operating regularly, recognised and open to the public or in over-the-counter (OTC) contracts whereby the counterpart to these transactions must be prime financial institution specialised in this kind of operations and having a prime quality rating of a recognised rating agency. Subject to the conditions defined below, such transactions may be undertaken for hedging purposes.

#### **Hedging of Market Risks:**

As a global hedge against the risk of unfavourable stock market movements, each Sub-Fund may sell stock index futures and call options on stock indices or purchase put options thereon. The objective of these hedging operations assumes that a sufficient correlation exists between the composition of the index used and the Fund's portfolio. In principle, the total commitment resulting from futures contracts and stock index options may not exceed the aggregate estimated market value of the securities held by each Sub-Fund in the corresponding market. This does not apply for Sub-Funds which are not allowed to invest in equities.

#### **Hedging of Interest Rate Risks:**

As a global hedge against interest rate fluctuations, each Sub-Fund may sell interest rate futures contracts. For the same purpose, it can also write call options or purchase put options on interest rates or enter into interest rate swaps on a mutual agreement basis with first class financial institutions specialising in this type of operations. In principle the total commitment on futures contracts, options and swap contracts may not exceed the aggregate estimated market value of the assets to be hedged and held by the Sub-Fund in the currency corresponding to those contracts.

### **5.2. Hedging of Currency Risks**

In order to protect its assets against the fluctuation of currencies, each Sub-Fund may enter into transactions the purpose of which is the sale of currency futures contracts, sale of call options or the purchase of put options in respect of currencies. The transactions referred to herein may only concern contracts which are traded on a regulated market, operating regularly, recognised and open to the public.

For the same purpose each Sub-Fund may also sell currencies forward or exchange currencies on a mutual agreement basis with first class financial institutions specialising in this type of transactions.

The hedging objective of the transactions referred to above presupposes the existence of a direct relationship between these transactions and the assets which are being hedged and implies that, in principle, transactions in a given currency cannot exceed the total valuation of assets denominated in that currency nor may the duration of these transactions exceed the period for which the respective assets are held.

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### **5.3. Securities lending and borrowing repurchase agreement transactions**

#### **(i) Securities lending and borrowing transactions**

The Fund may enter into securities lending and borrowing transactions provided that they comply with the following rules:

- The Fund may only lend or borrow securities through a standardized system organized by a recognized clearing institution, through a lending program organized by a financial institution or through a first class financial institution specializing in this type of transaction subject to prudential supervision rules which are considered by the Regulatory Authority as equivalent to those provided by Community law.
- As part of lending transactions, the Fund must receive a guarantee, the value of which must be, during the lifetime of the agreement, equal at any time to at least 90% of the value of the securities lent.
- This guarantee must be given in the form of (i) liquid assets and or (ii) sovereign OECD bonds, (iii) shares or units issued by specific money market UCIs, (iv) shares or units issued by UCITS investing in bonds issued or guaranteed by first class issuers offering an adequate liquidity, (v) shares or units issued by UCITS investing in shares listed or dealt on a stock exchange of a Member State of the OECD provided they are included in a main index, (vi) direct investment in bonds or shares with the characteristics mentioned in (iv) and (v).

This collateral must be valued on a daily basis and rated AAA or equivalent concerning the shares or units issued by specific money market UCIs. The collateral may be reinvested within the limits and conditions of the Regulatory Authority regulations.

#### **(ii) Repurchase Agreement Transactions**

The Fund may, on an ancillary or a principal basis, as specified for each Sub-Fund in the description of its investment policy disclosed in the sales documents of the Fund, enter into repurchase agreement transactions which consist of the purchase and sale of securities with a clause reserving the seller the right or the obligation to repurchase from the acquirer the securities sold at a price and term specified by the two parties in their contractual arrangement.

The Fund can act either as purchaser or seller in repurchase agreement transactions or a series of continuing repurchase transactions. Its involvement in such transactions is, however, subject to the following rules:

- The Fund may not buy or sell securities using a repurchase agreement transaction unless the counterpart in such transactions is a first class financial institution specializing in this type of transaction subject to prudential supervision rules considered by the Regulatory Authority as equivalent to those provided by Community law.
- During the life of a repurchase agreement contract, the Fund cannot sell the securities which are the object of the contract, either before the right to repurchase these securities has been exercised by the counterparty, or the

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repurchase term has expired, except to the extent the Fund has other means of coverage.

- As the Fund is exposed to redemptions of its own shares, it must take care to ensure that the level of its exposure to repurchase agreement transactions is such that it is able, at all times, to meet its redemption obligations.

Securities that may be purchased are limited to: (i) short-term bank certificates or money market instruments such as defined within the 2007/16/EC Directive of 19 March 2007 implementing Council Directive 2009/65/EC on the coordination of laws, regulations, and administrative provisions relating to certain UCITS with regards to the clarification of certain definitions (ii) bonds issued or guaranteed by a Member State of the OECD or by their local public authorities or by supranational institutions and undertakings with EU, regional or worldwide scope, (iii) shares or units issued by money market UCIs calculating a daily net asset value and being assigned a rating of AAA or its equivalent, (iv) bonds issued by non-governmental issuers offering an adequate liquidity, (v) shares or units quoted or negotiated on a regulated market of a European Union Member State or on a stock exchange of a Member State of the OECD, on the condition that these shares are included within a main index.

The net exposures (*i.e.* the exposures of the UCITS less the collateral received by the UCITS) to a counterparty arising from securities lending transactions or reverse repurchase / repurchase agreement transactions shall be taken into account in the 20% limit provided for in Article 43(2) of the 2010 Law pursuant to point 2 of Box 27 of ESMA Guidelines 10-788.

- (iii) Reinvestment of collateral received in connection with securities lending and repurchase transactions

The Fund may reinvest the collateral received in connection with securities lending and repurchase transactions. Reinvestment of the collateral involves risks associated with the type of investments made.

Exposures arising from the reinvestment of collateral received by the UCITS within securities lending transactions, sale with right of repurchase transactions and reverse repurchase agreement transactions / repurchase agreement transactions shall be taken into account within the diversification limits applicable under the 2010 Law.

Reinvestment of such collateral may create a leverage effect which will be taken into account for the calculation of the Fund's global exposure. If the guarantee was given in the form of cash, such cash may be reinvested in:

- shares or units in money market UCIs calculating a daily net asset value and being assigned a rating of AAA or its equivalent,
- short term bank deposits,
- money market instruments as defined in Directive 2007/16/EC of 19 March 2007,
- short term bonds issued or guaranteed by a Member State of the European Union, Switzerland, Canada, Japan or the United States or by their local

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authorities or by supranational institutions and undertakings with EU, regional or worldwide scope,

- bonds issued or guaranteed by first class issuers offering an adequate liquidity, and
- reverse repurchase agreement transactions according to the provisions described under point (ii) hereabove.

**The Fund has currently no intention to employ efficient portfolio management techniques such as securities lending, repo and reverse repo, nor enter into financial derivative transactions that require the use of collateral to reduce counterparty risk. In case the Fund decides to employ such strategies and accept collateral to reduce counterparty risk in the future, it will comply with the relevant regulations (in particular Regulation (EU) 2015/2365 of the European Parliament and of the Council of 25 November 2015 on transparency of securities financing transactions and of reuse and amending Regulation (EU) No 648/2012) and CSSF Circulars and update the Prospectus accordingly.**

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## **6. PRINCIPAL RISK FACTORS**

Various Risk Factors may adversely impact the value of Fund and Sub-Fund's assets. The list of the principal Risk Factors is as follows. This list does not purport to be a complete explanation of the risks involved in investing in Shares of the Sub-Funds. Not all risks apply to all Sub-Funds. Before making any decision to subscribe for or buy Shares, prospective investors should carefully read the entire Prospectus and consult with their professional advisors regarding the tax and other consequences of an investment in the Shares in light of their personal circumstances.

Potential investors should also be aware of the risks associated with the particular investment policy of a Sub-Fund and are therefore advised to again consult their financial advisor when determining whether an investment in a particular Sub-Fund is suitable for them.

Investors should remember that the price of Shares in the Fund/Sub-Funds and income arising therefrom can fluctuate and is not guaranteed. The price of Shares may go down as well as up and an investor may not get back the amount he has invested. Past performance is not necessarily a guide to future performance. Changes in rates of exchange between currencies may cause the value in terms of any currency of Shares denominated in a different currency to diminish or increase. The levels and bases of, and reliefs from, taxation may change. There can be no assurance that the collective performance of underlying investments will be profitable. In the case of any Sub-Fund in respect of which an initial charge is payable as described in this Prospectus, a redemption request at an early stage of holding the investment may result in the investor receiving less than the amount of his/her/its initial investment.

An investment in the Shares involves a high degree of risk, including the risk of loss of the entire amount invested, as a result of both (i) the types of investments to be made by the Sub-Fund and (ii) the structure and operations of the Sub-Fund. There can be no assurance that any Sub-Fund will achieve their respective investment objective or that there will be any return of capital to Shareholders. Before investing in the Shares, prospective investors should carefully consider the inherent risks, including the following:

### **Regulatory**

The Fund is a Luxembourg domiciled UCITS and is therefore primarily governed by Luxembourg legislation. Investors should note that the regulatory protection mechanisms provided by their local regulatory authorities may differ or may not apply. Investors should consult their financial or other professional advisors for further information.

### **Effects of Redemptions**

Large redemptions of Shares within a limited period of time could require the relevant Sub-Fund(s) to liquidate positions more rapidly than would otherwise be desirable, adversely affecting the value of both the Shares being redeemed and the outstanding Shares. In addition, regardless of the period of time over which redemptions occur, the resulting reduction in a Sub-Fund's net asset value could make it more difficult for the Sub-Fund (and therefore the Fund) to generate profits or recover losses.

### **Institutional Risk**

All assets of the Fund/Sub-Funds will be held under the custody or supervision of the Depositary. The Depositary is authorised to use correspondent banks and nominees. The

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institutions, including brokerage firms and banks, with which the Fund/Sub-Funds (directly or indirectly) does business, or to which portfolio securities have been entrusted for custodial purposes, may encounter financial difficulties that impair the operational capabilities or the capital position of the Fund/Sub-Funds. The Fund/Sub-Funds intend to limit its securities transactions to well-capitalised and established banks and brokerage firms in an effort to mitigate such risks.

### **Legal Restrictions on Portfolio Investments**

The Fund is subject to regulations in Luxembourg and its investments may be subject to regulations (including tax and exchange control regulations) in other countries. The Fund may also be subject to regulations in countries where its Shares may be registered for distribution. In addition, possible changes to the laws and regulations governing permissible activities of the Fund and its affiliates could restrict or prevent the Fund from continuing to pursue the Sub-Fund's investment objectives or operate in the manner currently contemplated.

### **Possible Adverse Tax Consequences**

No assurance may be given that the manner in which the Fund or any of its Sub-Funds will be managed and operated, or that the composition of its portfolio investments, will not result in possible adverse tax consequences for any particular Shareholder or group of Shareholders. The Fund does not intend to provide its Shareholders with information regarding the percentage ownership of its Shares held by residents of any country.

### **Reserve for Liabilities**

Under certain circumstances, the Fund may find it necessary, upon redemption by a Shareholder, to set up a reserve for contingent or future liabilities or valuation difficulties and withhold a certain portion of that Shareholder's net redemption proceeds. This could happen, for example, if the Fund, or an issuer of a security held in one of the Sub-Funds, were involved in a dispute regarding the value of its assets, in litigation, or subject to a tax audit at the time the redemption request is accepted.

### **Future Returns**

No assurance can be given that the strategies employed by the management of the Fund in the past to achieve attractive returns will continue to be successful or that the return on the Fund's investments will be similar to that achieved by the management of the Fund in the past.

### **Investment Objective**

Investors should read carefully the investment objective of the Sub-Fund(s) in which they intend to invest as these may state that the Sub-Funds can invest on a limited basis in areas which are not naturally associated with the name of the Sub-Fund. These other markets and/or assets may act with more or less volatility than the core investments and performance will, in part, be dependent on these investments. All investments involve risks and there can be no guarantee against loss resulting from an investment in any of the Shares, nor can there be any assurance that a Sub-Fund's investment objectives will be attained in respect of its overall performance. Investors should therefore ensure (prior to any investment being made) that they are satisfied with the risk profile of the overall objective disclosed.

### **General Economic Conditions Risks**

The success of any investment activity is affected by general economic conditions, which may affect the level and volatility of interest rates and the liquidity of the markets for both equities

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and interest-rate-sensitive securities. Certain market conditions, including unexpected volatility or illiquidity in the market in which the Fund directly or indirectly holds positions, could impair the Fund/Sub-Fund's ability to achieve its objectives and/or cause it to incur losses.

### **Market Risks**

The success of a significant portion of each Sub-Fund's investment program will depend, to a great extent, upon correctly assessing the future course of the price movements of stocks, bonds, financial instruments and foreign currencies. There can be no assurance that the management of the Fund will be able to predict accurately these price movements.

### **Equity risk**

Investing in equity securities involve risks linked to market movements characterized by a strong unpredictability and violent and significant drops in a stock's value. Strong volatility on equity markets may result in substantial fluctuations of sub-fund's net asset value.

### **Debt Instruments risk**

Investing in fixed income instruments (bonds or notes) involve 2 principal risks: Interest rates risk and Credit risk.

#### *Interest rates risk*

Debt instruments value may generally fluctuate following an inversely correlation with interest rates change. Significant changes in interest rates may result in substantial fluctuations of sub-fund's net asset value.

#### *Credit risk*

The issuer of a debt instrument may default on its financial obligations. The price of a debt instrument includes this default risk being characterized by the market perception of the default's probability of a given issuer. The value of a debt instrument linked to an issuer will directly vary based on the default probability of the considered issuer. A deterioration of the credit risk quality of the debt instruments held by a Sub-Fund may result in substantial fluctuations of sub-fund's net asset value.

The values of fixed-income securities also may be affected by changes in the credit rating, liquidity or financial condition of the issuer. Certain securities that may be purchased by the Fund may be subject to such risk with respect to the issuing entity and to greater market fluctuations than certain lower yielding, higher rated fixed-income securities.

The volume of transactions effected in certain international bond markets may be appreciably below that of the world's largest markets, such as the United States. Accordingly, a Sub-Fund's investments in such markets may be less liquid and their prices may be more volatile than comparable investments in securities traded in markets with larger trading volumes. Moreover, the settlement periods in certain markets may be longer than in others which may affect portfolio liquidity.

### **Exchange Rates risk**

Investing in instruments denominated in a currency other than the Sub-fund's (or class) reference currency involve a risk of unfavourable movements in currency rates. Foreign exchange rates may be influenced by, among other factors: changing supply and demand for a particular currency; trade, fiscal and monetary policies of governments (including exchange

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control programs, restrictions on local exchanges or markets and limitations on foreign investment in a country or on investment by residents of a country in other countries); political events; changes in balances of payments and trade; domestic and foreign rates of inflation; domestic and foreign rates of interest; international trade restrictions; and currency devaluations and revaluations. In addition, governments from time to time intervene, directly and by regulation, in the currency markets to influence prices directly. The value instruments denominated in a currency other than the reference currency may decrease. It may result in substantial fluctuations of sub-fund's net asset value.

In the case where Shares are hedged against the reference currency of a particular Sub-Fund, such hedging may, for technical reasons, not be complete and not cover the entire foreign exchange rate risk. There is no assurance that the transactions executed to hedge this currency risk will be fully efficient. Moreover, in case of hedging, the investors will not take advantage of any possible positive evolution of the foreign exchange rate.

### **Risks of OTC Derivative Transactions**

In general, there is less governmental regulation and supervision of transactions in the OTC markets (in which 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 organised exchanges. In addition, many of the protections afforded to participants on some organised exchanges, such as the performance guarantee of an exchange clearinghouse, may not be available in connection with OTC transactions. Therefore, any Sub-Fund entering into OTC transactions will be subject to the risk that its direct counterparty will not perform its obligations under the transactions and that the Sub-Fund will sustain losses. A Sub-Fund will only enter into transactions with counterparties which it believes to be creditworthy, and may reduce the exposure incurred in connection with such transactions through the receipt of letters of credit or collateral from certain counterparties. Regardless of the measures the Fund/Sub-Fund may seek to implement to reduce counterparty credit risk, however, there can be no assurance that a counterparty will not default or that the Fund/Sub-Fund will not sustain losses as a result.

### **Counterparty risk**

Investing in an instrument involving a counterparty (swap, foreign currency forwards, other contracts) involve a default risk of that counterparty on its financial obligations. It may result in a loss for the Fund which will not be able to realize the expected profit linked to the concerned instruments.

Participants in the OTC market typically enter into transactions only with those counterparties which they believe to be sufficiently creditworthy, unless the counterparty provides margin, collateral, letters of credit or other credit enhancements. While the management of the Fund believes that the Fund will be able to establish multiple counterparty business relationships to permit the Fund to effect transactions in the OTC market and other counterparty markets, there can be no assurance that it will be able to do so. An inability to establish or maintain such relationships would potentially increase the Fund's counterparty credit risk, limit its operations and could require the Fund to cease investment operations or conduct a substantial portion of such operations in the futures markets. Moreover, the counterparties with which the Fund expects to establish such relationships will not be obligated to maintain the credit lines extended to the Fund, and such counterparties could decide to reduce or terminate such credit lines at their discretion.

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### **Concentration Risk**

Investing following a strategy focusing on investments in a limited number of securities, or on a specific geographical area or on a limited number of economical sectors may increase the portfolio's risk and generate greater volatility in comparison with a strategy with a larger diversification.

### **Derivatives Instruments**

Investing in Financial Derivatives Instruments such as options, Futures may involve risk. These instruments are generally indexed on underlying assets which include market indexes, stocks, bonds, currencies or interest rates. These instruments can be used to decrease or increase the exposure to a given underlying assets. They are generally characterized by a high leverage. Financial Derivatives Instruments used without a purpose of hedging or reducing the exposure to assets held by a Sub-Fund may increase the volatility. A relatively small price movement in a derivative contract may result in substantial losses to the investor. Investment in derivative transactions may result in losses in excess of the amount invested.

### **Requirement to perform**

From time to time, the counterparties with which the Fund effects transactions might cease making markets or quoting prices in certain of the instruments. In such instances, the Fund might be unable to enter into a desired transaction in currencies, credit default swaps or total return swaps or to enter into an offsetting transaction with respect to an open position, which might adversely affect its performance. Further, in contrast to exchange-traded instruments, forward, spot and option contracts on currencies do not provide the Fund with the possibility to offset the Fund's obligations through an equal and opposite transaction. For this reason, in entering into forward, spot or options contracts, the Fund may be required, and must be able, to perform its obligations under the contracts.

### **Liquidity Risk**

Investing in instruments with a limited trading volume may involve risk. Selling these securities may generate difficulties for the fund or be executed in adverse market conditions. This risk is especially high regarding investments in small cap equities. It may result in difficulties for the Sub-Fund in valuing or selling some of its assets which can generate substantial fluctuations of the sub-fund's net asset value.

### **Risks of Government Intervention**

Interest rates and trading in financial instruments based on currencies or interest rates are subject to certain risks arising from government regulation of or intervention in the currency and interest rate markets through regulation of the local exchange market restrictions on foreign investments by residents, limits on inflows of funds or changes in the general level of interest rates. Such regulation or intervention could adversely affect the Fund's performance.

### **Risks of Exchange Traded Derivative Transactions**

Each securities exchange or commodities contract market typically has the right to suspend or limit trading in all securities or commodities which it lists. Such a suspension would render it impossible for the Sub-Fund, to liquidate positions and, accordingly, expose the Fund to losses and delays in its ability to redeem Shares.

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## **Emerging markets Risk**

Investing in instruments linked to emerging and Eastern European markets involve risks in addition to and greater than those generally associated with investments in developed countries. These risks may be varied in nature. From a regulatory oversight perspective, those countries are generally less advanced than in more developed countries. The risk of political and social instability is also greater. Tax regulation may change and have an adverse impact for the Fund. There is no assurance that the economic development of these countries will be successful. The transparency of the available information including the transparency linked to financial and accounting standards may be limited. Currency rates volatility, currency and liquidity risks may be substantially greater. Inflation rate may also be high. Risks of nationalization and expropriation of assets as well as custodial risks should also be noted. Regulatory systems may be less stringent than those of developed markets.

The risks of expropriation, nationalisation and social, political and economic instability are greater in emerging and Eastern European markets than in more developed markets.

The following is a brief summary of some of the more common risks associated with investment in emerging and Eastern European markets:

### *Risk on Fraudulent Securities*

Given the lack of a regulatory structure it is possible that securities in which investments are made may be found to be fraudulent. As a result, it is possible that loss may be suffered.

### *Risk of Lack of Liquidity*

The accumulation and disposal of holdings may be more expensive, time consuming and generally more difficult than in more developed markets. Also, due to the lack of liquidity, volatility may be higher. Many emerging markets are small, have low trading volumes, low liquidity and significant price volatility.

### *Risk of Currency Fluctuations*

Significant changes in the currencies of the countries in which investments are made vis-à-vis the reference currency of the relevant Sub-Fund may occur following the investment of the Fund into these currencies. These changes may impact the total return of the Sub-Fund to a significant degree. In respect of currencies of certain emerging countries it is not possible to undertake currency-hedging techniques.

### *Risk on Settlement and Custody of securities*

Settlement and custody systems in emerging markets are not as well developed as those in developed markets. Standards may not be as high and supervisory and regulatory authorities not as sophisticated. As a result there may be risks that settlement may be delayed and that cash or securities could be disadvantaged.

### *Risk of certain Eastern Europe countries*

Certain markets in the Eastern Europe present specific risks in relation to the settlement and safekeeping of securities. These risks result from the fact that physical securities may not exist in certain countries. As a consequence, the ownership of securities is evidenced only on the

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issuer's register of Shareholders. Each issuer is responsible for the appointment of its own registrar.

*Risk on Investment and Remittance Restrictions*

In some cases, emerging and Eastern European markets may restrict the access of foreign investors to securities. As a result, certain equity securities may not always be available to the Fund because the maximum amount of foreign Shareholders has been reached. In addition, the outward remittance by foreign investors of their share of net profits, capital and dividends may be restricted or require governmental approval. The Fund will only invest in markets in which it believes these restrictions will not be imposed.

*Risk on Financial Reporting and Disclosure*

Accounting, auditing and financial reporting standards, practices and disclosure requirements applicable to companies in emerging and Eastern European countries differ from those applicable in more developed countries in respect of the nature, quality and timeliness of the information disclosed to investors and, accordingly, investment possibilities may be difficult to properly access.

*Risk on Custody of assets*

In addition with the previous paragraph, investing in Instruments listed on Stock-exchanges related to emerging countries may involve risks linked to custody of assets. Regulatory oversight of local financial institutions may be less efficient and restrictive than the standards of developed countries.

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## **7. LIQUIDATION AND MERGER**

### **Liquidation**

The Fund has been established for an unlimited period. The dissolution of the Fund is normally decided upon by an extraordinary Shareholders' meeting.

In the event of a dissolution of the Fund, liquidation shall be carried out by one or several liquidators (who may be physical persons or legal entities) named by the meeting of Shareholders effecting such dissolution and which shall determine their powers and their compensation. The operations of liquidation will be carried out pursuant to the Luxembourg 1915 Law and 2010 Law.

Any decision or order of liquidation will be notified to the Shareholders, and published in accordance with the 1915 Law and 2010 Law, as amended, in the Luxembourg RESA (*Recueil Electronique des Sociétés et Associations*) and two newspapers with adequate circulation, of which at least one shall be a Luxembourg newspaper.

If the net assets of the Fund fall below two thirds of the minimum level required by the law, the Board must submit the question of the dissolution of the Fund to a general meeting of Shareholders for which no quorum shall be prescribed and which shall decide by simple majority of the shares represented at the meeting. If the net assets fall below one fourth of the legal minimum, the Board must submit the question of the dissolution to a general meeting of Shareholders for which no quorum shall be prescribed. The dissolution may be resolved by investors holding one fourth of the shares represented at the meeting. The meeting must be convened so that it is held within a period of 40 days as from the ascertainment that the net assets have fallen below two thirds or one fourth of the legal minimum as the case may be.

The general meeting of Shareholders of any Sub-Fund may, at any time and upon notice of the Board, decide, without quorum and at the majority of the votes present or represented, the liquidation of a Sub-Fund. Furthermore, in case the interest of the Shareholders of a Sub-Fund will demand so, the Board will be entitled, upon a duly motivated resolution and without authorization of a general meeting of Shareholders, to decide the liquidation of such Sub-Fund. The Board may also proceed, upon a duly motivated resolution and without authorization of a general meeting Shareholders, to liquidate a Sub-Fund if maintaining such Sub-Fund would, in the opinion of the Directors, place the Fund in breach of any applicable laws, regulations or requirements of any jurisdiction, otherwise adversely affect or prejudice the tax status, residence or good standing of the Fund or otherwise cause the Fund or its Shareholders to suffer material, financial or legal disadvantage. The Shareholders will be notified by the Board or informed of its decision to liquidate in a similar manner to the convocations to the general meetings of Shareholders.

Liquidation proceeds will be distributed to the shareholders in proportion to their entitlements in a Sub-Fund. Proceeds not claimed by Shareholders at the time of the liquidation's closure will be kept under the custody of the Depositary for a period of six months and then be deposited at the *Caisse de Consignation* in Luxembourg. These amounts will lapse if they are not claimed within the legal prescription period, which at present is thirty years.

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## **Merger**

The Board, at any time, may decide, the absorption of one or more Sub-Funds (the absorbed Sub-Funds(s)) into the remaining one (the absorbing Sub-Fund). All the Shareholders concerned will be notified by the Board. In any case, the Shareholders of the absorbed Sub-Fund(s) shall be offered with the opportunity to redeem their Shares free of charge during a one month period starting as from the date on which they will have been informed of the decision of merger, it being understood that, at the expiration of the same period, the decision to merge will bind all the Shareholders who have not implemented this prerogative. Further to the closing of any merger procedure, the auditor of the Fund will report upon the way the entire procedure has been conducted and shall certify the exchange parity of the Shares. All Shareholders concerned by the final decision to liquidate a Sub-Fund or merge different Sub-Funds will be personally notified and/or informed by publication.

A general meeting of Shareholders of a Sub-Fund may decide to contribute the assets (and liabilities) of the Sub-Fund to another undertaking for collective investment in exchange for the distribution to Shareholders of shares in this undertaking for collective investment. It is for the Fund to publish this decision. The publication shall contain information on the undertaking for collective investment and on the new sub-fund, if any, and shall be released one month before the merger so as to give Shareholders the time to redeem their Shares free of charge, prior to the effective transaction date. Decisions of the Sub-Fund Shareholders' meeting regarding the contribution of assets and liabilities of a Sub-Fund to another undertaking for collective investment are subject to the same quorum and majority conditions as are required by 1915 Law to amend the Articles of Incorporation. In the case of a merger with another investment fund of contractual form or a foreign undertaking for collective investment, the decision of the Shareholders' meeting only bind those Shareholders who voted in favor of the merger, the others having their Shares repurchased free of charge.

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## **8. TAXATION**

It is expected that Shareholders in the Fund will be resident for tax purposes in many different countries. **Consequently, no attempt is made in this Prospectus to summarize the taxation consequences for each investor. These consequences will vary in accordance with the law and practice currently in force in a Shareholder's country of citizenship, residence, domicile or incorporation and with its circumstances. Before an investment in the Fund, investors should inform themselves and if necessary consult their tax advisor on the possible tax consequences of subscribing, holding, transferring and redeeming Shares of the Fund.**

### **8.1. Taxation of the Fund**

According to the law and practice currently in force, the Fund is not subject to any Luxembourg tax on profits or income, nor are any dividends paid by the Fund subject to any Luxembourg withholding tax.

The Fund is, however, subject in Luxembourg to a tax of 0.05 per cent per annum ("*Taxe d'Abonnement*") of the Net Asset Value of normal shares, payable quarterly on the basis of the value of the Net Assets of the Fund at the end of the relevant calendar quarter. A reduced subscription tax rate of 0.01% per annum is applicable to Luxembourg undertakings for collective investment (UCIs) whose exclusive object is the collective investment in money market instruments, the placing of deposits with credit institutions, or both. A reduced subscription tax rate of 0.01% per annum is applicable to individual compartments of UCIs with multiple compartments referred to in the 2010 Law, as well as for individual classes of securities issued within a UCI or within a compartment of a UCI with multiple compartments, provided that the securities of such compartments or classes are reserved to one or more institutional investors.

Subscription tax exemption applies to (i) investments in a Luxembourg UCI subject itself to the subscription tax, (ii) UCI, compartments thereof or dedicated classes reserved to retirement pension schemes, (iii) money market UCIs, (iv) UCITS and UCIs subject to the Part II of the 2010 Law qualifying as exchange traded funds and (v) UCIs and individual compartments thereof with multiple compartments whose main objective is the investment in microfinance institutions.

The Fund is not subject to net wealth tax in Luxembourg.

Income received by the Fund on its investments may be subject to different non-recoverable withholding taxes in the countries of origin (including Luxembourg). The Fund may further be subject to tax on the realised or unrealised capital appreciation of its assets in the countries of origin. The Fund may benefit from double tax treaties entered into by Luxembourg which may provide for exemption from withholding tax or reduction of withholding tax rate.

Distributions made by the Fund are not subject to withholding tax in Luxembourg.

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## **8.2. Luxembourg Taxation of Shareholders**

### *Luxembourg resident individuals*

Capital gains realised on the sale of the Shares by Luxembourg resident individuals Investors who hold the Shares in their personal portfolios (and not as business assets) are generally not subject to Luxembourg income tax except if:

- (i) the Shares are sold within 6 months from their subscription or purchase; or
- (ii) if the Shares held in the private portfolio constitute a substantial shareholding. A shareholding is considered as substantial when the seller holds or has held, alone or with his/her spouse and underage children, either directly or indirectly at any time during the five years preceding the date of the disposal, more than 10% of the share capital of the company.

Distributions made by the Fund will be fully subject to income tax at the level of the investors. Luxembourg personal income tax is due at the base rate, following a progressive income tax scale, and increased notably by the solidarity surcharge (*contribution au fonds pour l'emploi*).

### *Luxembourg resident corporate*

Luxembourg resident corporate Investors (*collectivités*) will be subject to corporate taxation at the rate of 24.94% (in 2020 for entities having their registered office in Luxembourg-City) on the distributions received from the Fund and on the capital gains realised upon disposal of the Shares.

Luxembourg resident corporate Investors who benefit from a special tax regime, such as, for example, (i) an undertaking for collective investment subject to the 2010 Law, (ii) specialised investment funds subject to the amended Law of 13<sup>th</sup> February 2007 on specialised investment funds, (iii) reserved alternative investment funds subject to the law of 23 July 2016 on reserved alternative investment funds (to the extent they have not opted to be subject to general corporation taxes) or (iv) family wealth management companies subject to the amended Law of 11<sup>th</sup> May 2007 on family wealth management companies, are exempt from income tax in Luxembourg, but instead subject to an annual subscription tax (*taxe d'abonnement*) and thus income derived from the Shares, as well as gains realised thereon, are not subject to Luxembourg income taxes.

The Shares shall be part of the taxable net wealth of the Luxembourg resident corporate Investors except if the holder of the Shares is (i) a UCI subject to the 2010 Law, (ii) a vehicle governed by the amended Law of 22<sup>nd</sup> March 2004 on securitisation, (iii) an investment company governed by the amended Law of 15<sup>th</sup> June 2004 relating to the investment company in risk capital, (iv) a specialised investment fund subject to the amended Law of 13<sup>th</sup> February 2007 on specialised investment funds, (v) reserved alternative investment funds subject to the law of 23 July 2016 on reserved alternative investment funds or (vi) a family wealth management company subject to the Law of 11<sup>th</sup> May 2007 on family wealth management companies. The taxable net wealth is subject to tax on a yearly basis at the rate of 0.5%. A reduced tax rate of 0.05% is due for the portion of the net wealth tax exceeding EUR 500 million.

### *Non Luxembourg residents*

Non-resident individuals or corporate Investors who do not have a permanent establishment in Luxembourg to which the Shares are attributable, are not subject to Luxembourg taxation on

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capital gains realised upon disposal of the Shares nor on the distribution received from the Fund and the Shares will not be subject to net wealth tax in Luxembourg.

### **8.3. Russia**

The Fund is not deemed to have a permanent establishment in Russia and accordingly should not be liable to pay Russian tax on profits, including capital gains. Nevertheless, the Russian authorities have power to decide whether the activities of a foreign entity give rise to a permanent establishment in the Russian Federation. The Fund will take ongoing professional advice to minimize this risk. However, no assurance can be given that, due to legislative and regulatory changes in Russia (or their interpretation) or the way in which the activities of the Fund are carried out in practice, that the Fund will not be deemed to have a permanent establishment in Russia.

#### ***Automatic Exchange of Information***

The Organization for Economic Co-operation and Development ("OECD") has developed a common reporting standard ("CRS") to achieve a comprehensive and multilateral automatic exchange of information ("AEOI") on a global basis. On 9<sup>th</sup> December 2014, Council Directive 2014/107/EU amending Directive 2011/16/EU as regards mandatory automatic exchange of information in the field of taxation (the "Euro-CRS Directive") was adopted in order to implement the CRS among the Member States of the European Union. For Austria, the Euro-CRS Directive applies the first time by 30<sup>th</sup> September 2018 for the calendar year 2017, i.e. the Savings Directive will apply one year later compared to all other EU Member States.

The Euro-CRS Directive was implemented into Luxembourg law by the Law of 18 December 2015 on the automatic exchange of financial account information in the field of taxation (the "CRS Law").

The CRS Law requires Luxembourg financial institutions to identify financial assets holders and establish if they are fiscally resident in countries with which Luxembourg has a tax information sharing agreement. Luxembourg financial institutions will then report financial account information of the asset holder to the Luxembourg tax authorities, which will thereafter automatically transfer this information to the competent foreign tax authorities on a yearly basis.

Accordingly, the Fund will require its investors to provide information in relation to the identity and fiscal residence of financial account holders (including certain entities and their controlling persons) in order to ascertain their CRS status and report information regarding a Shareholder and his/her/its account to the Luxembourg tax authorities (*Administration des Contributions Directes*), if such account is deemed a CRS reportable account under the CRS Law.

Under the CRS Law, the exchange of information by the Luxembourg tax authorities to the local tax authorities of the Member States will be applied by 30 September of each year for information related to the preceding calendar year. Under the Euro-CRS Directive, the AEOI must be applied by 30 September of each year to the local tax authorities of the Member States for the data relating to the preceding calendar year.

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In addition, Luxembourg signed the OECD's multilateral competent authority agreement ("Multilateral Agreement") to automatically exchange information under the CRS. The Multilateral Agreement aims to implement the CRS among non-Member States of the European Union; it requires agreements on a country-by-country basis.

The Fund reserves the right to refuse any application for Shares if the information provided or not provided does not satisfy the requirements under the CRS Law.

**Investors should consult their professional advisors on the possible tax and other consequences with respect to the implementation of the CRS.**

***US Tax Withholding and Reporting under the Foreign Account Tax Compliance Act ("FATCA")***

The Foreign Account Tax Compliance Act (FATCA), a portion of the 2010 Hiring Incentives to Restore Employment Act, became law in the United States in 2010. It requires financial institutions outside the US (Foreign Financial Institutions or FFIs) to pass information about "Financial Accounts" held, directly or indirectly by "Specified US Persons", to the US tax authorities, the Internal Revenue Service (IRS), on an annual basis. A 30% withholding tax is imposed on certain US source income of any FFI that fails to comply with this requirement.

On 28 March 2014, the Grand-Duchy of Luxembourg entered into a Model 1 Intergovernmental Agreement (IGA), and a memorandum of understanding in respect thereof, with the United States of America. The Fund would hence have to comply with such Luxembourg IGA, once the IGA has been implemented into Luxembourg law in order to comply with the provisions of FATCA rather than directly complying with the US Treasury Regulations implementing FATCA. As a "Reporting Financial Institution" under the IGA, the Fund may be required to collect information aiming to identify its direct and indirect Shareholders that are Specified US Persons for FATCA purposes (reportable accounts). Any such information on reportable accounts provided to the SICAV will be shared with the Luxembourg tax authorities which will exchange that information on an automatic basis with the Government of the United States of America pursuant to Article 28 of the convention between the Government of the United States of America and the Government of the Grand-Duchy of Luxembourg for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes in Income and Capital, entered into in Luxembourg on 3 April 1996.

The Fund intends to comply with the provisions of the Luxembourg IGA to be deemed compliant with FATCA and to avoid, to the extent possible, being subject to the 30% withholding tax with respect to its share of any such payments attributable to actual and deemed U.S. investments. The Fund will continually assess the extent of the requirements that FATCA, and notably the Luxembourg IGA, places upon it. As from the date of signature of the Luxembourg IGA and until the Grand Duchy of Luxembourg has implemented the national procedure necessary for the entry into force of the IGA, the United States Department of the Treasury will treat the Fund as complying with and not subject to the FATCA Withholding.

To ensure the Fund's compliance with FATCA and the Luxembourg IGA in accordance with the foregoing, the Fund may:

- request information or documentation, including W-8 tax form or any other IRS tax form as applicable, a Global Intermediary Identification Number, if applicable, or any

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- other valid evidence of a Shareholder's FATCA registration with the IRS or a corresponding exemption, in order to ascertain such Shareholder's FATCA status;
- report information concerning a Shareholder and his account holding in the Fund to the Luxembourg tax authorities if such account is deemed a US reportable account under the Luxembourg IGA; and
  - deduct applicable US withholding taxes from certain payments made to a Shareholder by or on behalf of the Fund in accordance with FATCA and the Luxembourg IGA.

**Each prospective Shareholder should consult with its own tax advisor as to the potential impact of FATCA in its own tax situation.**

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## 9. SUB-FUNDS' TERMS

### **KALTCHUGA FUND –RUSSIA EQUITIES**

The Sub-Fund's Terms should be read in conjunction with the full text of the Prospectus and the documents described herein.

#### **Investment Objective and Policy**

The objective of Kaltchuga Fund – Russia Equities (the “**Sub-Fund**”) is to achieve long-term capital growth.

While the sub-fund compares its performance against the MSCI Russia Net Total Return USD Index (MIRU Index), it does not try to replicate this index and freely selects the securities that it invests in. This deviation with the reference index may be significant.

The Sub-Fund is actively managed and invests primarily in Russian equity securities listed on the Moscow Interbank Currency Exchange (or MICEX).

The Sub-Fund may invest in American Depositary Receipts (ADRs), European depositary receipts (EDRs) and Global depositary receipts (GDRs) traded on regulated markets outside Russia, mainly in the US and in Europe.

The Sub-Fund invests at least 75% of its assets in:

- equity securities issued by companies that have their registered office or conduct the majority of their business activities in Russia, and;
- aforementioned ADRs/EDRs/GDRs, whose underlying assets are issued by companies domiciled in Russia.

The Sub-Fund may invest up to 15% of its assets in Ukraine, Kazakhstan, Georgia, Belarus, Uzbekistan as well as other CIS countries equity-related securities.

In accordance with the principle of risk spreading, the Sub-fund may invest in cash and cash equivalents, term deposits, money market instruments and debt securities dealt in on a Regulated Market. Investments in debt securities may not exceed 15% of the Sub-Fund's net assets.

Investments in UCITS or in other UCIs may not exceed in aggregate 10% of the Sub-Fund's net assets.

The Sub-Fund may also invest in equity-related securities including without limitation, preference shares, convertible securities, warrants on securities, and other equity-related instruments qualified as Transferable Securities according to the 2010 Law.

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The Sub-Fund may borrow cash and cash equivalent of up to 10% of its assets on a temporary basis to cover or to anticipate the possible coverage of a shortage of liquidity.

The Sub-Fund is actively managed and this may result in overexposure to some equities and sectors.

Although the majority of the investments will be priced and quoted in Dollars, certain investments may be denominated in Roubles and may be highly volatile and subject to foreign exchange exposure. The Sub-Fund may use the techniques and instruments for the purposes of hedging currency risks and interest rates.

### **Reference Currency**

The Sub-Fund is denominated in USD (the « Sub-Fund Reference Currency »).

### **Distribution policy**

The Shares accumulate their results. Capital appreciation in the Net Assets existing at the end of the financial year will remain in principle invested in the Sub-Fund's assets.

### **Life of the Sub-Fund**

The Sub-Fund is formed for an undetermined period of time.

### **Characteristics of the Sub-Fund's Shares**

Shares of each Class will be issued in registered uncertificated form.

	<b>A USD</b>	<b>B EUR</b>	<b>C USD</b>	<b>D EUR</b>
<b>Reference Currency</b>	USD	EUR	USD	EUR
<b>Minimum initial Subscription</b>	N/A	N/A	5,000 USD	5,000 EUR
<b>Subscription fee</b>	N/A	N/A	Up to 2%	Up to 2%
<b>Redemption fee</b>	Up to 1%			
<b>Management Company fee</b>	Up to 0.30% of the total net assets per annum			
<b>Investment Management Fee</b>	2% p.a.	2% p.a.	1.70% p.a.	1.70% p.a.

**\*Classes A USD and B EUR Shares are closed to new subscription since November 22, 2009 Net Asset Value. Classes C USD and D EUR Shares have been opened to new subscription since November 22, 2009.**

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The minimum subscription is waivable at the discretion of or under the authority of the Board. The fees (including the calculation's methods) and expenses incurred by the Sub-Fund are detailed in the paragraph "Fees and Expenses".

### **Valuation Day**

The Net Asset Value per Share shall be determined each Business Day (referred to as the "**Valuation Day**"). The Net Asset Value shall be calculated within 2 Business Days following the Valuation Day (referred to as the "**Calculation Day**").

### **Subscription Terms**

In order to be dealt and to be accepted by the Fund on a given Valuation Day, subscription forms must be received by the Registrar and Transfer Agent in Luxembourg no later than the Business Day preceding the Valuation Day at 2pm. Luxembourg time.

Payment shall be received by the Sub-Fund no later than the Business Day preceding the Valuation Day for the account of the Sub-Fund before 5.00 pm, Luxembourg time.

Subscription requests received after that date and time will be dealt with on the next following Valuation Day.

The shares will be issued as of the Calculation Day.

In the case of subscriptions requests from financial intermediaries approved by the Board of Directors, the issue of shares may be conditioned upon the payment amounting to the relevant subscription price, with available funding, within a period previously agreed, which will not exceed three Business Days as from the relevant Valuation Day.

Earlier cut-off times for subscriptions requests may be applied by intermediaries in order to ensure the correct sending of the subscriptions requests to the Registrar and Transfer Agent.

### **Redemption Terms**

In order to be dealt and to be accepted by the Fund on a given Valuation Day, redemption requests must be received by the Registrar and Transfer Agent in Luxembourg no later than the Business Day preceding the Valuation Day at 2pm Luxembourg time.

Redemption requests received after that date and time will be dealt with on the next following Valuation Day.

The shares will be redeemed as of the Calculation Day.

The proceeds of redemptions will be paid within 3 Business Days as of the Valuation Day.

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Earlier cut-off times for redemptions requests may be applied by intermediaries in order to ensure the correct sending of the redemptions requests to the Registrar and Transfer Agent.

### **Conversion Terms**

Provided that a Class authorizes expressly the conversion and provided the Valuation Day of the former Class coincides with the Valuation Day of the new Class, Shareholders may convert their Shares (or a part of them, including fractions) held in one Class into the Shares of another Class.

If the contemplated Valuation Day of the former Class does not coincide with the Valuation Day of the new Class, the converting Shareholder shall be informed thereof and given the possibility to withdraw his request, or to apply his conversion at the next Valuation Day which coincides with the Valuation Day of the new Class, or to make a redemption request.

The application for conversion must be received in advance by the Fund c/o Registrar and Transfer Agent to be carried out on the basis of the net asset value determined on a Valuation Day following the receipt of the application. Conversion will be subject to the notices applicable to redemptions.

### **Risk factors**

There are a number of risks associated with an investment in the Shares; in particular there are special risks associated with Equities, Exchange Rates, Counterparty, Concentration, Liquidity, Emerging Markets and Russia.

Potential investors' attention is drawn to the risk factors set out in the paragraph "Principal Risk Factors".

### **Risk approach**

The global exposure of the Sub-Fund to derivatives is determined using the commitment approach laid down in CSSF circular 11/512.

The Sub-Fund does not intend to use any leverage.

The Sub-Fund does not intend to but may use in certain circumstances Derivatives Instruments for hedging purpose only.

### **Typical investors' Profile**

An investment in the Sub-Fund is suitable for investors who consider it as a convenient way of participating in Russian equity markets. The investor must be able to accept significant temporary losses and a high level of volatility. It is recommended that a potential investor in the Sub-Fund seek independent financial advice before making an investment decision.