

## **CARTESIO FUNDS**

Investment Fund under Luxembourg Law

*Société d'investissement à capital variable (SICAV)*

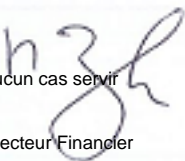
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L'apposition du visa ne peut en aucun cas servir  
d'argument de publicité

Luxembourg, le 2019-09-27

Commission de Surveillance du Secteur Financier



**Cartesio Funds** (the "Fund") is authorised under Part I of the Luxembourg law of 17 December 2010 relating to undertakings for collective investment as amended from time to time (*loi concernant les organismes de placement collectif*) (the "Law of 2010"). The Fund qualifies as an Undertaking for Collective Investments in Transferable Securities ("UCITS") under Article 1, paragraph 2, points a) and b) of the Directive 2009/65/EC of 13 July 2009 of the European Parliament and of the Council, as amended from time to time (the "Directive 2009/65/EC" or "UCITS Directive"), and may therefore be offered for sale in the European Union ("EU") Member States (subject to registration in countries other than Luxembourg). In addition, applications to register the Fund may be made in other countries.

The registration of the Fund pursuant to Part I of the 2010 Law constitutes neither approval nor disapproval by any Luxembourg authority as to the adequacy or accuracy of this Prospectus or as to the assets held in the various sub-funds of the Fund (individually, a "Sub-Fund" and collectively, the "Sub-Funds"). Any representations to the contrary are unauthorised and unlawful.

None of the Shares of the Fund have been or will be registered under the United States Securities Act of 1933, as amended or under the securities laws of any state or political subdivision of the United States of America or any of its territories, possessions or other areas subject to its jurisdiction including the Commonwealth of Puerto Rico (the "United States"). Shares will not be offered from within the United States or to Investors who are US Persons. A US Person is any person who: (i) is a United States person within the meaning of Section 7701(a)(30) of the US Internal Revenue Code of 1986, as amended, and the Treasury Regulations promulgated thereunder; (ii) is a US person within the meaning of Regulation S under the US Securities Act of 1933 (17 CFR § 230.902(k)); (iii) is not a Non-United States person within the meaning of Rule 4.7 of the US Commodity Futures Trading Commission Regulations (17 CFR § 4.7(a)(1)(iv)); (iv) is in the United States within the meaning of Rule 202(a)(30)-1 under the US Investment Advisers Act of 1940, as amended; or (v) any trust, entity or other structure formed for the purpose of allowing US Persons to invest in the Fund. The Fund has not been and does not intend to be registered under the United States Investment Company Act of 1940, as amended.

The distribution of this Prospectus in other jurisdictions may also be restricted; persons into whose possession this Prospectus comes are required to inform themselves about and to observe any such restrictions. This Prospectus does not constitute an offer by anyone in any jurisdiction in which such offer is not authorized or to any person to whom it is unlawful to make such offer.

A representative Key Investor Information Document ("KIID") for each available Sub-Fund share class shall be made available to investors free of charge prior to their subscription for Shares. Prospective investors should review this Prospectus carefully and in its entirety, and consult with their legal, tax and financial advisors in relation to (i) the legal and regulatory requirements within their own countries for the subscribing, purchasing, holding, converting, redeeming or disposing of Shares; (ii) any foreign exchange restrictions to which they are subject in their own countries in relation to the subscribing, purchasing, holding, converting, redeeming or disposing of Shares; (iii) the legal, tax, financial or other consequences of subscribing for, purchasing, holding, converting, redeeming or disposing of Shares; and (iv) any other consequences of such activities.

Before consent to distribute this Prospectus is granted, certain jurisdictions require that it be translated into an appropriate language. Unless contrary to local law in the jurisdiction concerned, in the event of any inconsistency or ambiguity in relation to the meaning of any word or phrase in any translation, the English version shall prevail.

Any information or representation in respect of the Fund given or made by any person which is not contained herein or in any other document which may be available for inspection by the public should be regarded as unauthorized and should accordingly not be relied upon. Neither the delivery of this Prospectus nor the offer, issue or sale of Shares in the Fund shall under any circumstances constitute a representation that the information given in this Prospectus is correct as at any time subsequent to the date hereof.

**REGISTERED OFFICE OF THE FUND**

60, avenue J. F. Kennedy  
L-1855 Luxembourg  
Grand Duchy of Luxembourg

**BOARD OF DIRECTORS OF THE FUND**

**Juan A. Bertran (Chairman)**  
Director

**Alvaro Martinez**  
Director

**Cayetano Cornet**  
Director

**Carlo Montagna**  
Independent Director

**MANAGEMENT COMPANY OF THE FUND**

MDO Management Company S.A.  
19, rue de Bitbourg,  
L-1273 Luxembourg  
Grand Duchy of Luxembourg

**BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY OF THE FUND**

**Géry Daeninck**  
Independent Director

**John Li How Cheong**  
Independent Director

**Vogel Martin Peter**  
CEO, MDO Management Company S.A.

**Carlo Montagna**  
Independent Director

**Wagner Yves**  
Independent Director

## **INVESTMENT MANAGER**

Cartesio Inversiones, S.G.I.I.C., S.A.  
Rubén Darío 3  
S-28010 Madrid  
Spain

## **GLOBAL DISTRIBUTOR**

Cartesio Inversiones, S.G.I.I.C., S.A.  
Rubén Darío 3  
S-28010 Madrid  
Spain

## **ADMINISTRATIVE AGENT, DOMICILIARY, CORPORATE, REGISTRAR AND TRANSFER AGENT**

BNP Paribas Securities Services, Luxembourg Branch  
60, avenue J. F. Kennedy,  
L-1855 Luxembourg  
Grand Duchy of Luxembourg

## **DEPOSITARY AND PAYING AGENT**

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60, avenue J. F. Kennedy,  
L-1855 Luxembourg  
Grand Duchy of Luxembourg

## **AUDITOR**

Deloitte Audit S.A.R.L  
20 Boulevard de Kockelscheuer  
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Grand Duchy of Luxembourg

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### 3 Principal Features and Definitions

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The following summary is qualified in its entirety by reference to the more detailed information included elsewhere in this Prospectus.

<b>Administrative Agent</b>	BNP Paribas Securities Services, Luxembourg Branch.
<b>Annual Meeting</b>	The annual meeting of Shareholders of the Fund.
<b>Appendix</b>	The relevant Appendix of the Prospectus.
<b>Articles of Incorporation</b>	The articles of incorporation of the Fund, as may be amended from time to time.
<b>Board of Directors</b>	The directors of the Fund, as may be appointed from time to time
<b>Business Day</b>	Any day in which banks in Luxembourg are open for normal banking business.
<b>Classes</b>	Pursuant to the Articles of Incorporation, the Board of Directors may decide to issue, within each Sub-Fund, separate classes of Shares (the “Class” or “Classes” or “Share Class(es)”) whose assets will be commonly invested but where a specific sales or redemption charge structure, fee structure, minimum subscription amount or distribution policy or such other distinctive feature, as decided from time to time by the Board of Directors, may be applied. If different Classes are issued within a Sub-Fund, the details of each Class are described in the relevant Sub-Fund Appendix.
<b>Corporate Agent</b>	BNP Paribas Securities Services, Luxembourg Branch.
<b>Depository and Paying Agent</b>	BNP Paribas Securities Services, Luxembourg Branch.
<b>Domiciliary Agent</b>	BNP Paribas Securities Services, Luxembourg Branch.
<b>EU</b>	The European Union.
<b>EUR</b>	The currency of the European Monetary Union.
<b>Fiscal Year</b>	The twelve (12) month period ending on 31 December in each year.
<b>Fund</b>	Cartesio Funds, an investment company organized under Luxembourg law as a <i>société anonyme</i> qualifying as a <i>société d’investissement à capital variable</i> (SICAV). The Fund is set up as a multi-compartment structure and may therefore comprise several Sub-Funds. Each Sub-Fund may have one or more Classes. The Fund is authorised under Part I of the 2010 Law as an Undertaking for Collective Investments in Transferable Securities (“UCITS”)

under Article 1, paragraph 2, points a) and b) of Directive 2009/65/EC.

<b>G20</b>	The informal group of twenty finance ministers and central bank governors from twenty major economies: Argentina, Australia, Brazil, Canada, China, France, Germany, India, Indonesia, Italy, Japan, Mexico, Russia, Saudi Arabia, South Africa, South Korea, Turkey, United Kingdom, USA and the European Union.
<b>Hedged Share Class</b>	Share Class whose currency is hedged against the Reference Currency of the relevant Sub-Fund.
<b>Institutional Investors</b>	As defined from time to time by the Luxembourg supervisory authority within the context of Luxembourg laws on undertakings for collective investment.
<b>Investment Manager</b>	Cartesio Inversiones, S.G.I.I.C., S.A.
<b>KIID(s)</b>	Key Investor Information Document(s) of each Sub-Fund for each share class.
<b>2010 Law</b>	The Luxembourg law of 17 December 2010 relating to undertakings for collective investment, as amended by the Luxembourg law of 10 May 2016 transposing Directive 2014/91/EU of the European Parliament and of the Council of 23 July 2014 as regards depositary functions, remuneration policies and sanctions, amending Directive 2009/65/EC on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (UCITS), as may be further amended from time to time.
<b>Member State</b>	A member state of the EU. The States that are contracting parties to the agreement creating the European Economic Area other than the Member States of the European Union, within the limits set forth by this agreement and related acts, are considered as equivalent to Member States of the European Union.
<b>MiFID II</b>	Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments repealing Directive 2004/39/EC and amending Directive 2002/92/EC and Directive 2011/61/EU.
<b>Money Market Instruments</b>	Financial instruments normally dealt with on the money market which are liquid and have a value which can be accurately determined at any time.
<b>NAV</b>	The net asset value.
<b>OECD</b>	Organisation for Economic Co-operation and Development.



<b>Other Regulated Market</b>	A market which is not a Regulated Market and which is regulated, operates regularly and is recognized and open to the public, namely a market (i) that meets the following cumulative criteria: liquidity; multilateral order matching (general matching of bid and ask prices in order to establish a single price); transparency (the circulation of complete information in order to give clients the possibility of tracking trades, thereby ensuring that their orders are executed on current conditions); (ii) on which the securities are dealt in at a certain fixed frequency; (iii) which is recognized by a State or by a public authority which has been delegated by that State or by another entity which is recognized by that State or by that public authority, such as a professional association; and (iv) on which the securities dealt are accessible to the public.
<b>Other State</b>	Any state of Europe which is not a Member State, and any state of North America, South America, Africa, Asia, Australia and Oceania.
<b>Prospectus</b>	The prospectus of the Fund.
<b>Redemption Day</b>	The day with respect to which shares of the Fund are redeemable, as further detailed, in the relevant Sub-Fund Appendix.
<b>Reference Currency</b>	The currency in which all the underlying assets of the Fund or the relevant Sub-Fund or Class are valued and reported. The details of the reference currency of a relevant Sub-Fund or Class are described in the relevant Sub-Fund Appendix.
<b>Registrar and Transfer Agent</b>	BNP Paribas Securities Services, Luxembourg Branch, registrar and transfer agent of the Fund and, in that capacity, processes the issue, redemption and transfer of Shares.
<b>Regulated Market</b>	A regulated market as defined in the MIFID II. A list of regulated markets according to the MIFID II is regularly updated and published by the European Commission.
<b>Regulatory Authority</b>	The Luxembourg authority or its successor in charge of the supervision of the undertakings for collective investment in the Grand Duchy of Luxembourg.
<b>Securities Financing Transaction or SFT</b>	(i) A repurchase transaction; (ii) securities lending and securities borrowing; (iii) a buy-sell back transaction or sell-buy back transaction, as defined under the SFTR.
<b>Securitization</b>	As per the Securitization Regulation, the securitization is defined as <i>“a transaction or scheme, whereby the credit risk associated with an exposure or a pool of exposures is tranching, having all of the following characteristics:</i> <i>(a) payments in the transaction or scheme are dependent upon the performance of the exposure or of the pool of exposures;</i>

*(b) the subordination of tranches determines the distribution of losses during the ongoing life of the transaction or scheme;*  
*(c) the transaction or scheme does not create exposures which possess all of the characteristics listed in Article 147(8) of Regulation (EU) No 575/2013.”*

<b>Securitization Regulation</b>	Regulation (EU) 2017/2402 of the European Parliament and of the Council of 12 December 2017, laying down a general framework for securitisation and creating a specific framework for simple, transparent and standardised securitisation.
<b>SFTR</b>	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.
<b>Shares</b>	Shares of each Sub-Fund. Fractions of Shares may be issued up to three decimal places. All Shares must be fully paid up.
<b>Shareholder</b>	A holder of Shares of the Fund.
<b>Sub-Funds</b>	The Fund offers investors, within the same investment vehicle, a choice of investment in one or more Sub-Funds, which are distinguished mainly by their specific investment objective and policy and/or by the currency in which they are denominated. The specifications of each Sub-Fund are described in the relevant Appendix to this Prospectus. The Board of Directors may, at any time, decide to create additional Sub-Funds and, in such case, this Prospectus will be updated by adding corresponding Appendices.
<b>Subscription Day</b>	The day with respect to which the shares of any Class may be subscribed, as detailed, in the relevant Sub-Fund Appendix.
<b>Transferable Securities</b>	One of the following: <ul style="list-style-type: none"><li>- shares and other securities equivalent to shares;</li><li>- bonds and other debt instruments;</li><li>- any other negotiable securities which carry the right to acquire any such transferable securities by subscription or exchanges, with the exclusion of techniques and instruments relating to transferable securities and Money Market Instruments.</li></ul>
<b>TRS</b>	Total return swap and/or other derivatives with similar characteristics, i.e. a derivative contract as defined in point (7) of article 2 of the SFTR in which one counterparty transfers the total economic performance, including income from interest and fees, gains and losses from price movements, and credit losses, of a reference obligation to another counterparty.
<b>UCI(s)</b>	Undertaking(s) for collective investment.

**UCITS**

Undertaking(s) for collective investment in transferable securities, pursuant to Directive 2009/65/EC of the European Parliament and of the Council of 13 July 2009 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (UCITS), as amended by Directive 2014/91/EU of the European Parliament and of the Council of 23 July 2014 as regards depositary functions, remuneration policies and sanctions as may be further amended in the future.

**Valuation Day**

Day as at which the Net Asset Value is determined as detailed, for each Sub-Fund, in the relevant Appendix.

## **4 The Shares**

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Subject to the restrictions described below, Shares of each Class of each Sub-Fund are freely transferable and are each entitled to participate equally in the profits and liquidation proceeds attributable to that Class. The rules governing such allocation are set forth below. The Shares, which are of no par value and which must be fully paid upon issue, carry no preferential or pre-emptive rights, and each Share entitles its holder to one vote at all general meetings of Shareholders and at all meetings of the Sub-Fund in which Shares are held. Shares redeemed by the Fund become null and void.

Within a Sub-Fund, the Board of Directors may establish categories and/or classes of shares corresponding (i) to a specific distribution policy, for instance giving a right to distributions (“Distribution Shares”) or not giving a right to distributions (“Capitalisation Shares”), and/or (ii) to a specific structure for issue or redemption costs, a specific structure for costs payable to distributors or to the Fund, and/or (iii) to a specific structure for management costs or those for or investment advice, and/or (iv) to a particular reference currency as well as a hedge policy or not regarding exchange risks; and/or (v) to any other specific feature applicable to a category/class of shares.

The Board of Directors may restrict or prevent the ownership of Shares by any person, firm or corporation, if such ownership is against the interests of the Fund or of the majority of Shareholders or of any Sub-Fund or Class therein. Where it appears to the Board of Directors that a person who is precluded from holding Shares, either alone or in conjunction with any other person, is a beneficial owner of Shares, the Fund may proceed to the compulsory redemption of all Shares so owned.

The shares of each Sub-Fund are of no par value and convey no preferential or pre-emptive rights of subscription upon the issue of new shares. Each share is entitled to one vote at the General Meeting of shareholders, regardless of its Net Asset Value.

All Shares are issued in registered form.

### **4.1 Subscription for Shares**

Applications for shares may be submitted on any business day to the Transfer Agent offices or to the offices of other establishments designated by it, where Prospectuses containing application forms are available.

The shares of each Sub-Fund, category or class of shares of the Fund are issued at the issue price determined on the first Valuation Day following receipt of the completed subscription application. Subscription lists shall be closed on the days and at the times provided for in the Sub-Fund Appendix.

The subscription price corresponds to the Net Asset Value per Sub-Fund, category or class of shares determined in accordance with Chapter V, increased by a commission the rate of which may differ according to the Sub-Fund, category or class of shares in which the subscription is made, as indicated in the Sub-Fund Appendix. Payment for shares subscribed is made in the reference currency of each Sub-Fund, category or class of shares or in a certain number of other currencies and within the deadlines as specified in the Sub-Fund Appendix.

The Fund may agree to issue shares in consideration of a contribution in kind of transferable securities, for example in the case of a merger with an external sub-fund, to the extent that those transferable securities are in accordance with the objectives and the investment policy of the Sub-

Fund concerned and in accordance with the provisions of the Luxembourg law, on the number of which one will note the obligation to submit a valuation report drawn up by the authorised Auditor approved by the Fund, which may be consulted at the Fund's registered office. All the costs associated with the contribution in kind of transferable securities shall be borne by the shareholders concerned.

Any changes in the maximum rate of the fees listed in the Appendix of the relevant Sub-Fund shall require the approval of the Board of Directors. These changes shall be communicated in the annual report and in the Sub-Fund Appendix.

Any taxes or brokerage fees which may be payable in relation to the subscription are paid by the subscriber. Under no circumstances may these costs exceed the maximum authorised by the laws, ordinances or general banking practices of the countries in which the Shares are acquired.

The Board of Directors may suspend or interrupt the issue of shares of one of the Fund's Sub-Funds, category or class of Shares at any time. Moreover, without having to justify its actions, it also has the right to:

- reject any subscription of Shares;
- proceed at any time to the compulsory redemption of Shares in the Fund which have been wrongfully subscribed or held.

When, following suspension of the issue of Shares of one or more Sub-Funds, the Board of Directors decides to resume the issue, all pending subscriptions shall be processed on the basis of the Net Asset Value determined once the issue has been resumed.

Within the framework of the fight against money laundering, all physical persons must attach a copy of the subscriber's passport which has been legally certified for example by an Embassy, Consulate, notary's office or police commissioner, to the subscription form; in the case of legal entities, a copy of the articles of incorporation must be attached. This applies in the following instances:

1. direct subscriptions with the Fund;
2. subscriptions through a provider of financial services who is resident in a country in which there is no identification obligation which fulfils the Luxembourg specifications intended to combat the use of the financial system for money laundering purposes;

This obligation is mandatory, unless:

- a) the subscription form is submitted to the Fund by one of its Distributor Agents situated in a country which has ratified the conclusions of the report of the Financial Action Task Force ("FATF") on money laundering, or
- b) the subscription form is sent directly to the Fund and the subscription is settled either by:
  - a bank transfer from a financial institution residing in an FATF country, or
  - a cheque drawn on the personal account of the subscriber with a bank residing in a FATF country or a bank cheque issued by a bank residing in a FATF country.

In addition, the Fund has to identify the provenance of money from financial institutions that are not subject to an obligation of identification that fulfils the provisions of Luxembourg law. Subscriptions may be temporarily blocked until the provenance of the monies has been identified.

The Board of Directors shall not, knowingly, authorise any practice associated with market timing and late trading and shall reserve the right to refuse orders for subscription, redemption or conversion of shares originating from investors which the Board of Directors might suspect of employing such practices or associated practices and if necessary to take the measures necessary to protect the other investors in the Fund.

Market timing is understood to be the technique of arbitrage by which an investor subscribes to and systematically repurchases or redeems shares of the Fund within a short lapse of time by exploiting discrepancies of timing and/or imperfections or deficiencies in the system for determining the Net Asset Value of shares of the Fund.

Late trading is understood to be the acceptance of an order for subscription, redemption or conversion of shares received after the deadline for acceptance of orders on Valuation Day and its execution at the price based on the Net Asset Value applicable on Valuation Day.

#### **4.2 Class Description, Eligibility for Shares, Minimum Subscription and Holding Amounts**

##### *Classes Available and Eligibility for Shares*

The Classes available and eligibility for shares of each Sub-Fund are as follows:

Class I – Exclusively for institutional investors;

Class R – Open to all types of investors;

Class Z – Available to (i) investors who have entered into a separate agreement with investment services providers which, according to Regulatory requirements, are not allowed to accept and keep trail commissions (in the European Economic Area, this shall include investment services providers providing discretionary portfolio management or investment advice on an independent basis on a fee-based relationship); and (ii) institutional investors exclusively investing on their own account which meet any of the categories of Eligible Counterparty/Professional Investors defined by letters a) to f) (inclusive) for paragraph I.1 of Annex II of the MiFID II).

Classes of Shares may be either hedged (see definition of “Hedged Share Class” in the section “Definition”) or unhedged.

The Board of Directors reserves the right to offer only certain Classes of Shares for purchase by investors in any particular jurisdiction in order to conform to local law, custom or business practice.

The Board of Directors may decide to launch Share Classes which have not previously been opened for subscription. Furthermore, it may create additional Classes of Shares within each Sub-Fund whose assets will be invested in accordance with the specific investment policy of the relevant Sub-Fund and which may have such specific features as shall be described in further detail in the Appendix of the relevant Sub-Fund.

If an existing or new Share Class is made available, or if a Share Class has been closed, the list of Share Classes in the relevant Sub-Fund section will be updated accordingly upon the next issuance of a new Prospectus. A complete list of currently available Share Classes may be requested from the Administrative Agent.

### *Reference Currency of Share Classes*

Each Class of Shares is available in the Reference Currency and may also be available in other currencies which may include US dollar (USD), Euro (EUR), Swiss Franc (CHF) or Sterling (GBP). Any Class of Shares denominated in a currency other than the Reference Currency will be exposed to additional currency risk. This is due to the fact that the currency in which the Class of Shares is denominated will not be hedged (protected) against changes in the exchange rate with the Reference Currency unless it is a Hedged Share Class. For further information, please see *Currency Risk* under Section 8.2, "Risk Factors" and refer to the Appendix of the relevant Sub-Fund for the specific currencies available for each Class of Shares.

### *Minimum Subscription Amount*

The minimum subscription amount for each Class of Shares of each Sub-Fund, when applicable, is specified in the Appendix of the relevant Sub-Fund.

The Board of Directors has the discretion, from time to time, to waive any applicable minimum subscription and holding amounts.

### *Minimum Additional Subscription Amount*

Where a Shareholder wishes to add to his, her or its shareholding in a Share Class, the additional subscription must be at least the required minimum additional subscription amount set out in the Appendix of the relevant Sub-Fund.

The Board of Directors may, at any time, decide to compulsorily redeem all Shares from a Shareholder whose holding is, as a result of a partial redemption of his, her or its Shares, less than the required minimum subscription amount of the relevant Sub-Fund, or who fails to satisfy any other applicable eligibility requirements set out above or stated in the relevant Appendix at any given point in time. In such case, such Shareholder will receive one month's prior notice so as to be able to increase his, her or its holding above such amount or otherwise satisfy the eligibility requirements.

### *Hedged Share Classes*

For any Hedged Share Classes, the Investment Manager, or the relevant sub-investment manager, will use hedging transactions to reduce the impact of exchange rate movements between the Reference Currency and the currency of the Hedged Share Class (the "HSC Currency"). The hedging transactions used by the Investment Manager or the relevant sub-investment manager for this purpose will be those permitted under Section 9 of this Prospectus.

The hedging transactions will be entered into regardless of whether the Reference Currency is declining or increasing in value relative to the HSC Currency. Consequently, while such hedging will largely protect Shareholders in the relevant Hedged Share Class against a decrease in the value of the Reference Currency relative to the HSC Currency it will also mean that Shareholders of the Hedged Share Class may not benefit from an increase in the value of the Reference Currency relative to the HSC Currency.

Due to the impossibility of forecasting future market values the currency hedging will not be perfect and the returns of a Hedged Share Class, measured in the HSC Currency, will not be exactly the

same as the returns of an equivalent share class denominated in and measured in the Reference Currency.

The fees and costs of hedging a Hedged Share Class, will accrue only to Shareholders of that Hedged Share Class. The Investment Manager will aim to fully hedge the Net Asset Value (capital and income) of the relevant Hedged Share Class, although this may not always be achievable for various reasons. Consequently the Hedged Share Classes may not be completely protected from any adverse fluctuations between the currency in which they are denominated and the Reference Currency.

Shareholders should furthermore be aware that the Hedged Share Classes aim to reduce exposure to exchange rate fluctuations at a Hedged Share Class level. However, Shareholders in Hedged Share Classes will still be exposed to the market risks that relate to the underlying investments in a Sub-Fund and in particular to any exchange rate risks that arise from the investment policy of the Sub-Fund that are not fully hedged and to the other risks as set out in the Appendices for each Sub-Fund.

#### **4.3 Redemption of Shares**

Shareholders may request the redemption in cash of all or a portion of their shareholdings at any time. Redemption requests, considered as irrevocable, may be sent to the Transfer Agent or to the other offices designated by the Fund, or to the registered office of the Fund. Such applications shall include the following information: the exact identity and exact address of the person applying for the redemption together with the number of shares to be redeemed, the Sub-Fund, category or class of shares of the Fund of which such shares are part, whether they are registered or dematerialised shares, as well as the reference currency of the Sub-Fund.

Redemption lists shall be closed on the days and at the times provided for in the Sub-Fund Appendix. Redemption applications registered after the deadline shall automatically be considered as redemption applications received for the next following bank business day. The redemption price of the shares shall be paid out in the currency, as indicated in the Appendix of the relevant Sub-Fund.

For each share presented, the amount reimbursed to the shareholder is equal to the Net Asset Value for the Sub-Fund, category or class of shares of the Fund concerned, determined on the first calculation date for Net Asset Value following receipt of the application, if necessary after deduction of a commission in favour of the Fund and/or financial intermediaries, the rate of which appears in the Sub-Fund Appendix.

The redemption value may be equal to, higher than, or lower than the acquisition price paid.

Redemption proceeds shall be paid within such time limits as are indicated in the Sub-Fund Appendix.

Redemption proceeds shall only be paid out after receipt of the confirmation representing the shares to be redeemed, and of the statement of transfer for registered shares.

With the express written agreement of the shareholders concerned, and if the principle of their equal treatment is observed, the Fund may proceed with total or partial redemptions of its shares, by way of payment in kind in accordance with the conditions established by the Fund (including, and without limitation, the presentation of an independent valuation report from the Fund's authorised Auditor).



Suspension of the calculation of the Net Asset Value of the Fund's shares automatically leads not only to the suspension of share issues but also of redemption and conversion operations. Notification of any suspension of redemption operations shall be made in accordance with section V (B) of the present Prospectus, by all appropriate means, to shareholders who have presented requests for the redemption of their shares, whereby the processing of these requests shall be delayed or suspended accordingly.

If the Board of Directors is unable to process the settlement of redemption applications made if the net total of the redemption applications received relates to more than 10% of the Sub-Fund's assets, it may decide that all or some of the redemption applications presented are reduced and deferred on a *pro rata* basis, so as to reduce the number of shares redeemed that day to 10% of the assets during a period of time which it shall determine and not exceeding thirty (30) calendar days.

Neither the Board of Directors nor the Depositary may be held responsible for any default of payment resulting from possible exchange restrictions, or other circumstances beyond their control which may limit or render impossible the transfer to other countries of the redemption proceeds.

#### **4.4 Transfer of Shares**

The transfer of registered Shares may normally be effected by delivery to the Registrar and Transfer Agent of an instrument of transfer in an appropriate form. On receipt of the transfer request, the Registrar and Transfer Agent may, after reviewing the endorsement(s), require that the signature(s) be guaranteed by an approved bank, stockbroker or public notary.

Shareholders are advised to contact the Registrar and Transfer Agent prior to requesting a transfer to ensure that they have all the correct documentation for the transaction.

In accordance with the provisions of the Articles of Incorporation, the Fund may restrict or prevent the ownership of Shares by any person, firm or corporate body, if in the opinion of the Fund such holding may be detrimental to the Fund, if it may result in a breach of any law or regulation, whether Luxembourg or foreign, or if as a result thereof the Fund may become subject to laws other than those of the Grand Duchy of Luxembourg (including but without limitation tax laws) or otherwise exposed to tax disadvantages (including *inter alia* any tax liability that might derive from FATCA requirements or any breach thereof) or other financial disadvantages that it would not have otherwise incurred.

#### **4.5 Conversion of Shares**

Shareholders may request the conversion of all or part of their shares into shares of another Sub-Fund, category or class of shares of the Fund by notifying the Transfer Agent and/or other offices designated by the Fund (as the case may be), in writing or by telex or fax, giving the name of the Sub-Fund into which the shares should be converted and specifying whether the shares to be converted and the shares of the new Sub-Fund, category or class of shares of the Fund to be issued should be registered or dematerialised shares. Failure to specify the required class of shares shall lead to conversion into shares of the same category and/or class of shares. Conversion lists shall be closed at the same time as issue and redemption lists, as defined in the Appendix of each Sub-Fund.

Exceptionally, only shareholders who can be qualified as “Institutional Investors” may apply for conversion of the shares into shares of the “Institutional” category as the shares of that category are exclusively reserved for Institutional Investors.

Conversion requests are to be accompanied, as the case may be, by the dematerialised share confirmation(s) or by the confirmation(s) representing registered shares. Subject to a suspension of the calculation of the Net Asset Value, the conversion of shares may be carried out on every Valuation Day following receipt of the conversion application by reference to the Net Asset Value of the shares of the Sub-Funds concerned for that Valuation Day.

The conversion may not take place if the calculation of Net Asset Value of one of the Sub-funds, categories or classes of shares concerned is suspended. In the case of significant applications it may also be delayed under the same conditions which may be applied to redemptions. The number of shares allocated in the new Sub-Fund, the new category or the new class of shares shall be established according to the following formula:

$$A = \frac{B \times C}{D}$$

where:

A is the number of shares allocated in the new Sub-Fund, the new category or the new class of shares;

B is the number of shares presented for conversion;

C is the Net Asset Value of a share in the Sub-Fund, category or class of shares in which the shares are presented for conversion on transaction day;

D is the Net Asset Value of a share in the new Sub-Fund, the new category or the new class of shares on transaction day.

Following conversion, the Transfer Agent shall inform the shareholder as to the number of shares held in the new Sub-Fund and the corresponding price.

If actual registered and un-certificated or dematerialised share confirmations have been issued, fractional shares that may result from the conversion shall not be allocated and the shareholder shall be deemed to have requested their redemption. In that case the shareholder shall be repaid the amount of any possible difference between the Net Asset Values of the shares thus exchanged unless such difference is lower than EUR 10. or as the case may be their equivalent in another currency. Undistributed fractions shall be aggregated and shall be paid back into the concerned Sub-Fund.

Conversions of shares of one Sub-Fund, category or class of shares of the Fund into shares of another Sub-Fund, category or class of shares.

#### **4.6 Distribution Policy**

Distributions if any will be paid to Shareholders in the relevant Reference Currency. The foreign exchange transactions applied to such currency conversions will be at commercial market rates applicable on the relevant Business Day. The foreign exchange transaction will be at the cost and risk of the relevant Shareholder. All unclaimed distributions may be invested or otherwise made

use of by the Board of Directors for the benefit of the relevant Sub-Fund until claimed. No unclaimed distribution will bear interest against the Sub-Fund. Distributions unclaimed for more than five years from the date of declaration will be forfeited to the relevant Sub-Fund.

The Board of Directors shall have the option, in any given Fiscal Year of the Fund, to propose to the Shareholders of any Sub-Fund or Class at the Annual Meeting, the payment of a distribution out of all or part of that Sub-Fund's or Class' accumulated net investment income, if the Board of Directors determines it appropriate to make such a proposal. The Board of Directors may only propose the payment of a distribution if, after the deduction of such distribution, the Fund's capital is greater than the minimum capital required by Luxembourg law. In addition, the Board of Directors may decide to pay interim dividends in compliance with legal requirements.

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

The Fund and the Registrar and Transfer Agent shall maintain controls to help ensure that the practices of late trading and market-timing are minimized in relation to the distribution of Shares of the Fund.

Late trading is a fraudulent practice consisting of accepting subscription and/or redemption orders after the cut-off time, such practice is not allowed by the Board of Directors. The cut-off times indicated in Section 4, "The Shares", will be observed. In addition, the investors will not know the NAV per Share at the time of their request for subscription or redemption. Hence the risk of market timing is mitigated by the fact that the subscription and redemption activity will be applied at an unknown NAV, meaning that the cut-off time is prior to the valuation point and therefore investors cannot take advantage of timing differences and/or deficiencies in the NAV calculation.

Subscriptions and redemptions of Shares should be made for investment purposes only. The Fund does not permit market-timing or other excessive trading practices. Excessive, short-term (market-timing) trading practices may disrupt portfolio management strategies and harm Fund performance. To minimize harm to the Fund and the Shareholders, the Board of Directors or the Registrar and Transfer Agent on its behalf, has the right to reject any subscription order, for the benefit of the Fund from any investor who, in the opinion of the Board of Directors and in its sole discretion, is engaging in excessive trading or whose trading in Shares has been or may be disruptive to the Fund or any of the Sub-Funds. In making this judgment, the Board of Directors may consider trading done in multiple accounts under common ownership or control. The Board of Directors also reserves the right to redeem all Shares held by a Shareholder who is or has been engaging in excessive trading. Neither the Board of Directors nor the Fund will be held liable for any loss resulting from rejected orders, the imposition of redemption fees or mandatory redemptions in connection with excessive trading.

#### **4.8 Data Protection**

In accordance with the applicable data protection law that is the EU General Data Protection Regulation (Regulation (EU) 2016/679) and any other EU or national legislation which implements or supplements the foregoing on the protection of natural persons with regard to the processing of personal data and on the free movement of such data ("Data Protection Law"), the Fund acting as data controller (the "Data Controller") collects, stores and processes, by electronic or other means, the data supplied by the investor at the time of the investment and on an ongoing basis for the purpose of fulfilling the services required by the investor and complying with its legal obligations.

Any Personal Data provided in connection with an investment in the Fund and on an ongoing basis in the context of the below mentioned purposes, may be collected, stored and processed, by electronic or other means, by the Data Controller's data processors such as the Management Company or the Investment Manager. Moreover Personal Data provided in connection with an investment in the Fund and on an ongoing basis in the context of the below mentioned purposes, may be collected, stored and processed, by electronic or other means by the Domiciliary Agent, the Depositary, the Administrative Agent, the Registrar and Transfer Agent, the Global Distributor or distributors, the Independent Auditor and the Legal Advisors and their affiliates, which may process Personal Data in their capacity as data processors (when processing the Personal Data as defined below upon instructions of the Data Controller) or as data controllers (when processing the Personal Data as defined below for their own purposes, namely fulfilling their own legal obligations), as appropriate

The data processed include identification data such as the name, address, e-mail address, bank and financial data, transaction history of each investor, data concerning personal characteristics ("Personal Data").

In case the investor is a legal person, the Fund may collect, store and process Personal Data concerning "Controlling Persons" who are natural persons exercising control over the entity investing in Shares of the Fund.

Personal Data supplied by the investor may be processed for the purposes of (i) subscribing and redeeming in the Fund, (ii) maintaining the Shares register; (iii) processing investments and withdrawals of and payments of dividends to the investor; (iv) account administration, (v) opening, closing and blocking of accounts in the name of the Shareholders, (vi) sending legal information or notices to the Shareholders, (vii) complying with applicable anti-money laundering rules and other legal obligations, such as maintaining controls in respect of CRS/FATCA obligations and (viii) complying with legal or regulatory requirements, including foreign laws. Personal Data is not used for marketing purposes.

Personal Data may be collected, processed and stored on a cross-border basis within entities located in member states and/or outside EU having equivalent data protection requirements.

By subscribing for shares of the Fund, investors agree to the aforementioned processing of their personal data and in particular, the disclosure of their personal data to, and the processing of their personal data by, the parties referred to above including affiliates situated in countries outside of the EU that in the views of the European Commission do not provide an equivalent level of protection of Personal Data. Investors acknowledge that the transfer of their personal data to these parties may occur via and/or their personal data may be processed by parties in countries which may not have data protection requirements deemed equivalent to those prevailing in the EU. In such case, these parties will ensure that appropriate or suitable safeguards are implemented to protect Personal Data, in particular by using standard data protection clauses approved by the European Commission.

The investor may, at its discretion, refuse to communicate the Personal Data to the Fund. In this case, however, the Fund may reject its request for subscription or holding of Shares in the Fund or proceed with the compulsory redemption of all Shares already held, as the case may be, under the terms and conditions set forth in the Articles and in the Prospectus.

The Investors agree that the Fund will report any relevant information in relation to their investments in the Fund to the Luxembourg tax authorities which will exchange this information on

an automatic basis with the competent authorities as agreed in the FATCA Law, CRS Law or similar laws and regulations in Luxembourg or at EU level.

In accordance with the conditions laid down by the Data Protection Law, the investor acknowledges its right to:

- access its Personal Data;
- correct its Personal Data where it is inaccurate or incomplete;
- object to the processing of its Personal Data;
- restrict the use of its Personal Data;
- ask for erasure of its Personal Data;
- ask for Personal Data portability.

The Investors may exercise the above rights by writing to the Data Controller at the registered office of the Fund.

The Investor also acknowledges the existence of its right to lodge a complaint with the local competent data protection supervisory authority.

The investors' Personal Data shall not be held for longer than necessary with regard to the purpose of data processing, subject to applicable legal minimum retention periods.

#### **4.9 Investors Rights**

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

## **5 General Information**

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### **5.1 Organisation**

The Fund is an investment company organised as a *société anonyme* under the laws of the Grand-Duchy of Luxembourg and qualifies as a *société d'investissement à capital variable* (SICAV). The Fund was incorporated in Luxembourg on 26 August 2019. The Articles of Incorporation of the Fund were initially published in the in the official gazette (RESA - *Recueil Électronique des Sociétés et Associations*) on 06 September 2019. The Fund qualifies as an undertaking for collective investment under Part I of the 2010 Law and is managed by a management company. The Fund is registered with the Luxembourg Trade and Companies' Register (*Recueil des Sociétés et Associations*) ("RCS") under number B237329.

On the date of incorporation of the Fund, the capital of the Fund was 30,000 EUR represented by 300 Shares issued with no par value and fully paid up.

### **5.2 Meetings and Announcements**

Annual Meetings of Shareholders will be held at the registered office of the Fund in Luxembourg, or at such other place, date and time as may be specified in the notice of meeting.

Notices of all general meetings will be sent to the holders of registered Shares by email, express mail, registered mail, or any other communication means accepted by their recipients which guarantee their access to the information, at least eight calendar days prior to the meeting at their addresses shown on the register of Shareholders. Such notices will include the agenda and will specify the time and place of the meeting and the conditions of admission. They will also refer to the rules of quorum and majorities required by the Luxembourg law of 10 August 1915 on commercial companies (as amended) and in the Articles of Incorporation.

Under the conditions set forth in Luxembourg laws and regulations, the notice of any general meeting of shareholders may provide that the quorum and the majority at this general meeting shall be determined according to shares issued and outstanding at a certain date and time preceding the general meeting (the "Record Date"), whereas the right of a shareholder to attend a general meeting of shareholders and to exercise the voting rights attaching to his/its/her shares shall be determined by reference to the shares held by this shareholder as at the Record Date.

Every shareholder may take part in General Meetings of Shareholders appointing another person in writing as proxy or by telefax message or any other electronic means capable of evidencing such proxy, who cannot themselves be a shareholder. Such proxy shall be deemed valid, provided that it is not revoked, for any reconvened shareholders' meeting.

Each whole Share confers the right to one vote. Approval from a simple majority of the Shareholders at a meeting of Shareholders of a Sub-Fund or a Class is required in respect of the payment of a distribution (if any) for a particular Sub-Fund or Class.

### **5.3 Reports and Accounts**

Audited annual reports of the Fund shall be published within four (4) months following the end of the Fiscal Year of the Fund, and unaudited semi-annual reports shall be published within two (2) months following the period to which they refer. The annual reports as at 31<sup>st</sup> December and semi-

annual reports as at 30<sup>th</sup> June shall be made available at the registered office of the Fund during ordinary office hours. Shareholders who wish to receive a physical copy of the Fund's annual and/or semi-annual reports must request this from the Fund. If such a request is received, the Fund will provide the relevant Shareholder with a physical copy of the Fund's annual and/or semi-annual reports free of charge.

The Reference Currency of the Fund is the EUR. The aforesaid reports will comprise consolidated accounts of the Fund as well as individual information on each Sub-Fund expressed in the Reference Currency of each Sub-Fund.

#### **5.4 Allocation of Assets and Liabilities among the Sub-Funds**

The Board of Directors shall establish separate pool of net assets for each Sub-Fund. In contacts among the shareholders, this pool shall be attributed only to the shares issued in respect to the Sub-Fund in question, taking account, if applicable of the distribution of this pool between the different categories and/or classes of shares of that Sub-Fund.

In respect to third parties, and notwithstanding Article 2093 of the Civil Code, the assets of one defined Sub-Fund only cover the debts, commitments and liabilities relating to that Sub-Fund.

The valuation of the assets and liabilities of each Sub-Fund of the Fund shall be performed pursuant to the following principles.

In order to establish separate pools of assets corresponding to a Sub-Fund or to two or more categories and/or classes of shares of a given Sub-Fund, the following rules shall apply:

- a) If two or more classes of shares relate to one Sub-Fund, the assets attributed to such classes of shares shall be invested pursuant to the investment policy of the Sub-Fund concerned, subject to the specific conditions applying to those categories and/or classes of shares; Within a Sub-Fund, classes of shares may be defined from time to time by the Board of Directors so as to correspond to (i) a specific distribution policy, such as entitling to distributions or not entitling to distributions and/or (ii) a specific sales and redemption charge structure and/or (iii) a specific management or advisory fee structure, and/or (iv) a specific distribution fee structure, and/or (v) a specific currency, (vi) the use of different hedging techniques in order to protect in the reference currency of the relevant Sub-Fund the assets and returns quoted in the currency of the relevant class of shares against long-term movements of their currency of quotation; and/or (vii) any other specific features applicable to one class of shares;
- b) The proceeds to be received from the issue of a class of shares shall be applied in the books of the Fund to the Sub-Fund established for that class of shares, and the relevant amount shall increase the proportion of the net assets of such Sub-Fund attributable to the class of shares to be issued, and the assets and liabilities and income and expenditure attributable to such class or classes shall be applied to the corresponding Sub-Fund subject to the provisions of the Article;
- c) The assets, liabilities, revenues and costs relating to a Sub-Fund shall be attributed to the category(ies) and/or class(es) of shares corresponding to that Sub-Fund;
- d) Where any asset is derived from another asset, such derivative asset shall be applied in the books of the Fund to the same Sub-Fund as the assets from which it was derived, and on each revaluation of an asset, the increase or decrease in value shall be applied to the relevant Sub-Fund;

- e) ; Where the Fund incurs a liability which relates to any asset of a particular Sub-Fund or to any action taken in connection with an asset of a particular Sub-Fund, such liability shall be allocated to the relevant Sub-Fund;
- f) Where any asset or liability of the Fund cannot be considered as being attributable to a particular class of shares, such asset or liability shall be allocated to all the classes of shares pro rata to the Net Asset Value per Share of the relevant classes of shares or in such other manner as determined by the Board of Directors acting in good faith. Each Sub-Fund shall only be responsible for the liabilities which are attributable to such Sub-Fund;
- g) . Upon the payment of distributions to the holders of any class of shares, the Net Asset Value per Share of such class of shares shall be reduced by the amount of such distributions.

## 5.5 Determination of the Net Asset Value of Shares

The NAV of the Shares of each Class is determined in its Reference Currency on each Valuation Day by dividing the net assets attributable to each Class by the number of Shares of such Class then outstanding. The number of decimals for the calculation of the NAV per Share will be rounded up to two decimal places. Fractions of Shares will be calculated by rounding down to three decimal places, and may be allocated as required.

The net assets of each Class are made up of the value of all the assets attributable to such Class less the total liabilities attributable to such Class determined as at the end of each Valuation Day. The actual calculation of the value of the assets will take place on the next Business Day:

- (a) The value of any cash on hand or with banks, bills and notes payable on sight and accounts receivable, prepaid expenses, cash dividends and interest declared or accrued as aforesaid and not yet received shall be deemed to be 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 of Directors may consider appropriate in such case to reflect the true value thereof.
- (b) The value of Transferable Securities, Money Market Instruments and any financial assets listed or dealt in on a stock exchange of a non-Member State or dealt on a Regulated Market, or on any Other Regulated Market shall be based on the last available closing, or settlement price in the relevant market prior to the time of valuation, or any other price deemed appropriate by the Board of Directors. Where such securities are quoted or dealt on more than one stock exchange or regulated market (whether a Regulated Market or an Other Regulated Market), the Board of Directors may, at its own discretion, select the stock exchanges or regulated markets where such securities are primarily traded to determine the applicable value.
- (c) The value of any assets held in a Sub-Fund's portfolio which are not listed, or dealt in on a stock exchange of a non-Member State, or on a Regulated Market or on any Other Regulated Market of a Member State, or of a non-Member State, or, if, with respect to assets quoted or dealt in on any stock exchange, or dealt in on any such regulated markets, the last available closing, or settlement price is not representative of their value, such assets are stated at fair market value, or



otherwise at the fair value at which it is expected they may be resold, as determined in good faith by or under the direction of the Board of Directors.

- (d) Units or shares of an open-ended UCI or UCITS will be valued at their last determined and available official net asset value, as reported or provided by such UCI/UCITS or its agents, or, if such price is not representative of the fair market value of such assets, then the price shall be determined by the Board of Directors on a fair and equitable basis. Units or shares of a closed-ended UCI will be valued in accordance with the valuation rules set out in items (b) and (c) above.
- (e) The liquidating value of futures, forward, or options contracts not traded on a stock exchange of a non-Member State, or dealt in on Regulated Markets, or on Other Regulated Markets, shall mean their net liquidating value determined, pursuant to the policies established prudently and in good faith by the Board of Directors, on a basis consistently applied for each different variety of contracts. The liquidating value of futures, forward, or options contracts traded on a stock exchange of a non-Member State, or on Regulated Markets, or on Other Regulated Markets, shall be based upon the last available settlement, or closing prices as applicable to these contracts on a stock exchange or on Regulated Markets, or on Other Regulated Markets on which the particular futures, forward, or options contracts are traded on behalf of the Fund; provided that if a future, forward or options contract could not be liquidated on the day with respect to which assets are being determined, the basis for determining the liquidating value of such contract shall be such value as the Board of Directors may deem fair and reasonable.
- (f) Interest rate swaps will be valued on the basis of their market value established by reference to the applicable interest rate curve.

Credit default swaps are valued based on a market value obtained by external price providers. The calculation of the market value is based on the credit risk of the issuer, the maturity of the credit default swap and its liquidity on the secondary market. The valuation method is recognised by the Board of Directors and checked by the authorised auditor of the Fund.

Total return swaps will be valued at fair value under procedures approved by the Board of Directors. As these swaps are not exchange-traded, but are private contracts into which the Fund and a swap counterparty enter as principals, the data inputs for valuation models are usually established by reference to active markets. However it is possible that such market data will not be available for total return swaps near the Valuation Day. Where such markets inputs are not available, quoted market data for similar instruments (e.g. a different underlying instrument for the same or a similar reference entity) will be used provided that appropriate adjustments be made to reflect any differences between the total return swaps being valued and the similar financial instrument for which a price is available. Market input data and prices may be sourced from markets, a broker, an external pricing agency or a counterparty.

If no such market input data are available, total return swaps will be valued at their fair value pursuant to a valuation method adopted by the Board of Directors which shall be a valuation method widely accepted as good market practice (i.e. used by active participants on setting prices in the market place or which has demonstrated

to provide reliable estimate of market prices) provided that adjustments that the Board of Directors may deem fair and reasonable be made. The Fund's authorised auditor will review the appropriateness of the valuation methodology used in valuing total return swaps. The Fund will always value total return swaps on an arm's-length basis.

All other swaps will be valued at fair value as determined in good faith pursuant to procedures established by the Board of Directors.

- (g) The value of contracts for differences will be based on the value of the underlying assets and vary similarly to the value of such underlying assets. Contracts for differences will be valued at fair market value, as determined in good faith pursuant to procedures established by the Board of Directors.
- (h) Assets or liabilities denominated in a currency other than that in which the relevant Net Asset Value per Share will be expressed, will be converted at the relevant foreign currency spot rate on the relevant Valuation Day. If such quotations are not available, the rate of exchange will be determined in good faith by, or pursuant to procedures established by, the Board of Directors. In that context account shall be taken of hedging instruments used to cover foreign exchanges risks.
- (g) Index or financial instrument related swaps will be valued at fair market value established by reference to the applicable index or financial instrument. The valuation of the index or financial instrument related swap agreement shall be based upon the market value of such swap transaction, which is subject to parameters such as the level of the index, interest rates, equity dividend yields and estimated volatility.

When required, an appropriate model, as determined by the Board of Directors, will be used to value the various sub-fund strategies. The Board of Directors has the right to check the valuations of the swap agreements by comparing them with valuations requested from a third party produced on the basis of retraceable criteria. In the event of any doubt, the Board of Directors is obliged to have the valuations checked by a third party. The valuation criteria must be chosen in such a way that they can be verified by the Fund's authorised auditor. Furthermore, the authorised auditor will carry out their audit of the Fund, including procedures relating to the swap agreements.

All other securities, instruments and other assets are valued at fair market value as determined in good faith pursuant to procedures established by the Board of Directors.

Adequate provisions will be made, Sub-Fund by Sub-Fund, for expenses to be borne by each of the Sub-Funds and all off-balance-sheet commitments shall be taken into account on the basis of fair and prudent criteria.

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

The value of assets denominated in a currency other than the Reference Currency of a Sub-Fund shall be determined by taking into account the rate of exchange prevailing at the time of the determination of the NAV.

The value of assets and liabilities of the Fund is generally determined in accordance with Luxembourg generally accepted accounting principles.

The NAV per Share of each Class and the issue and redemption prices thereof are available at the registered office of the Fund.

## **5.6 Temporary Suspension of Determination of the Net Asset Value, Issues and Redemptions**

The determination of the NAV of the Shares of one or more Classes of a Sub-Fund may be suspended:

- a) during any period when any of the principal stock exchanges, Regulated Market or any Other Regulated Market in a Member State or in a non-Member State on which a substantial part of the Fund's investments attributable to such Sub-Fund is quoted, or when one or more foreign exchange markets in the currency in which a substantial portion of the assets of the Sub-Fund is denominated, are closed otherwise than for ordinary holidays or during which dealings are substantially restricted or suspended; or
- b) when political, economic, military, monetary or other emergency events beyond the control, liability and influence of the Fund make the disposal of the assets of any Sub-Fund impossible under normal conditions or such disposal would be detrimental to the interests of the Shareholders of the Fund; or
- c) during any breakdown in the means of communication network normally employed in determining the price or value of any of the relevant Sub-Fund's investments or the current price or value on any market or stock exchange in respect of the assets attributable to such Sub-Fund; or
- d) during any period where the Fund is unable to repatriate funds for the purpose of making payments for the redemption of Shares of such Sub-Fund or during which any transfer of funds involved in the realization or acquisition of investments or payments due on redemption of Shares cannot, in the opinion of the Board of Directors, be effected at normal rates of exchange; or
- e) during any period when for any other reason the prices of any investments owned by the Fund, including in particular the financial derivative instruments and repurchase transactions entered into by the Fund in respect of any Sub-Fund, cannot promptly or accurately be ascertained; or
- f) following a decision to merge, liquidate or dissolve the Fund or, if applicable, one or several Sub-Fund(s) or Classes; or
- g) during the process of establishing exchange ratios in the context of a merger, a contribution of assets, an asset or share split or any other restructuring transaction; or
- h) following the suspension of (i) the calculation of the net asset value per share/unit, (ii) the issue, (iii) the redemption and/or (iv) the conversion of the shares/units issued at the level

of a master in which the Sub-Fund invests in its quality as feeder within the meaning of the Law of 2010; or

- i) during any period when the Board of Directors so decides, provided all Shareholders are treated on an equal footing and all relevant laws and regulations are applied as soon as an extraordinary general meeting of Shareholders of the Fund or of a Sub-Fund has been convened for the purpose of deciding on the liquidation or dissolution of the Fund or a Sub-Fund; or
- j) during a period where the relevant indices underlying the derivative instruments which may be entered into by the Sub-Funds of the Fund are not compiled or published; or
- k) during any period when for any other reason the prices of any investments owned by the Fund, in particular any derivative instruments and repurchase transactions which may be entered into by the Fund in respect of any Sub-Fund, cannot promptly or accurately be ascertained; or
- l) upon the order of the Luxembourg supervisory authority; or
- m) during any period when the Board of Directors decides that such suspension is necessary to safe keep the interest and equal treatment of the Shareholders.

The Board of Directors reserves the right to suspend the issue and redemption of Shares in one or more Classes for any period during which the determination of the NAV per Share of the Sub-Fund(s) concerned is suspended by the Fund by virtue of the reasons described above. Any redemption request made or in abeyance during such a suspension period may be withdrawn by written notice to the Fund before the end of such suspension period. Should such withdrawal not be effected, the Shares in question shall be redeemed or converted, as applicable, on the first Valuation Day following the termination of the suspension period. Investors who have requested the purchase or redemption of Shares shall be informed of such suspension when such request is made. In the event where such suspension period exceeds the period initially determined by the Board of Directors, all Shareholders of the Class concerned shall be informed.

## **5.7 Dissolution and Liquidation of the Fund & Closure of Sub-Funds and/or Classes**

### **a) Dissolution and Liquidation of the Fund**

The Fund may at any time be dissolved by a resolution of the general meeting of Shareholders whenever the share capital falls to a level that no longer allows it to be managed in an economically reasonable way as well as in the course of a rationalisation or if required by the interests of the Shareholders concerned.

The general meeting of Shareholders, for which no quorum shall be required, shall decide by a simple majority of the validly cast votes. The same also applies in cases where changes to the political or economic conditions justify such dissolution.

Up to the date upon which the decision takes effect, Shareholders retain the right, free of charge, subject to the dissolution costs to be taken into account and subject to the guaranteed equal treatment of Shareholders, to request the redemption of the switch of their shares. The Board of Directors may however determine a different procedure, in the interest of the Shareholders.

Should the Fund be voluntarily or compulsorily liquidated, its liquidation will be carried out pursuant to the provisions of the 2010 law which specifies the steps to be taken to enable the Shareholders to participate in the distribution(s) of the liquidation proceeds and provides for a deposit in escrow at the *Caisse de Consignation* at the time of the close of the liquidation. Liquidation proceeds available for distribution to Shareholders in the course of the liquidation that are not claimed by Shareholders will at the close of the liquidation be deposited at the *Caisse de Consignation* in Luxembourg pursuant to article 146 of the 2010 Law, where the proceeds will be held at the disposal of the Shareholders entitled thereto until the end of the statutory limitation period.

The liquidation of a Sub-Fund shall not involve the liquidation of other Sub-Funds.

The liquidation of the last remaining Sub-Fund will result in the liquidation of the Fund as referred to in Article 145 (1) of the Law of 2010.

#### **b) Closure of the Sub-Funds or Classes**

The Board of Directors, acting in the interest of the Fund, may decide to liquidate any Sub-Fund or Class (i) in the event that for any reason the value of the assets in any Sub-Fund or Class has decreased to an amount determined by the Board of Directors to be below the minimum level for such Sub-Fund or Class to be operated in an economically efficient manner; (ii) if a change in the economic, political or monetary situation relating to the Sub-Fund or Class concerned would have material adverse consequences on the investments of that Sub-Fund or Class; or (iii) if the Board of Directors otherwise considers it to be in the best interests of the Shareholders of the relevant Sub-Fund and/or Class.

The Board of Directors may decide to compulsorily redeem all the shares of the relevant class or classes issued in such Sub-Fund or the relevant Class at the Net Asset Value per Share (taking into account actual realisation prices of investments and realisation expenses), determined as of the Valuation Day at which such decision shall take effect and therefore close the relevant Sub-Fund or Class. The Fund shall serve a notice to the Shareholders of the relevant class or classes of shares prior to the effective date for the compulsory redemption, which will indicate the reasons for, and the procedure of, the redemption operations. Unless it is otherwise decided in the interests of, or to keep equal treatment between, the shareholders, the shareholders of the Sub-Fund or class concerned may continue to request redemption or conversion of their shares free of charge (but taking into account actual realisation prices of investments and realisation expenses) prior to the effective date of the compulsory redemption.

Notwithstanding the powers conferred to the Board of Directors in the Article, a general meeting of shareholders of any Sub-Fund or Class within any Sub-Fund may, upon a proposal from the Board of Directors, redeem all the shares of the relevant Class within the relevant Sub-Fund and refund to the shareholders the Net Asset Value of their Shares (taking into account actual realisation prices of investments and realisation expenses) determined as of the Valuation Day at which such decision shall take effect. There shall be no quorum requirements for such general meeting of Shareholders which shall decide by resolution taken by simple majority of those present or represented and voting.

Assets which cannot for any valid reason be distributed to the relevant beneficiaries upon the implementation of the redemption will be deposited with the Depositary for the period required by Luxembourg law; after such period, the assets will be deposited with the "*Caisse de Consignation*" on behalf of the persons entitled thereto.

All redeemed Shares shall be cancelled. The liquidation of the last remaining Sub-Fund of the Fund will result in the liquidation of the Fund under the conditions of the 2010 Law.

## **5.8 Merger of Sub-Funds and division of Classes**

Any merger of a Sub-Fund shall be decided by the Board of Directors unless the Board of Directors decides to submit the decision for a merger to the Shareholders in a general meeting of the Sub-Fund concerned. No quorum shall be required for this meeting and decisions will be taken by the simple majority of the votes cast.

In case of a merger of one or more Sub-Fund(s) where, as a result, the Fund ceases to exist, the merger shall be decided by a meeting of shareholders for which no quorum is required and that may decide with a simple majority of votes cast. In addition the provisions on mergers of UCITS set forth in the 2010 Law and any implementing regulation (relating in particular to the notification to the shareholders concerned) shall apply.

The Board of Directors may also, under the provision of the Articles of Incorporation, decide the reorganisation of any Sub-Fund by means of a division into two or more separate Sub-Funds. To the extent required by Luxembourg law, such decision will be published or notified, if appropriate, in the same manner as described above and, in addition, the publication or notification will contain information in relation to the Sub-Funds resulting from the reorganisation.

The preceding paragraph also applies to a division of shares of any Share Class.

In the same circumstances, the Board of Directors may also, subject to regulatory approval (if required), decide to consolidate or split any share classes within a Sub-Fund. To the extent required by Luxembourg law, such decision will be published or notified in the same manner as described above and the publication and/or notification will contain information in relation to the proposed split or consolidation. The Board of Directors may also decide to submit the question of the consolidation or split of share class to a meeting of holders of such Share Class. No quorum is required for this meeting and decisions are taken by a simple majority of the votes validly cast.

## **5.9 Material Contracts**

The following material contracts have been or shall be entered into:

- a) A management company services agreement dated 02 September 2019 between the Fund and the Management Company (the "Management Company Agreement") pursuant to which the latter acts as the management company of the Fund. This Agreement is entered into for an unlimited period and is terminable by either party upon three (3) months written notice.
- b) An investment management agreement dated 02 September 2019 between the Management Company, the Fund and the Investment Manager (the "Investment Management Agreement") pursuant to which the latter acts as investment manager of the Fund. This Agreement is entered into for an unlimited period and is terminable by either party upon three (3) months written notice.
- c) An agreement dated 02 September 2019 between the Fund, the Management Company and the Depositary (the "Depositary Agreement") pursuant to which the latter is appointed depositary of the assets of the Fund. This Agreement is entered into for an unlimited period and is terminable by either party upon ninety (90) days written notice.

- d) A central administration services agreement dated 02 September 2019 between the Management Company, the Fund and the Administrative Agent (the “Administration Agreement”) pursuant to which the latter is appointed administrative and registrar and transfer agent of the Fund. This Agreement is entered into for an unlimited period and is terminable by either party upon ninety (90) days written notice.
- e) A global distribution agreement dated 02 September 2019 between the Management Company, the Fund and the Global Distributor (the “Global Distribution Agreement”) pursuant to which the latter acts as global distributor of the Fund. This Agreement is entered into for an unlimited period and is terminable by either party upon three (3) months written notice.

## **5.10 Documents**

### **5.10.1 Prospectus, KIIDs and Articles of Incorporation and Periodical Reports**

Copies of the Articles of Incorporation, the current Prospectus, the KIIDs and the latest financial reports may be obtained free of charge during normal office hours at the registered office of the Fund in Luxembourg or may be found on the Management Company’s website at <http://www.mdo-manco.com/our-clients/>.

### **5.10.2 Complaints Handling**

The details of the Fund’s complaint handling procedures may be obtained free of charge during normal office hours at the registered office of the Fund in Luxembourg.

Complaints concerning the operation or marketing of the Fund may be referred in writing to Cartesio Funds, c/o BNP Paribas Securities Services, Luxembourg Branch, 60, avenue J. F. Kennedy, L-1855 Luxembourg, Grand Duchy of Luxembourg.

Upon receipt of any complaint, the Fund will handle or channel to the relevant party any enquiries or complaints from investors and revert to the investors accordingly.

### **5.10.3 Best Execution**

The Management Company’s best execution policy sets out the basis upon which transactions will be effected and orders will be placed in relation to the Fund whilst complying with its obligations under the CSSF Regulation No. 10-4 and the CSSF Circular 12/546 to obtain the best possible result for the Fund and its Shareholders. Details of the Management Company’s best execution policy may be obtained free of charge during normal office hours at the registered office of the Management Company in Luxembourg or may be found on the Management Company’s website at <http://www.mdo-manco.com/about-us/legal-documents>.

### **5.10.4 Policy for the Exercise of Voting Rights**

The Fund has a strategy for determining when and how voting rights attached to ownership of the Fund’s investments are to be exercised for the exclusive benefit of the Fund. A summary of this policy as well as the details of the actions taken on the basis of this policy in relation to each Sub-Fund may be obtained free of charge during normal office hours at the registered office of the

Management Company in Luxembourg and is available on the Investment Manager's website at [www.cartesio.com](http://www.cartesio.com).

#### **5.10.5 Potential Conflicts of Interest**

The Investment Manager, or an affiliate of the Investment Manager, may have an interest that may conflict with the ability of the Investment Manager to act in the best interests of the Fund or a Sub-Fund.

Certain inherent conflicts of interest arise from the fact that the Fund, its affiliates and its Investment Manager (including their respective directors, officers and employees) may also carry on investment activities and/or provide management services and/or provide advisory services for other clients either within or outside affiliates of the Fund, including, without limitation, other sub-funds, investment funds, client accounts and proprietary accounts ("Other Accounts") in which the relevant Sub-Fund will have no interest and whose respective investment program may or may not be substantially similar. The portfolio strategies employed for the investment programs of such Other Accounts could conflict with the transactions and strategies employed in managing a portfolio of the Sub-Fund and affect the prices and availability of the securities and instruments in which the Sub-Fund invests. Conversely, participation in specific investment opportunities may be appropriate, at times, for both the Sub-Fund and the other investment programs. In such case, participation in such opportunities will be allocated on an equitable basis, taking into account such factors as the relative amounts of capital available for new investments, relative exposure to short-term market trends, and the respective investment programs and portfolio positions of the Sub-Fund and the other investment programs. Such considerations may result in allocations of certain investments on other than a *pari passu* basis.

The Investment Manager has policies and procedures in place to identify and mitigate any potential conflicts of interest arising from related party transactions, with a view to ensuring that all such transactions will be effected on terms which are not materially less favourable to the Fund or a Sub-Fund than if the potential conflict had not existed.

The Investment Manager will also have policies and procedures requiring it to act in the best interests of the Fund and the Sub-Funds so far as it is practicable having regard to its obligations to other clients, when undertaking any investment where potential conflicts of interest may arise.



### 6.1 Management Company

MDO Management Company S.A. is a *société anonyme* incorporated under Luxembourg law for an unlimited period of time. The Management Company is registered under the *Registre de Commerce et des Sociétés Luxembourg* (the “RCS”) with number B96744. The Management Company was incorporated by a notarial deed dated 23<sup>rd</sup> October 2003, published in the *Mémorial C, Recueil des Sociétés et Associations* (the “Memorial”) number 1252 of 26<sup>th</sup> November 2003.

As at the date of this Prospectus, the share capital of the Management Company is EUR 2,450,000 and has been fully paid, and the UCITS funds under the management of the Management Company comply with the requirements of the Law of 2010.

The Management Company is registered on the official list of Luxembourg management companies governed by Chapter 15 of the Law of 2010.

The Management Company is responsible for the day-to-day operations of the Fund in accordance with the 2010 Law and the Management Company Agreement.

The Management Company has in place a remuneration policy in line with the Directive 2014/91/EU of the European Parliament and of the Council of 23 July 2014 amending 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.

The remuneration policy sets out principles applicable to the remuneration of senior management, all staff members having a material impact on the risk profile of the financial undertakings as well as all staff members carrying out independent control functions.

In particular, the remuneration policy complies with the following principles in a way and to the extent that is appropriate to the size, internal organisation and the nature, scope and complexity of the activities of the Management Company:

- it is consistent with and promotes sound and effective risk management and does not encourage risk taking which is inconsistent with the risk profiles, rules or Articles of Incorporation of the Fund;
- if and to the extent applicable, the assessment of performance is set in a multi-year framework appropriate to the holding period recommended to the investors of the Fund in order to ensure that the assessment process is based on the longer-term performance of the Fund and its investment risks and that the actual payment of performance-based components of remuneration is spread over the same period;
- it is in line with the business strategy, objectives, values and interests of the Management Company and the Fund and of the Shareholders, and includes measures to avoid conflicts of interest;
- 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.

The remuneration policy is determined and reviewed at least on an annual basis by a remuneration committee.

The details of the up-to-date remuneration policy of the Management Company, including, but not limited to, a description of how remuneration and benefits are calculated, the identity of the persons responsible for awarding the remuneration and benefits, including the composition of the remuneration committee, are available on <http://www.mdo-manco.com/remuneration-policy>, a paper copy will be made available free of charge upon request.

## **6.2 Board of Directors**

The Board of Directors (individually, a "Director") has overall responsibility for the management and administration of the Fund, the Sub-Funds and the corresponding Share Classes, for authorizing the creation of new Sub-Funds and Share Classes and for establishing and monitoring their investment policies and restrictions.

The Fund shall indemnify any Director, officer or agent and his heirs, executors and administrators against expenses reasonably incurred by him in connection with any action, suit or proceeding to which he may be made a party by reason of his being or having been a director, officer or agent of the Fund or, at its request, of any other company of which the Fund is a shareholder or creditor and from which he is not entitled to be indemnified, except in relation to matters as to which he shall be finally adjudged in such action, suit or proceeding to be liable for gross negligence or wilful misconduct. In the event of a settlement, indemnification shall be provided only in connection with such matters covered by the settlement as to which the Fund is advised by counsel that the person to be indemnified did not commit such an aforementioned breach of duty. The foregoing right of indemnification shall not exclude other rights to which he may be entitled. If the Board of Directors so determines, the Fund may pay the expenses of a person indemnified under this paragraph incurred in defending an action in advance of the final disposition of such action, provided that such person agrees to reimburse the Fund any expenses so advanced if on final disposition of such action, it is determined that the person was not entitled to indemnification hereunder.

## **6.3 Investment Manager**

The Management Company is responsible for the oversight of the Fund's investment activities. In order to implement the investment policy of each Sub-Fund, the Management Company has delegated, with the prior approval of the Fund and upon the approval of the CSSF, under its permanent supervision and responsibility, the management of the assets of the Sub-Funds to Cartesio Inversiones, S.G.I.I.C., S.A.

Pursuant to the Investment Management Agreement entered into between the Management Company, the Fund and the Investment Manager as of 02 September 2019 and this Prospectus, the Investment Manager has discretion, on a day-to-day basis and subject to the oversight of the Management Company, to purchase and sell securities and otherwise to manage the Sub-Funds' portfolios. The Investment Manager may appoint, at its own cost and responsibility, sub-investment managers or investment advisors from time to time to provide portfolio management services in respect of the investments of any Sub-Fund. The Investment Manager, in the execution of its duties

and the exercise of its powers, shall be responsible for ensuring that each Sub-Fund complies with its investment policy and restrictions.

#### **6.4 Depositary and Paying Agent**

BNP Paribas Securities Services, Luxembourg Branch has been appointed depositary of the Company under the terms of a written agreement dated 02 September 2019 between BNP Paribas Securities Services, Luxembourg Branch, [the Management Company] and the Fund (the “Depositary”).

BNP Paribas Securities Services Luxembourg is a branch of BNP Paribas Securities Services SCA, a wholly-owned subsidiary of BNP Paribas SA. BNP Paribas Securities Services SCA is a licensed bank incorporated in France as a *Société en Commandite par Actions* (partnership limited by shares) under No.552 108 011, authorised by the *Autorité de Contrôle Prudentiel et de Résolution* (ACPR) and supervised by the *Autorité des Marchés Financiers* (AMF), with its registered address at 3 rue d'Antin, 75002 Paris, acting through its Luxembourg Branch, whose office is at 60, avenue J.F. Kennedy, L-1855 Luxembourg, Grand-Duchy of Luxembourg, and is supervised by the *Commission de Surveillance du Secteur Financier* (the “CSSF”).

The Depositary performs three types of functions, namely (i) the oversight duties (as defined in Art 34(1) of the 2010 Law), (ii) the monitoring of the cash flows of the Fund (as set out in Art 34(2) of the 2010 Law) and (iii) the safekeeping of the Fund's assets (as set out in Art 34(3) of the 2010 Law).

Under its oversight duties, the Depositary is required to:

- ensure that the sale, issue, repurchase, redemption and cancellation of shares effected on behalf of the Fund are carried out in accordance with the 2010 Law or with the Fund's Articles of Incorporation,
- ensure that the value of shares is calculated in accordance with the 2010 Law and the Fund's Articles of Incorporation,
- carry out the instructions of the Fund, unless they conflict with the 2010 Law or the Fund's Articles of Incorporation,
- ensure that in transactions involving the Fund's assets, the consideration is remitted to the Fund within the usual time limits,
- ensure that the Fund's revenues are allocated in accordance with the 2010 Law and its Articles of Incorporation.

The overriding objective of the Depositary is to protect the interests of the shareholders of the Fund, which always prevail over any commercial interests.

Conflicts of interest may arise if and when the Management Company or the Fund maintains other business relationships with BNP Paribas Securities Services, Luxembourg Branch in parallel with an appointment of BNP Paribas Securities Services, Luxembourg Branch acting as Depositary.

Such other business may cover services in relation to:

- Outsourcing/delegation of middle or back office functions (e.g. trade processing, position keeping, post trade investment compliance monitoring, collateral management, OTC valuation, fund administration inclusive of net asset value calculation, transfer agency, fund

dealing services) where BNP Paribas Securities Services or its affiliates act as agent of the Fund or the Management Company, or

- Selection of BNP Paribas Securities Services or its affiliates as counterparty or ancillary service provider for matters such as foreign exchange execution, securities lending, bridge financing.

The Depositary is required to ensure that any transaction relating to such business relationships between the Depositary and an entity within the same group as the Depositary is conducted at arm's length and is in the best interests of shareholders.

In order to address any situations of conflicts of interest, the Depositary has implemented and maintains a management of conflicts of interest policy, aiming namely at:

- Identifying and analysing potential situations of conflicts of interest;
- Recording, managing and monitoring the conflict of interest situations either in:
  - Relying on the permanent measures in place to address conflicts of interest such as segregation of duties, separation of reporting lines, insider lists for staff members;
  - Implementing a case-by-case management to (i) take the appropriate preventive measures such as drawing up a new watch list, implementing a new Chinese wall, (i.e. by separating functionally and hierarchically the performance of its Depositary duties from other activities), making sure that operations are carried out at arm's length and/or informing the concerned shareholders of the Fund, or (ii) refuse to carry out the activity giving rise to the conflict of interest;
  - Implementing a deontological policy;
  - recording of a cartography of conflict of interests permitting to create an inventory of the permanent measures put in place to protect the Fund's interests; or
  - setting up internal procedures in relation to, for instance (i) the appointment of service providers which may generate conflicts of interests, (ii) new products/activities of the Depositary in order to assess any situation entailing a conflict of interest.

In the event that such conflicts of interest do arise, the Depositary will undertake to use its reasonable endeavours to resolve any such conflicts of interest fairly (having regard to its respective obligations and duties) and to ensure that the Fund and the shareholders are fairly treated.

The Depositary may delegate to third parties the safe-keeping of the Fund's assets subject to the conditions laid down in the applicable laws and regulations and the provisions of the Depositary Agreement. The process of appointing such delegates and their continuing oversight follows the highest quality standards, including the management of any potential conflict of interest that should arise from such an appointment. Such delegates must be subject to effective prudential regulation (including minimum capital requirements, supervision in the jurisdiction concerned and external periodic audit) for the custody of financial instruments. The Depositary's liability shall not be affected by any such delegation.

A potential risk of conflicts of interest may occur in situations where the delegates may enter into or have a separate commercial and/or business relationships with the Depositary in parallel to the custody delegation relationship.

In order to prevent such potential conflicts of interest from crystalizing, the Depositary has implemented and maintains an internal organisation whereby such separate commercial and / or business relationships have no bearings on the choice of the delegate or the monitoring of the delegates' performance under the delegation agreement.

A list of these delegates and sub-delegates (hereafter the "Sub-Custodians") for its safekeeping duties is available in the website <http://securities.bnpparibas.com/solutions/depositary-bank-trustee-services.html>.

Such list may be updated from time to time. Updated information on the Depositary's custody duties, a list of delegations and sub-delegations and conflicts of interest that may arise, may be obtained, free of charge and upon request, from the Depositary.

Updated information on the Depositary's duties and the conflict of interests that may arise are available to investors upon request.

The Fund or the Management Company may release the Depositary from its duties with ninety (90) days written notice to the Depositary. Likewise, the Depositary may resign from its duties with ninety (90) days written notice to the Fund and the Management Company. In that case, a new depositary must be designated to carry out the duties and assume the responsibilities of the Depositary, as defined in the agreement signed to this effect. The replacement of the Depositary shall happen within two months.

#### **6.5 Administrative Agent**

BNP Paribas Securities Services, Luxembourg Branch performs the functions of delegate administrative agent, by virtue of an agreement between MDO Management Company, the Fund and BNP Paribas Securities Services, Luxembourg Branch dated 02 September 2019.

In this context, BNP Paribas Securities Services, Luxembourg Branch performs the administrative functions required by the 2010 Law such as the bookkeeping of the Fund and calculation of the Net Asset Value per share.

#### **6.6 Domiciliary Agent, Registrar & Transfer Agent**

BNP Paribas Securities Services, Luxembourg Branch was appointed Domiciliation and Listing Agent under the terms of an agreement dated 02 September 2019 between BNP Paribas Securities Services, Luxembourg Branch and the Fund, and Delegate Registrar and Transfer Agent under the terms of an agreement between MDO Management Company, the Fund and BNP Paribas Securities Services, Luxembourg Branch dated 02 September 2019.

Each agreement may be terminated by each of the parties by means of prior notice of ninety (90) days (as stipulated in the applicable contractual provisions).

In its capacity as domiciliary and listing agent, it will be responsible for the corporate agency duties required by Luxembourg law, and in particular for providing and supervising the mailing of statements, reports, notices and other documents to the Shareholders, in compliance with the provisions of, and as more fully described in, the agreement mentioned above.

As Delegate Registrar Agent, it takes responsibility in particular for keeping the register of Shares. It is also responsible for the process of subscription and applications for the redemption of Shares and, if applicable, applications for the conversion of Shares as well as acceptance of such transfers

of funds. Moreover, it must deliver Share confirmations and accept Share confirmations submitted for replacement and if this should be the case for redemption or conversion.

## **7 Management and Fund Charges**

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### **7.1 Management Company Fees**

Under the Management Company Services Agreement, the Management Company is entitled to receive a variable fee based on the net assets of the relevant Sub-Fund, calculated at a maximum rate of 0.04% per annum, subject to a minimum annual fee of €20,000 per Sub-Fund. This fee will be calculated as the average of the month-end Net Asset Value of the previous quarter and invoiced quarterly in arrears.

Additional fees may be charged to the relevant Sub-Fund in relation to other ancillary services as may be agreed from time to time. In addition, the Management Company shall be entitled to receive from the Fund reimbursement for its reasonable cash disbursements, included but not limited to reasonable out-of-pocket expenses, incurred in the performance of its duties.

Where applicable, any value added tax ("VAT") associated with the above fees and reimbursements will be charged to the Sub-Fund.

### **7.2 Investment Management Fees**

The Fund is charged an Investment Management Fee for the investment management services of the Investment Manager. Such fee is calculated as a percentage of the net assets of each Sub-Fund or Class at each Valuation Day. The Investment Management Fee is accrued on each Valuation Day and payable monthly in arrears at the rate specified in the Appendix for each Class of a Sub-Fund.

For investments in a UCITS or other UCIs, total fixed Investment Manager's Fees charged to a Sub-Fund as well as to each UCITS or other UCIs concerned may not exceed 2.25% of the NAV of the Sub-Fund. The Fund shall indicate in its annual report the maximum proportion of Investment Manager's Fees and, where applicable, performance fees applied both to the Sub-Fund itself and to the UCITS and/or UCIs in which it invests.

In case the Investment Manager designates any sub-investment manager, the fees of such Sub-Investment Manager shall be paid by the Investment Manager out of its own fees.

In compliance with the applicable laws, the Investment Manager may, in its entire discretion, enter into an agreement with a shareholder, a potential shareholder or their agents, under which the Investment Manager makes payments, or applies such payments for the subscriptions of further Share Classes, to or for the benefit of such shareholders, which represent a rebate of all or part of the Investment Manager Fee charged on the Share Classes covered under such agreement. Rebates are paid from the Investment Manager Fee received by the Investment Manager and therefore do not represent an additional charge on the Sub-Funds assets. Rebates will eventually result in a discount of the Investment Manager Fee as a shareholder who receives a rebate under the agreement described above may be lower than the fees payable by a shareholder which does not participate in such arrangements.

The Investment Manager will grant rebates on the basis of objective criteria, such as, but not limited to, the volume subscribed by the shareholder or the total volume hold by him in the Fund, the amount of the fees generated by the shareholder, the investment behaviour shown (e.g. expected investment period), the willingness to provide support in the launch phase of a Sub-Fund.

The Fund may be charged for research fees which will be paid out of the relevant Sub-Fund's assets to a dedicated research payment account held and managed by the Investment Manager. The Investment Manager may use such research payment account to pay for investment research within the meaning of Commission Delegated Directive (EU) 2017/593 of 7 April 2016 supplementing Directive 2014/65/EU of the European Parliament and of the Council with regard to safeguarding of financial instruments and funds belonging to clients, product governance obligations and the rules applicable to the provision or reception of fees, commissions or any monetary or non-monetary benefits. Such research fees may form part of the Investment Manager's Fee, or may be charged as a separate fee. For each Sub-Fund concerned, such research fees shall be disclosed in its Sub-Fund Appendix and accrued in its Net Asset Value.

### **7.3 Performance Fees**

Performance fees, if any applicable, will be disclosed in relevant Appendix of the Sub-Funds.

### **7.4 Fees of the Depositary and Paying Agent**

The Depositary and Paying Agent will be entitled to receive out of the assets of each Sub-Fund annual customary fees equal to 0.9 bps, with a minimum monthly fee of €500 per Sub-Fund. They will be calculated by reference to the Net Asset Value of each Sub-Fund calculated on each Valuation Day and be payable monthly in arrears.

Further fees may be payable to the Depositary in consideration of ancillary services rendered to the Fund and relating to the core services of the Depositary. These fees will be paid directly out of the respective Sub-Fund's assets to the Depositary.

### **7.5 Fees of the Administrative Agent, Domiciliary Agent, Registrar & Transfer Agent**

The Administrative Agent, Domiciliary Agent, Registrar & Transfer Agent will be entitled to receive out of the assets of each Sub-Fund annual customary fees, calculated by reference to the Net Asset Value of each Sub-Fund calculated on each Valuation Day and be payable monthly in arrears. For the fund accounting services, the Administrative Agent is entitled to receive up to 5 bps per Sub-Fund, subject to a minimum annual fee of €2,000 per Sub-Fund. The Administrative Agent, Domiciliary Agent, Registrar & Transfer Agent Additional is entitled to further fees for additional services provided to the Fund, such as but not limited to transaction services, maintenance, reporting and domiciliation services, as agreed with the Fund.

Further fees may be payable to the Administrative Agent in consideration of ancillary services rendered to the Fund and relating to the core services of the Administrative Agent. These fees will be paid directly out of the Fund's assets to the Administrative Agent.

### **7.6 Operating and Administrative Expenses**

The Fund bears all of its ordinary operating expenses ("Operating and Administrative Expenses") including but not limited to formation expenses such as organization and registration costs; the Luxembourg asset-based *taxe d'abonnement* up to the maximum rate referred to under "Taxation" below ("*taxe d'abonnement*"); and other reasonable out-of-pocket expenses incurred by the Fund, its Board of Directors or its agents; legal and auditing fees and expenses; specific risks and investment compliance monitoring, ongoing registration and listing fees, including translation expenses; and the costs and expenses of preparing, printing, and distributing this Prospectus, the



KIIDs, financial reports and other documents made available to its Shareholders. Operating and Administrative Expenses do not include Transaction Costs and Extraordinary Expenses (as defined below). Any Director who is not director, officer or employee of the Investment Manager will be entitled to receive remuneration from the Fund as disclosed in the annual financial statements of the Fund.

The Fund's formation expenses and the expenses relating to the creation of new Sub-Funds may be capitalized and amortized over a period not exceeding five years, as permitted by Luxembourg law. The new Sub-Funds will also bear a respective part of the expenses with respect to the formation of the Fund as a whole. In addition, any value added tax ("VAT") associated with any fees and expenses will be charged to the Fund.

#### **7.7 Transaction Costs**

Each Sub-Fund bears the costs and expenses of buying and selling portfolio securities and financial instruments, collateral management fees, brokerage fees and commissions, interest or taxes payable, and other transaction-related expenses ("Transaction Costs").

#### **7.8 Extraordinary Expenses**

The Fund or any Sub-Fund may bear any extraordinary expenses including, without limitation, litigation expenses and the full amount of any tax, levy, duty or similar charge imposed on the Fund or Sub-Fund that would not be considered as ordinary expenses ("Extraordinary Expenses").

## **8 Investment Strategies**

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### **8.1 Investment Strategies of the Sub-Funds**

The Board of Directors has determined the investment objective and investment policy of each of the Sub-Funds as described in the Appendices to this Prospectus. There can be no assurance that the investment objective for any Sub-Fund will be attained. Pursuit of the investment objective and investment policy of any Sub-Fund must be in compliance with the limits and restrictions set out in Section 9.1 “Investment Restrictions”.

The Sub-Funds may hold such ancillary liquid assets as the Investment Manager and/or sub-investment manager consider(s) appropriate in the form of, without limitation, current accounts, fixed term deposits or money market instruments having a residual maturity of less than 12 months.

For the purpose of efficient portfolio management, each Sub-Fund may use derivatives or other financial instruments to hedge against unintended risks, including equity or credit market risk, interest rate risk, currency risk, country risk, sector risk, etc. The Sub-Funds may seek to hedge their investments against currency fluctuations which are adverse to the Reference Currency of the Sub-Funds by using currency options, futures contracts and forward foreign exchange contracts. The Sub-Funds may also use derivatives such as options, futures, forwards and swaps as a substitute for direct investment. Derivatives may be used for the purposes of hedging and/or efficient portfolio management of each of the Sub-Funds. If derivatives are used for purposes other than hedging and/or efficient portfolio management, this will be stated for the relevant Sub-Funds in the relevant Appendix. Each of the Sub-Funds may also engage in securities lending transactions unless otherwise stated in the Appendix of the relevant Sub-Fund.

When using the techniques and instruments described in the preceding paragraphs, the Sub-Funds must comply with the limits and restrictions set out in Section 9.1 “Investment Restrictions”. Also, such techniques and instruments shall be used only to the extent that they do not affect the quality of the investment policies and objectives of the Sub-Funds.

Use of the aforesaid techniques and instruments involves certain risks, and there can be no assurance that the objective sought to be obtained from such use will be achieved.

### **8.2 Risk Factors**

#### **General Investment Risk**

The value of a Sub-Fund can change from day to day because the value of the securities in which it invests can be affected by changes in interest rates, the general financial market and economic conditions or individual company news. As a result, at the time of redemption, Sub-Fund Shares may be worth more or less than the original purchase price. Listed below are some of the specific risks that can affect the value of Shares of a Sub-Fund. Refer to the Sub-Fund descriptions in the Appendices to determine which risks apply to each Sub-Fund.

#### **Performance risk**

There is no guarantee in relation to the investment returns or distributions to Shareholders.

## **Custody Risk**

The assets owned by the Fund are held in custody for account of the Fund by a depositary that is also regulated by the CSSF. The Depositary may entrust the safekeeping of the Fund's assets to Sub-Custodians in the markets where the Fund invests. Luxembourg law provides that the Depositary's liability shall not be affected by the fact that it has entrusted the assets of the Fund to third parties. The CSSF requires that the Depositary ensures that there is legal separation of non-cash assets held under custody and that records are maintained that clearly identify the nature and amount of all assets under custody, the ownership of each asset and where the documents of title to that asset are located. Where the Depositary engages a Sub-Custodian, the CSSF requires that the Depositary ensures that the Sub-Custodian maintains these standards and the liability of the Depositary will not be affected by the fact that it has entrusted to a Sub-Custodian some or all of the assets of the Fund.

However, certain jurisdictions have different rules regarding the ownership and custody of assets generally and the recognition of the interests of a beneficial owner such as a Sub-Fund. There is a risk that in the event the Depositary or Sub-Custodian becomes insolvent, the relevant Sub-Fund's beneficial ownership of assets may not be recognised in foreign jurisdictions and creditors of the Depositary or Sub-Custodian may seek to have recourse to the Sub-Fund's assets. In jurisdictions where the relevant Sub-Fund's beneficial ownership is ultimately recognised, the Sub-Fund may suffer a delay in recovering its assets, pending the resolution of the relevant insolvency or bankruptcy proceedings. In respect of cash assets, the general position is that any cash accounts will be designated to the order of the Depositary for the benefit of the relevant Sub-Fund. However, due to the fungible nature of cash, it will be held on the balance sheet of the bank with whom such cash accounts are held (whether a Sub-Custodian or a third party bank), and will not be protected from the bankruptcy of such bank. A Sub-Fund will therefore have counterparty exposure risk to such bank. Subject to any applicable government guarantee or insurance arrangements in respect of bank deposits or cash deposits, where a Sub-Custodian or third party bank holds cash assets and subsequently becomes insolvent, the Sub-Fund would be required to prove the debt along with other unsecured creditors. The Sub-Fund will monitor its exposure in respect of such cash assets on an ongoing basis.

Securities held with a local agent or clearing/settlement system or securities correspondent ("Securities System") may not be as well protected as those held within the Depositary in Luxembourg. In particular, losses may be incurred as a consequence of the insolvency of the local correspondent or Securities System. In some markets, the segregation or separate identification of a beneficial owner's securities may not be possible or the practices of segregation or separate identification may differ from practices in more developed markets.

## **Conflicts of interest**

The Management Company, the Distributor(s), the Investment Manager, the Depositary and the Administrative Agent may, in the course of their business, have potential conflicts of interest with the Fund. Each of the Management Company, the Distributor(s), the Investment Manager and/or the Investment Advisor, the Depositary and the Administrative Agent will have regard to their respective duties to the Fund and other persons when undertaking any transactions where conflicts or potential conflicts of interest may arise. In the event that such conflicts do arise, each of such persons has undertaken or will be requested by the Fund to undertake to use its reasonable endeavours to resolve any such conflicts of interest fairly (having regard to its respective obligations and duties) and to ensure that the Fund and the Shareholders are fairly treated.

## **Interested dealings**

The Management Company, the Investment Manager, the Distributor(s), the Depositary and the Administrative Agent and any of their respective subsidiaries, affiliates, associates, agents, directors, officers, employees or delegates (together the Interested Parties and, each, an Interested Party) may:

- contract or enter into any financial, banking or other transaction with one another or with the Fund including, without limitation, investment by the Fund, in securities in any company or body any of whose investments or obligations form part of the assets of the Fund or any Sub-Fund, or be interested in any such contracts or transactions;
- invest in and deal with Shares, securities, assets or any property of the kind included in the property of the Fund for their respective individual accounts or for the account of a third party; and
- deal as agent or principal in the sale, issue or purchase of securities and other investments to, or from, the Fund through, or with, the Investment Manager or the Depositary or any subsidiary, affiliate, associate, agent or delegate thereof. Any assets of the Fund in the form of cash may be invested in certificates of deposit or banking investments issued by any Interested Party. Banking or similar transactions may also be undertaken with or through an Interested Party (provided it is licensed to carry out this type of activities).

There will be no obligation on the part of any Interested Party to account to Shareholders for any benefits so arising and any such benefits may be retained by the relevant party. Any such transactions must be carried out as if effected on normal commercial terms negotiated at arm's length.

## **Market risk**

Market risk is understood as the risk of loss for a Sub-Fund resulting from fluctuation in the market value of positions in its portfolio attributable to changes in market variables, such as general economic conditions, interest rates, foreign exchange rates, or the creditworthiness of the issuer of a financial instrument. This is a general risk that applies to all investments, meaning that the value of a particular investment may go down as well as up in response to changes in market variables. Although it is intended that each Sub-Fund will be diversified with a view to reducing market risk, the investments of a Sub-Fund will remain subject to fluctuations in market variables and the risks inherent in investing in financial markets.

## **Economic risk**

The value of investments held by a Sub-Fund may decline in value due to factors affecting financial markets generally, such as real or perceived adverse economic conditions, changes in the general outlook for revenues or corporate earnings, changes in interest or currency rates, or adverse investor sentiment generally. The value of investments may also decline due to factors affecting a particular, industry, area or sector, such as changes in production costs and competitive conditions. During a general downturn in the economy, multiple asset classes may decline in value simultaneously. Economic downturn can be difficult to predict. When the economy performs well, there can be no assurance that investments held by a Sub-Fund will benefit from the advance.

### **Interest rate risk**

The performance of a Sub-Fund may be influenced by changes in the general level of interest rates. Generally, the value of fixed income instrument will change inversely with changes in interest rates: when interest rates rise, the value of fixed income instruments generally can be expected to fall and vice versa. Fixed income securities with longer-term maturities tend to be more sensitive to interest rate changes than shorter-term securities. In accordance with its investment objective and policy, a Sub-Fund may attempt to hedge or reduce interest rate risk, generally through the use of interest rate futures or other derivatives. However, it may not be possible or practical to hedge or reduce such risk at all times.

### **Foreign exchange risk**

Each Sub-Fund investing in securities denominated in currencies other than its Reference Currency may be subject to foreign exchange risk. As the assets of each Sub-Fund are valued in its Reference Currency, changes in the value of the Reference Currency compared to other currencies will affect the value, in the Reference Currency, of any securities denominated in such other currencies. Foreign exchange exposure may increase the volatility of investments relative to investments denominated in the Reference Currency. In accordance with its investment objective and policy, a Sub-Fund may attempt to hedge or reduce foreign exchange risk, generally through the use of derivatives. However, it may not be possible or practical to hedge or reduce such risk at all times.

In addition, a Share Class that is denominated in a Reference Currency other than the Reference Currency of the Sub-Fund exposes the investor to the risk of fluctuations between the Reference Currency of the Share Class and that of the Sub-Fund. Currency hedged Share Classes seek to limit the impact of such fluctuations through currency hedging transactions. However, there can be no assurance that the currency hedging policy will be successful at all times. This exposure is in addition to foreign exchange risk, if any, incurred by the Sub-Fund with respect to investments denominated in other currencies than its Reference Currency, as described above.

### **Credit risk**

Sub-Funds investing in fixed income instruments will be exposed to the creditworthiness of the issuers of the instruments and their ability to make principal and interest payments when due in accordance with the terms and conditions of the instruments. The creditworthiness or perceived creditworthiness of an issuer may affect the market value of fixed income instruments. Issuers with higher credit risk typically offer higher yields for this added risk, whereas issuers with lower credit risk typically offer lower yields. Generally, government debt is considered to be the safest in terms of credit risk, while corporate debt involves a higher credit risk. Related to that is the risk of downgrade by a rating agency. Rating agencies are private undertakings providing ratings for a variety of fixed income instruments based on the creditworthiness of their issuers. The agencies may change the rating of issuers or instruments from time to time due to financial, economic, political, or other factors, which, if the change represents a downgrade, can adversely impact the market value of the affected instruments.

### **Volatility risk**

The volatility of a financial instrument is a measure of the variations in the price of that instrument over time. A higher volatility means that the price of the instrument can change significantly over a short time period in either direction. Each Sub-Fund may make investments in instruments or

markets that are likely to experience high levels of volatility. This may cause the Net Asset Value per Share to experience significant increases or decreases in value over short periods of time.

### **Liquidity risk**

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

### **Counterparty risk**

Counterparty risk refers to the risk of loss for a Sub-Fund resulting from the fact that the counterparty to a transaction entered into by the Sub-Fund may default on its contractual obligations. There can be no assurance that an issuer or counterparty will not be subject to credit or other difficulties leading to a default on its contractual obligations and the loss of all or part of the amounts due to the Sub-Fund. This risk may arise at any time the assets of a Sub-Fund are deposited, extended, committed, invested or otherwise exposed through actual or implied contractual agreements. For instance, counterparty risk may arise when a Sub-Fund has deposited cash with a financial institution, invests into debt securities and other fixed income instruments, enters into OTC financial derivative instruments, or enters into securities lending, repurchase and reverse repurchase agreements.

### **Operational risk**

Operational risk means the risk of loss for the Fund resulting from inadequate internal processes and failures in relation to people and systems of the Fund, the Management Company and/or its agents and service providers, or from external events, and includes legal and documentation risk and risk resulting from the trading, settlement and valuation procedures operated on behalf of the Fund.

### **Valuation risk**

Certain Sub-Funds may hold investments for which market prices or quotations are not available or representative, or which are not quoted, listed or traded on an exchange or regulated market. In addition, in certain circumstances, investments may become less liquid or illiquid. Such investments will be valued at their probable realisation value estimated with care and in good faith by the Board of Directors using any valuation method approved by the Board of Directors. Such investments are inherently difficult to value and are the subject of substantial uncertainty. There is

no assurance that the estimates resulting from the valuation process will reflect the actual sales or liquidation prices of investments.

### **Laws and regulations risk**

The Fund may be subject to a number of legal and regulatory risks, including contradictory interpretations or applications of laws, incomplete, unclear and changing laws, restrictions on general public access to regulations, practices and customs, ignorance or breaches of laws on the part of counterparties and other market participants, incomplete or incorrect transaction documents, lack of established or effective avenues for legal redress, inadequate investor protection, or lack of enforcement of existing laws. Difficulties in asserting, protecting and enforcing rights may have a material adverse effect on the Sub-Funds and their operations.

### **Duplication of fees**

There shall be duplication of management fees and other operating fund related expenses, each time the Fund invests in other UCIs and/or UCITS. The maximum proportion of management fees charged both to the Fund itself and to the UCIs and/or UCITS in which the Fund invests shall be disclosed in the Annual Report.

### **Credit Default Swaps (“CDS”)**

When these transactions are used in order to eliminate a credit risk in respect of the issuer of a security, they imply that the Fund bears a counterparty risk in respect of the protection seller.

This risk is, however, mitigated by the fact that the Fund will only enter into CDS transactions with highly rated financial institutions.

CDS used for a purpose other than hedging, such as for efficient portfolio management purposes or if disclosed in relation to any Sub-Fund, as part of the principal investment policy, may present a risk of liquidity if the position must be liquidated before its maturity for any reason. The Fund will mitigate this risk by limiting in an appropriate manner the use of this type of transaction. Furthermore, the valuation of CDS may give rise to difficulties which traditionally occur in connection with the valuation of OTC contracts.

Insofar as the Sub-Fund(s) use CDS for efficient portfolio management or hedging purposes, investors should note that such instruments are designed to transfer credit exposure of fixed income products between the buyer and seller.

The Sub-Fund(s) would typically buy a CDS to protect against the risk of default of an underlying investment, known as the reference entity and would typically sell a CDS for which it receives payment for effectively guaranteeing the creditworthiness of the reference entity to the buyer. In the latter case, the Sub-Fund(s) would incur exposure to the creditworthiness of the reference entity but without any legal recourse to such reference entity. In addition, as with all OTC derivatives, CDS expose the buyer and seller to counterparty risk and a Sub-Fund may suffer losses in the event of a default by the counterparty of its obligations under the transaction and/or disputes as to whether a credit event has occurred, which could mean the Sub-Fund cannot realize the full value of the CDS.

## **Contingent convertible securities (CoCos)**

The Fund may invest in contingent securities structured as Contingent Convertible Securities also known as CoCos. A contingent convertible security is a hybrid debt security either convertible into equity at a predetermined share price, written down or written off in value based on the specific terms of the individual security if a pre-specified trigger event occurs. Contingent convertible securities are subject to the risks associated with bonds and equities, and to the risks specific to convertible securities in general. Contingent convertible securities are also subject to additional risks specific to their structure including:

### **Conversion risk**

In some cases, the issuer may cause a convertible security to convert to common stock. If a convertible security converts to common stock, a Sub-Fund may hold such common stock in its portfolio even if it does not ordinarily invest in common stock.

### **Trigger level risk**

Trigger levels differ and determine exposure to conversion risk depending on the distance of the capital ratio to the trigger level. It might be difficult for the Investment Adviser of the relevant Sub-Fund to anticipate the triggering events that would require the debt to convert into equity.

### **Capital structure inversion risk**

Contingent convertible securities are typically structurally subordinated to traditional convertible bonds in the issuer's capital structure. In certain scenarios, investors in contingent convertible securities may suffer a loss of capital ahead of equity holders or when equity holders do not.

### **Written down risk**

In some cases, the issuer may cause a convertible security to be written down in value based on the specific terms of the individual security if a pre-specified trigger event occurs. There is no guarantee that a Sub-Fund will receive return of principal on contingent convertible securities.

### **Yield/Valuation risk**

The valuation of contingent convertible securities is influenced by many unpredictable factors such as:

- (i) the creditworthiness of the issuer and the fluctuations in the issuer's capital ratios;
- (ii) the supply and demand for contingent convertible securities;
- (iii) the general market conditions and available liquidity; and
- (iv) the economic, financial and political events that affect the issuer, the market it is operating in or the financial markets in general.

### **Liquidity risk**

Convertible securities are subject to liquidity risk.

### **Coupon cancellation risk**

In addition, coupon payments on contingent convertible securities are discretionary and may be cancelled by the issuer at any point, for any reason, and for any length of time. The discretionary cancellation of payments is not an event of default and there are no possibilities to require reinstatement of coupon payments or payment of any passed missed payments. Coupon payments may also be subject to approval by the issuer's regulator and may be suspended in the event there are insufficient distributable reserves. As a result of uncertainty surrounding coupon payments, contingent convertible securities may be volatile and their price may decline rapidly in the event that coupon payments are suspended.



### Call extension risk

Contingent convertible securities are subject to extension risk. Contingent convertible securities are perpetual instruments and may only be callable at predetermined dates upon approval of the applicable regulatory authority. There is no guarantee that a Sub-Fund will receive return of principal on contingent convertible securities.

### Unknown risk

Convertible contingent securities are a newer form of instrument and the market and regulatory environment for these instruments is still evolving. As a result it is uncertain how the overall market for contingent convertible securities would react to a trigger event or coupon suspension applicable to one issuer.

### **Emerging Markets**

In certain countries, there is the possibility of expropriation of assets, confiscatory taxation, political or social instability or diplomatic developments which could affect investment in those countries. There may be less publicly available information about certain financial instruments than some investors would find customary and entities in some countries may not be subject to accounting, auditing and financial reporting standards and requirements comparable to those to which certain investors may be accustomed. Certain financial markets, while generally growing in volume, have for the most part, substantially less volume than more developed markets, and securities of many companies are less liquid and their prices more volatile than securities of comparable companies in more sizeable markets. There are also varying levels of government supervision and regulation of exchanges, financial institutions and issuers in various countries. In addition, the manner in which foreign investors may invest in securities in certain countries, as well as limitations on such investments, may affect the investment operations of the Sub-Funds.

Emerging country debt will be subject to high risk and will not be required to meet a minimum rating standard and may not be rated for creditworthiness by any internationally recognised credit rating organisation. The issuer or governmental authority that controls the repayment of an emerging country's debt may not be able or willing to repay the principal and/or interest when due in accordance with the terms of such debt. As a result of the foregoing, a government obligor may default on its obligations. If such an event occurs, the Fund may have limited legal recourse against the issuer and/or guarantor. Remedies must, in some cases, be pursued in the courts of the defaulting party itself, and the ability of the holder of foreign government debt securities to obtain recourse may be subject to the political climate in the relevant country. In addition, no assurance can be given that the holders of commercial debt will not contest payments to the holders of other foreign government debt obligations in the event of default under their commercial bank loan agreements.

Settlement systems in emerging markets may be less well organised than in developed markets. Thus, there may be a risk that settlement may be delayed and that cash or securities of the Sub-Funds may be jeopardized because of failures or of defects in the systems. In particular, market practice may require that payment will be made prior to receipt of the security which is being purchased or that delivery of a security must be made before payment is received. In such cases, default by a broker or bank (the Counterparty) through whom the relevant transaction is effected might result in a loss being suffered by Sub-Funds investing in emerging market securities.

The Fund will seek, where possible, to use Counterparties whose financial status is such that this risk is reduced. However, there can be no certainty that the Fund will be successful in eliminating

this risk for the Sub-Funds, particularly as Counterparties operating in emerging markets frequently lack the substance or financial resources of those in developed countries.

There may also be a danger that, because of uncertainties in the operation of settlement systems in individual markets, competing claims may arise in respect of securities held by or to be transferred to the Sub-Funds. Furthermore, compensation schemes may be non-existent or limited or inadequate to meet the Fund's claims in any of these events.

In some Eastern European countries there are uncertainties with regard to the ownership of properties. As a result, investing in Transferable Securities issued by companies holding ownership of such Eastern European properties may be subject to increased risk.

### **Risks relating to the use of SFTs**

The Fund and any of its Sub-Funds may enter into repurchase agreements and reverse repurchase agreements as a buyer or as a seller subject to the conditions and limits set out in Chapter III, Point 3 “FINANCIAL TECHNIQUES AND INSTRUMENTS”. If the other party to a repurchase agreement or reverse repurchase agreement should default, the Fund or the relevant Sub-Fund might suffer a loss to the extent that the proceeds from the sale of the underlying securities and/or other collateral held by the Fund or the relevant Sub-Fund in connection with the repurchase agreement or reverse repurchase agreement are less than the repurchase price or, as the case may be, the value of the underlying securities. In addition, in the event of bankruptcy or similar proceedings of the other party to the repurchase agreement or reverse repurchase agreement or its failure otherwise to perform its obligations on the repurchase date, the Fund or the relevant Sub-Fund could suffer losses, including loss of interest on or principal of the security and costs associated with delay and enforcement of the repurchase agreement or reverse repurchase agreement.

The Fund and any of its Sub-Funds may enter into securities lending transactions subject to the conditions and limits set out in Chapter III, Point 3 “FINANCIAL TECHNIQUES AND INSTRUMENTS”. If the other party to a securities lending transaction should default, the Fund or the relevant Sub-Fund might suffer a loss to the extent that the proceeds from the sale of the collateral held by the Fund or the relevant Sub-Fund in connection with the securities lending transaction are less than the value of the securities lent. In addition, in the event of the bankruptcy or similar proceedings of the other party to the securities lending transaction or its failure to return the securities as agreed, the Fund or the relevant Sub-Fund could suffer losses, including loss of interest on or principal of the securities and costs associated with delay and enforcement of the securities lending agreement.

The risks arising from the use of repurchase agreements, reverse repurchase agreements and securities lending transactions will be closely monitored and techniques (including collateral management) will be employed to seek to mitigate those risks. Although it is expected that the use of repurchase agreements, reverse repurchase agreements and securities lending transactions will generally not have a material impact on the Fund's or the relevant Sub-Fund's performance, the use of such techniques may have a significant effect, either negative or positive, on the Fund's or the relevant Sub-Fund's NAV.

In respect of margin lending transactions, the Fund and any of its Sub-Funds cannot extend credit and may only receive credit subject to the restrictions in the UCITS Directive and the Prospectus.

The Sub-Funds may potentially enter into SFTs with other companies in the same group of companies as the Investment Manager. Affiliated counterparties, if any, will perform their

obligations under any SFTs concluded with a Sub-Fund in a commercially reasonable manner. In addition, the Investment Manager will select counterparties and enter into transactions in accordance with best execution principles. However, investors should be aware that the Investment Manager may face conflicts between its role and its own interests or that of affiliated counterparties.

### **Risks relating to the use of TRSs**

Because it does not involve physically holding the securities, synthetic replication through total return (or unfunded swaps) and fully-funded swaps can provide a means to obtain exposure to difficult-to-implement strategies that would otherwise be very costly and difficult to have access to with physical replication. Synthetic replication therefore involves lower costs than physical replication.

Synthetic replication however involves counterparty risk. If the Sub-Fund engages in OTC Derivatives, there is the risk – beyond the general counterparty risk – that the counterparty may default or not be able to meet its obligations in full. Where the Fund and any of its Sub-Funds enters into TRSs on a net basis, the two payment streams are netted out, with Fund or each Sub-Fund receiving or paying, as the case may be, only the net amount of the two payments. TRS entered into on a net basis do not involve the physical delivery of investments, other underlying assets or principal. Accordingly, it is intended that the risk of loss with respect to TRSs is limited to the net amount of the difference between the total rate of return of a reference investment, index or basket of investments and the fixed or floating payments. If the other party to a TRS defaults, in normal circumstances the Fund's or relevant Sub-Fund's risk of loss consists of the net amount of total return payments that the Fund or Sub-Fund is contractually entitled to receive.

### **Risks relating to the use of securitization**

The Securitization Regulation applies from January 1, 2019. Investments by the Fund which involve the tranching of credit risk associated with an exposure or pool of exposures are likely to be treated as “securitizations”. If such investments involve Affected Investors (i.e. European Union credit institutions, investment firms, investment managers and insurance and reinsurance undertakings), the sponsor or originator of the transaction may be required to act as the risk retention holder. This could increase the costs of such investments for the Fund and, where it acts as the Risk Retention Holder, reduce the Fund's liquidity and prevent the Fund from entering into any credit risk mitigation in respect of such investments. Investors should be aware that there are material differences between the previous risk retention and due diligence requirements and the Securitization Regulation. For example, the Securitization Regulation imposes a direct retention obligation on sponsors and originators of securitizations. Failure by the sponsor or originator to comply with this retention obligation could result in criminal sanctions and fines of up to 10% of total annual turnover (calculated on a consolidated basis). Moreover, the Securitization Regulation expands on the types of Affected Investor to which the due diligence requirements would apply. The Securitization Regulation does not explicitly provide for sanctions for failure by an Affected Investor to comply with the due diligence requirements, although sanctions or other adverse implications may apply under the relevant sectoral E.U. legislation governing the Affected Investor.

Prospective Investors should be aware that the range of investment strategies and investments that the Fund is able to pursue may be limited by the Securitization Regulation, and that there may be other adverse consequences for the Limited Partners and their capital investments in the Fund as a result of changes to the E.U. risk retention and due diligence requirements being introduced through the Securitization Regulation. Prospective Investors belonging to any category of Affected

Investor should consult with their own legal, accounting, regulatory and other advisors and/or regulators to determine whether, and to what extent, the information set out in this Issuing Document and in any investor report provided in relation to this offering is sufficient for the purpose of satisfying their obligations under the Securitization Regulation, and such investors are required to independently assess and determine the sufficiency of such information. Prospective Investors are themselves also responsible for monitoring and assessing changes to the Securitization Regulation, and any regulatory capital requirements applicable to the investor.

**9.1 Investment Restrictions**

**A. The assets of each Sub-Fund shall comprise only one or more of the following:**

- (1) Transferable Securities and Money Market Instruments listed or dealt in on a Regulated Market;
- (2) Transferable Securities and Money Market Instruments listed or dealt in on an Other Regulated Market in a Member State;
- (3) Transferable Securities and Money Market Instruments admitted to official listing on a Regulated Market in an Other State or dealt in on an Other Regulated Market in an Other State;
- (4) Recently issued Transferable Securities and Money Market Instruments, provided that:
  - the terms of issue include an undertaking that application will be made for admission to official listing on a Regulated Market or on an Other Regulated Market as described under (1)-(3) above;
  - such admission is secured within one year of issue;
- (5) Units of UCITS and/or other UCIs within the meaning of the first and second indent of Article 1, paragraph 2, points a) and b) of Directive 2009/65/EC, whether situated in a Member State or in an Other State, provided that:
  - such other UCIs are authorised under laws which provide that they are subject to supervision considered by the Regulatory Authority to be equivalent to that set out in Community law, and that cooperation between authorities is sufficiently ensured (currently the United States of America, Canada, Switzerland, Hong Kong, Japan, Norway, the Isle of Man and Guernsey);
  - the level of protection for unitholders in such other UCIs is equivalent to that provided for unitholders in a UCITS, and in particular that the rules on asset segregation, borrowing, lending, and uncovered sales of Transferable Securities and Money Market Instruments are equivalent to the requirements of Directive 2009/65/EC;
  - 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 operations over the reporting period;
  - no more than 10% of the assets of the UCITS or of the other UCIs, whose acquisition is contemplated, can, according to their constitutional documents, in aggregate be invested in units of other UCITS or other UCIs;

- (6) Deposits with credit institutions which are repayable on demand or have the right to be withdrawn, and maturing in no more than 12 months, provided that the credit institution has its registered office in a Member State or, if the registered office of the credit institution is situated in an Other State, provided that it is subject to prudential rules considered by the Regulatory Authority as equivalent to those set out in Community law;
- (7) Financial derivative instruments, i.e. in particular credit default swaps, interest rate swaps, options, futures, including equivalent cash-settled instruments, dealt in on a Regulated Market or on an Other Regulated Market referred to in (1), (2) and (3) above, and/or financial derivative instruments dealt over-the-counter ("OTC derivatives"), provided that:
- (i) - the underlying consists of instruments covered by this section A, financial indices, interest rates, foreign exchange rates or currencies, in which the Fund may invest according to its investment objectives;
  - the counterparties to OTC derivative transactions are institutions subject to prudential supervision and belonging to the categories approved by the Regulatory Authority, 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;
  - (ii) - Under no circumstances shall these operations cause the Fund to diverge from its investment objectives.

In doing so, the Sub-Fund shall comply with applicable restrictions and in particular with ESMA guidelines on ETFs and other UCITS issues as described in CSSF circular 14/592. Moreover, a Sub-Fund investing in ETFs shall comply with Article 41(1)e of the 2010 Law.

- (8) Money Market Instruments other than those dealt in on a Regulated Market or on an Other Regulated Market, to the extent that the issue or the issuer of such instruments is itself regulated for the purpose of protecting investors and savings, and provided that such instruments are:
- issued or guaranteed by a central, regional or local authority or by a central bank of a Member State, the European Central Bank, the EU or the European Investment Bank, an Other State or, in case of a federal state, by one of the members making up the federation, or by a public international body to which one or more Member States belong; or
  - issued by an undertaking any securities of which are dealt in on Regulated Markets or on Other Regulated Markets referred to in (1), (2) or (3) above; or
  - issued or guaranteed by an establishment subject to prudential supervision, in accordance with criteria defined by Community law, or by an establishment which is subject to and complies with prudential rules considered by the Regulatory Authority to be at least as stringent as those set out in Community law; or

- issued by other bodies belonging to the categories approved by the Regulatory Authority provided that investments in such instruments are subject to investor protection equivalent to that set out in the first, the second or the third indent and provided that the issuer is a company whose capital and reserves amount to at least ten million Euro (EUR 10,000,000.-) and which presents and publishes its annual accounts in accordance with directive 78/660/EEC as amended, is an entity which, within a group of companies which includes one or several listed companies, is dedicated to the financing of the group or is an entity which is dedicated to the financing of securitisation vehicles which benefit from a banking liquidity line.

**B. Each Sub-Fund may however:**

- (1) Invest up to 10% of its net assets in Transferable Securities and Money Market Instruments other than those referred to above under A (1) through (4) and (8).
- (2) Hold cash and cash equivalents on an ancillary basis; such restriction may exceptionally and temporarily be exceeded if the Board of Directors considers this to be in the best interest of the Shareholders.
- (3) Borrow up to 10% of its net assets, provided that such borrowings are made only on a temporary basis. Collateral arrangements with respect to the writing of options or the purchase or sale of forward or futures contracts are not deemed to constitute "borrowings" for the purpose of this restriction.
- (4) Acquire foreign currency by means of a back-to-back loan.

**C. In addition, the Fund shall comply in respect of the net assets of each Sub-Fund with the following investment restrictions per issuer:**

**(a) Risk Diversification rules**

• **Transferable Securities and Money Market Instruments**

- (1) No Sub-Fund may purchase additional Transferable Securities and Money Market Instruments of any single issuer if:
  - (i) upon such purchase more than 10% of its net assets would consist of Transferable Securities or Money Market Instruments of one single issuer; or
  - (ii) the total value of all Transferable Securities and Money Market Instruments of issuers in which it invests more than 5% of its net assets would exceed 40% of the value of its net assets. This limitation does not apply to deposits and OTC derivative transactions made with financial institutions subject to prudential supervision.
- (2) A Sub-Fund may invest, on a cumulative basis, up to 20% of its net assets in Transferable Securities and Money Market Instruments issued by the same issuer.
- (3) The limit of 10% set forth above under item (1) (i) is increased to 35% in respect of Transferable Securities and Money Market Instruments issued or guaranteed by a

Member State, by its local authorities, by any Other State or by a public international body of which one or more Member State(s) are member(s).

- (4) The limit of 10% set forth above under item (1) (i) is increased to 25% in respect of qualifying debt securities issued by a credit institution which has its registered office in a Member State and which, under applicable law, is submitted to specific public control in order to protect the holders of such qualifying debt securities. For the purposes hereof, "qualifying debt securities" are securities the proceeds of which are invested in accordance with applicable law in assets providing a return which will cover the debt service through to the maturity date of the securities and which will be applied on a priority basis to the payment of principal and interest in the event of a default by the issuer. To the extent that a relevant Sub-Fund invests more than 5% of its net assets in debt securities issued by such an issuer, the total value of such investments may not exceed 80% of the net assets of such Sub-Fund.
- (5) The securities specified above under items (3) and (4) are not to be included for purposes of computing the ceiling of 40% set forth above under item (1) (ii).
- (6) Notwithstanding the ceilings set forth above, each Sub-Fund is authorised to invest, in accordance with the principle of risk spreading, up to 100% of its net assets in Transferable Securities and Money Market Instruments issued or guaranteed by a Member State, by its local authorities, by a non-Member State of the EU accepted by the CSSF (being at the date of this Prospectus, member states of the Organisation for Economic Cooperation and Development ("OECD"), Singapore or any member state of the G20) or by a public international body of which one or more Member State(s) of the EU are member(s), provided that (i) such securities are part of at least six different issues and (ii) the securities from any such issue do not account for more than 30% of the net assets of such Sub-Fund.
- (7) Without prejudice to the limits set forth under item (b) below, the limits set forth under item (1) are raised to a maximum of 20% for investments in shares and/or bonds issued by the same body when the aim of the Sub-Fund's investment policy is to replicate the composition of a certain stock or bond index which is recognised by the Regulatory 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% is raised to 35% where that proves to be justified by exceptional market conditions, in particular in Regulated Markets where certain Transferable Securities or Money Market Instruments are highly dominant. The investment up to this limit is only permitted for a single issuer.

- **Bank Deposits**

- (8) A Sub-Fund may not invest more than 20% of its net assets in deposits made with the same body.



- **Financial Derivative Instruments**

- (9) The risk exposure to a counterparty in an OTC derivative transaction may not exceed 10% of the Sub-Fund's net assets when the counterparty is a credit institution referred to in section A item (6) above or 5% of its net assets in other cases.
- (10) Investment in financial derivative instruments shall only be made provided that the exposure to the underlying assets does not exceed in aggregate the investment limits set forth in items (1) to (5), (8), (9), (13) and (14). When the Sub-Fund invests in index-based financial derivative instruments, these investments do not have to be combined to the limits set forth in items (1) to (5), (8), (9), (13) and (14).
- (11) When a Transferable Security or Money Market Instrument embeds a financial derivative instrument, the latter must be taken into account when complying with the requirements of section (A) item (7) and section (D) item (1), as well as with the risk exposure and information requirements set out in the present Prospectus.

- **Units of Open-Ended Funds**

- (12) Unless specified in the Sub-Fund specific Appendix, no Sub-Fund may invest in aggregate more than 10% of its net assets in the units of other single UCITS or other UCIs.

No Sub-Fund may invest in aggregate more than 10% of its net assets in UCITS or UCIs as a category or type of asset.

- **Combined limits**

- (13) Notwithstanding the individual limits set out in items (1), (8) and (9) above, a Sub-Fund may not combine:
  - investments in Transferable Securities or Money Market Instruments issued by,
  - deposits made with, and/or
  - exposures arising from OTC derivative transactions undertaken with a single body in excess of 20% of its net assets.
- (14) The limits set out in items (1), (3), (4), (8), (9) and (13) above may not be combined, and thus investments in Transferable Securities or Money Market Instruments issued by the same body, in deposits or financial derivative instruments made with this body carried out in accordance with items (1), (3), (4), (8), (9) and (13) above may not exceed a total of 35% of the net assets of the Fund.

- (b) Limitations on Control**

- (15) No Sub-Fund may acquire such amount of shares carrying voting rights which would enable the Fund to exercise a significant influence over the management of the issuer.

- (16) A Sub-Fund may not acquire (i) more than 10% of the outstanding non-voting shares of any one issuer; (ii) more than 10% of the outstanding debt securities of any one issuer; (iii) more than 10% of the Money Market Instruments of any one issuer; or (iv) more than 10% of the outstanding shares or units of any one UCITS or UCI.

The limits set forth in (ii) to (iv) may be disregarded at the time of acquisition if at that time the gross amount of bonds or of the Money Market Instruments or the net amount of the securities in issue cannot be calculated.

The ceilings set forth above under items (15) and (16) do not apply in respect of:

- Transferable Securities and Money Market Instruments issued or guaranteed by a Member State or by its local authorities;

- Transferable Securities and Money Market Instruments issued or guaranteed by any Other State;

- Transferable Securities and Money Market Instruments issued by a public international body of which one or more Member State(s) are member(s); and

- shares in the capital of a company which is incorporated under or organized pursuant to the laws of an Other State provided that (i) such company invests its assets principally in securities issued by issuers of that State, (ii) pursuant to the laws of that State a participation by the relevant Sub-Fund in the equity of such company constitutes the only possible way to purchase securities of issuers of that State, and (iii) such company observes in its investments policy the restrictions set forth under section C, items (1) to (5), (8), (9) and (12) to (16);

- shares in the capital of subsidiary companies which, exclusively on its or their behalf carry on only the business of management, advice or marketing in the country where the subsidiary is located, in regard to the redemption of shares at the request of Shareholders.

**D. Finally, the Fund shall comply in respect of the assets of each Sub-Fund with the following investment restrictions:**

- (1) No Sub-Fund may acquire precious metals or certificates representative thereof.
- (2) No Sub-Fund may invest in real estate provided that investments may be made in securities secured by real estate or interests therein or issued by companies which invest in real estate or interests therein.
- (3) No Sub-Fund may use its assets to underwrite any securities.
- (4) No Sub-Fund may issue warrants or other rights to subscribe for Shares in such Sub-Fund.
- (5) A Sub-Fund may not grant loans or guarantees in favour of a third party, provided that such restriction shall not prevent a Sub-Fund from investing in non-fully paid-up Transferable Securities, Money Market Instruments or other financial instruments, as mentioned under A, items (5), (7) and (8).

(6) The Fund may not enter into uncovered sales of Transferable Securities, Money Market Instruments or other financial instruments as listed under section A, items (5), (7) and (8).

(7) Investments from one Sub-Fund into another Sub-Fund:

A Sub-Fund may subscribe, acquire and/or hold Shares to be issued or issued by one or more Sub-Funds of the Fund under the condition that:

- the target Sub-Fund does not, in turn, invest in the Sub-Fund invested in this target Sub-Fund; and
- no more than 10% of the assets of the target Sub-Funds whose acquisition is contemplated, may be invested in aggregate in units of other target Sub-Fund of the same UCI; and
- voting rights, if any, attaching to the relevant securities are suspended for as long as they are held by the Sub-Fund concerned and without prejudice to the appropriate processing in the accounts and the periodic reports; and
- in any event, for as long as these securities are held by the Fund, their value will not be taken into consideration for the calculation of the net assets of the Fund for the purposes of verifying the minimum threshold of the net assets imposed by the Law of 2010; and
- to the extent required by Luxembourg law, there is no duplication of management/subscription or redemption fees between those at the level of the Sub-Fund having invested in the target Sub-Fund, and the target Sub-Fund.

(8) Master-Feeder Structures

The Fund may (i) create a Sub-Fund qualifying either as a feeder UCITS (a "Feeder UCITS") or as a master UCITS (a "Master UCITS"), (ii) convert an existing Sub-Fund into a Feeder UCITS, or (iii) change the Master UCITS of any of its Feeder UCITS.

(a) A Feeder UCITS shall invest at least 85% of its assets in the units of another Master UCITS.

(b) A Feeder UCITS may hold up to 15% of its assets in one or more of the following:

- ancillary liquid assets in accordance with the provisions of the Law of 2010;
- financial derivative instruments, which may be used only for hedging purposes in accordance with the provisions of the Law of 2010.

(c) The Feeder UCITS shall calculate its global exposure related to financial derivative instruments by combining its own direct exposure under the second indent under (b) with either:

- the Master UCITS actual exposure to financial derivative instruments in proportion to the Feeder UCITS investment into the Master UCITS; or
- the Master UCITS potential maximum global exposure to financial derivative instruments provided for in the Master UCITS management regulations or instruments of incorporation in proportion to the Feeder UCITS investment into the Master UCITS.

**E. Notwithstanding anything to the contrary herein contained:**

- (1) The ceilings set forth above may be disregarded by each Sub-Fund when exercising subscription rights attaching to Transferable Securities or Money Market Instruments in such Sub-Fund's portfolio.
- (2) If such ceilings are exceeded for reasons beyond the control of a Sub-Fund or as a result of the exercise of subscription rights, such Sub-Fund must adopt as its priority objective in its sale transactions the remedying of such situation, taking due account of the interests of its Shareholders.
- (3) The risk exposure of the Fund may not be increased by more than 10% by means of temporary borrowing. Taking into account the maximum risk exposure resulting from the use of financial derivative instruments, the overall risk exposure may not exceed 210% of the NAV of the Fund under any circumstances.
- (4) During the first six months following the date of its authorisation, a Sub-Fund may derogate from C. (a) (1) – (9) and (12) – (14), while ensuring the observance of the principle of risk spreading.

The Board of Directors has the right to determine additional investment restrictions to the extent that those restrictions are necessary to comply with the laws and regulations of countries where Shares of the Fund are offered or sold.

**9.2 Investment Techniques and Instruments**

**A. General**

For the purpose of efficient management of the portfolio and/or to protect its assets and liabilities, or when it is specified in the investment policy of a Sub-Fund, the Company may use techniques and instruments which have transferable securities, money market instruments or other types of underlying assets always in compliance with CSSF circular 08/356 on rules applicable to undertakings for collective investment when they employ certain techniques and instruments relating to transferable securities and money market instruments (the “CSSF Circular 08/356”), CSSF circular 14/592 relating to ESMA Guidelines 2014/937 on ETFs and other UCITS issues (the “CSSF Circular 14/592”), the Regulation (EU) 2015/2365 of the European Parliament and of the Council of 25 November 2015 on transparency of securities financing transactions and of reuse and amending Regulation (EU) No 648/2012 (“SFTR”), as well as Article 41(1)e of the 2010 Law.

For the avoidance of doubt, ETFs will be understood within the definition and meaning of the aforementioned ESMA Guidelines 2014/937.

The Fund may employ techniques and instruments relating to Transferable Securities and Money Market Instruments provided that such techniques and instruments are used for the purposes of efficient portfolio management within the meaning of, and under the conditions set out in, applicable laws, regulations and circulars issued by the CSSF from time to time. In particular, those techniques and instruments should not result in a change of the declared investment objective of any Sub-Fund or add substantial supplementary risks in comparison to the stated risk profile of any Sub-Fund.

The risk exposure to a counterparty generated through efficient portfolio management techniques and OTC financial derivatives must be combined when calculating counterparty risk limits referred to under section 9.1 above.

All revenues arising from efficient portfolio management techniques, net of direct and indirect operational costs and fees, will be returned to the Fund. In particular, fees and cost may be paid to agents of the Fund and other intermediaries providing services in connection with efficient portfolio management techniques as normal compensation of their services. Such fees may be calculated as a percentage of gross revenues earned by the Fund through the use of such techniques. Information on direct and indirect operational costs and fees that may be incurred in this respect as well as the identity of the entities to which such costs and fees are paid – as well as any relationship they may have with the Depositary or Investment Manager – will be available in the annual report of the Fund.

## **B. Securities Lending and Borrowing**

The Fund may only enter into securities lending transactions provided that the following rules are complied with in addition to the above mentioned conditions:

- (a) The borrower in a securities lending transaction must be subject to prudential supervision rules considered by the Luxembourg supervisory authority as equivalent to those prescribed by the European Community law;
- (b) The Fund may borrow up to 10% of its assets, provided that such borrowings are (i) made only on a temporary basis or (ii) enable the acquisition of immovable property essential for the direct pursuit of its business.
- (c) The Fund may only lend securities to a borrower either directly or through a standardised system organised by a recognised clearing institution or through a lending system organised by a financial institution subject to prudential supervision rules considered by the Luxembourg supervisory authority as equivalent to those provided by the European Community law and specialised in this type of transaction;
- (d) The Fund may only enter into securities lending transactions provided that it is entitled at any time under the terms of the agreement to request the return of the securities lent or to terminate the agreement.

The Fund and its Sub-Funds shall currently not use Securities Financing Transactions. This Prospectus will be amended prior to the use of such instruments and transactions should any Sub-Fund intend to use them.

## **C. Repurchase Agreement Transactions**

The Fund may enter into repurchase agreements that consist of forward transactions at the maturity of which the Fund (seller) has the obligation to repurchase the assets sold and the counterparty (buyer) the obligation to return the assets purchased under the transactions. The Fund may further enter into reverse repurchase agreements that consist of forward transactions at the maturity of which the counterparty (seller) has the obligation to repurchase the asset sold and the Fund (buyer) the obligation to return the assets purchased under the transactions. The Fund may also enter into transactions that consist of the purchase/sale of securities with a clause

reserving for the counterparty/Fund the right to repurchase the securities from the Fund/counterparty at a price and term specified by the parties in their contractual arrangements.

The Fund's involvement in such transactions is, however, subject to the additional following rules:

The counterparty to these transactions must be subject to prudential supervision rules considered by the CSSF as equivalent to those prescribed by EU law.

The Fund may only enter into reverse repurchase agreement and/or repurchase agreement transactions provided that it is able at any time (a) to recall the full amount of cash in a reverse repurchase agreement or any securities subject to a repurchase agreement or (b) to terminate the agreement in accordance with applicable regulations. However, fixed-term transactions that do not exceed seven days should be considered as arrangements on terms that allow the assets to be recalled at any time by the Fund.

The Fund and its Sub-Funds shall currently not use repurchase or reverse repurchase transactions. This Prospectus will be amended prior to the use of such instruments and transactions should any Sub-Fund intend to use them.

#### **D. Total Return Swaps**

The Fund and any Sub-Fund may enter into swap contracts relating to any financial instruments or indices, total return swaps and/or other derivatives with similar characteristics, for investment purposes and/or efficient portfolio management purposes. TRSs involve the exchange of the right to receive the total return, coupons plus capital gains or losses, of a specified reference asset, index or basket of assets against the right to make fixed or floating payments. As such, the use of TRSs or other derivatives with similar characteristics allows gaining synthetic exposure to certain markets or underlying assets without investing directly (and/or fully) in these underlying assets.

Cash received by a Sub-Fund under a TRS transaction may be held in a cash account with the custodian bank or another bank or credit institution, subject to the conditions of the Law of 17 December 2010.

The counterparties with whom TRS may be concluded shall be selected from first-class financial institution specialized in the relevant type of transaction, subject to prudential supervision (such as credit institutions or investment firms) considered by the CSSF as equivalent to those provided by European Union law, be of good reputation and have a minimum rating of BBB. There are no specific requirements as to the legal status (i.e. the corporate form) of the counterparty. The identity of the counterparties shall be disclosed in the annual report of the Fund.

The counterparties will have no discretion over the composition or management of the portfolio of the Sub-Fund or the underlying assets of the TRS.

The entire return that may be generated by a TRS, net of applicable counterparty, brokerage and/or other intermediary fees and expenses in a proportion of up to 100%, will be returned to the respective Sub-Fund. The Investment Manager may not charge any fee other than the investment management fee to the Sub-Fund upon entering into transactions under total return swap agreements.

When applicable, TRSs may be used in respect of any instrument that is eligible under article 50 of the UCITS Directive.

The Fund and its Sub-Funds shall currently not use TRSs. This Prospectus will be amended prior to the use of such instruments should any Sub-Fund intend to use them.

## **E. Management of collateral and collateral policy**

### **General**

In the context of OTC financial derivatives transactions and efficient portfolio management techniques, the Fund may receive collateral with a view to reduce its counterparty risk. This section sets out the collateral policy applied by the Fund in such case. All assets received by the Fund in the context of efficient portfolio management techniques (securities lending, repurchase or reverse repurchase agreements) shall be considered as collateral for the purposes of this section.

### **Eligible collateral**

Collateral received by the Fund may be used to reduce its counterparty risk exposure if it complies with the criteria set out in applicable laws, regulations and circulars issued by the CSSF from time to time notably in terms of liquidity, valuation, issuer credit quality, correlation, risks linked to the management of collateral and enforceability. In particular, collateral should comply with the following conditions:

- a) Any collateral received other than cash should be of high quality, highly liquid and traded on a regulated market or multilateral trading facility with transparent pricing in order that it can be sold quickly at a price that is close to pre-sale valuation;
- b) It should be valued on at least a daily basis and assets that exhibit high price volatility should not be accepted as collateral unless suitably conservative haircuts are in place;
- c) It should be issued by an entity that is independent from the counterparty and is expected not to display a high correlation with the performance of the counterparty;
- d) It should be sufficiently diversified in terms of country, markets and issuers with a maximum exposure of 20% of the Sub-Fund's net asset value to any single issuer on an aggregate basis, taking into account all collateral received. By way of derogation to the above collateral diversification rules, a Sub-Fund may be fully collateralised in different transferable securities and money market instruments issued or guaranteed by a Member State, by its local authorities, by a non-Member State of the EU accepted by the CSSF (being at the date of this Prospectus, member states of the Organisation for Economic Cooperation and Development ("OECD"), Singapore or any member state of the G20) or by a public international body of which one or more Member State(s) of the EU are member(s). In this case the Sub-Fund should receive securities from at least six different issues, but securities from any single issue should not account for more than 30% of its net asset value.
- e) It should be capable of being fully enforced by the Fund at any time without reference to or approval from the counterparty.

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

- Cash and cash equivalents, including short-term bank certificates and Money Market Instruments,

- 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,
- Shares or units issued by money market UCIs calculating a daily net asset value and being assigned a rating of AAA or its equivalent,
- Shares or units issued by UCITS investing mainly in bonds/shares mentioned in (e) and (f) below,
- Bonds issued or guaranteed by first class issuers offering adequate liquidity, or
- Shares admitted to or dealt in on a regulated market of a Member State of the EU or on a stock exchange of a Member State of the OECD, on the condition that these shares are included in a main index.

### **Level of collateral**

The Fund will determine the required level of collateral for OTC financial derivatives transactions and efficient portfolio management techniques by reference to the applicable counterparty risk limits set out in this Prospectus and taking into account the nature and characteristics of transactions, the creditworthiness and identity of counterparties and prevailing market conditions.

### **Reinvestment of collateral**

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

Cash collateral received by the Fund may only be:

- placed on deposit with credit institutions which have their registered office in an EU Member State or, if their registered office is located in a third-country, are subject to prudential rules considered by the CSSF as equivalent to those laid down in EU law;
- invested in high-quality government bonds;
- used for the purpose of reverse repo transactions provided the transactions are with credit institutions subject to prudential supervision and the Fund is able to recall at any time the full amount of cash on accrued basis; and/or
- invested in short-term money market funds as defined in the Guidelines on a Common Definition of European Money Market Funds.

Re-invested cash collateral should be diversified in accordance with the diversification requirements applicable to non-cash collateral as set out above.

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



and the amount available to be returned to the counterparty, thereby resulting in a loss to the Sub-Fund.

### **9.3 Risk Management Process**

In accordance with the 2010 Law and other applicable regulations, the Management Company or its delegate agent, employs a risk management process which enables it to monitor and measure the exposure of the Fund to market, liquidity and counterparty risks, and to all other risks, including operational risks, which are material for the Fund.

In relation to financial derivative instruments the Management Company or its delegate agent employs a process for accurate and independent assessment of the value of OTC derivatives and the Management Company or its delegate agent ensures for each of the Sub-Funds that their respective global exposure relating to financial derivative instruments does not exceed the total net value of its portfolio.

Unless otherwise provided for in the relevant Sub-Fund Appendix, the global exposure of the Sub-Fund(s) is measured by using the commitment approach. The global exposure is calculated taking into account the related to positions on financial derivative instruments (FDIs) and other efficient portfolio management techniques (if used), under consideration of netting and hedging (if used).

Each Sub-Fund may invest, according to its investment policy and within the limits laid down in Section 9.1 'Investment Restrictions' in financial derivative instruments provided that the global exposure to the underlying assets does not exceed in aggregate the investment limits laid down in Section 9.1 'Investment Restrictions'.

When a Sub-Fund invests in index-based financial derivative instruments, these investments do not have to be combined to the limits laid down in Section 9.1 'Investment Restrictions'.

## 10 Taxation

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### 10.1 General

The following summary is based on the law and practice applicable in the Grand Duchy of Luxembourg as at the date of this Prospectus and is subject to changes in law (or interpretation) later introduced, whether or not on a retroactive basis. Investors should inform themselves of, and when appropriate, consult their professional advisors with regards to the possible tax consequences of subscription for buying, holding, exchanging, redeeming or otherwise disposing of Shares under the laws of their country of citizenship, residence, domicile or incorporation.

It is expected that Shareholders will be resident for tax purposes in many different countries. Consequently, no attempt is made in this Prospectus to summarise the taxation consequences for each investor subscribing, converting, holding or redeeming or otherwise acquiring or disposing of Shares. 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 a Shareholder's personal circumstances. Investors should be aware that the residence concept used under the respective headings applies for Luxembourg tax assessment purposes only. Any reference in this Section 10 to a tax, duty, levy, impost or other charge or withholding of a similar nature refers to Luxembourg tax law and/or concepts only.

Investors should also note that a reference to Luxembourg income tax generally encompasses corporate income tax (*impôt sur le revenu des collectivités*), municipal business tax (*impôt commercial communal*), a solidarity surcharge (*contribution au fonds pour l'emploi*), as well as personal income tax (*impôt sur le revenu*). Shareholders may further be subject to net wealth tax (*impôt sur la fortune*) as well as other duties, levies or taxes. Corporate income tax, municipal business tax and the solidarity surcharge invariably apply to most corporate taxpayers resident in Luxembourg for tax purposes. Individual taxpayers are generally subject to personal income tax and the solidarity surcharge. Under certain circumstances, where an individual taxpayer acts in the course of the management of a professional or business undertaking, municipal business tax may apply in addition.

### 10.2 The Fund

Under current law and practice, the Fund is not liable to any Luxembourg income or net wealth tax, nor are dividends paid by the Fund liable to any Luxembourg withholding tax. However, in relation to all Classes of Shares, the Fund is liable in Luxembourg to a subscription tax (*taxe d'abonnement*) of 0.05% per annum of its net assets, such tax being payable quarterly and calculated on the net asset value of the respective Class at the end of the relevant quarter. A reduced tax rate of 0.01% per annum of the net assets will be applicable to Classes which are only sold to and held by Institutional Investors. Such tax is payable quarterly and calculated on the net assets of such Class at the end of the relevant quarter.

The aforementioned tax is not applicable for the portion of the assets of the Fund invested in other Luxembourg collective investment undertakings. No stamp duty or other tax is generally payable in Luxembourg on the issue of Shares for cash by the Fund except a one-off tax of €1,250 which was paid upon incorporation. Any amendments to the Articles of Incorporation are as a rule subject to a fixed registration duty of EUR 75.

No tax is payable in Luxembourg on realised or unrealised capital appreciation of the assets of the

Fund. Although the Fund's realised capital gains, whether short term or long term, are not expected to become taxable in another country, Shareholders must be aware and recognise that such a possibility is not totally excluded. The regular income of the Fund from some of its securities as well as interest earned on cash deposits in certain countries may be liable to withholding taxes at varying rates, which normally cannot be recovered. Withholding and other taxes levied at source, if any, are not recoverable. Whether the Fund may benefit from a double tax treaty concluded by Luxembourg must be determined on a case-by-case basis.

### **10.3 Shareholders**

#### *Luxembourg Tax Residency*

A Shareholder will not become resident, nor be deemed to be resident, in Luxembourg by reason only of the holding and/or disposing of Shares or the execution, performance or enforcement of its rights thereunder.

#### *Income Tax - Luxembourg Residents*

Luxembourg resident Shareholders are not liable to any Luxembourg income tax on reimbursement of the share capital contributed to the Fund.

#### *Luxembourg Resident Individuals*

Any dividends and other payments derived from the Shares received by Luxembourg resident individuals, who act in the course of either their private wealth or their professional or business activities are subject to income tax at the progressive ordinary rate.

Capital gains realised upon the sale, disposal or redemption of Shares by Luxembourg resident individual Shareholders acting in the course of the management of their private wealth are not subject to Luxembourg income tax, provided this sale, disposal or redemption takes place more than six months after the Shares were acquired and provided the Shares do not represent a substantial shareholding. A shareholding is considered as a substantial shareholding in limited cases, in particular if (i) the Shareholder has held, either alone or together with his/her spouse or partner and/or his/her minor children, either directly or indirectly, at any time within the five years preceding the realisation of the gain, more than 10% of the share capital of the Fund or (ii) the Shareholder acquired free of charge, within the five years preceding the transfer, a participation that constituted a substantial participation in the hands of the alienator (or alienators, in case of successive transfers free of charge within the same five year period). Capital gains realised on a substantial participation more than six months after the acquisition thereof are subject to income tax according to the half-global rate method (i.e. the average rate applicable to the total income is calculated according to progressive income tax rates and half of the average rate is applied to the capital gains realised on the substantial participation). A disposal may include a sale, an exchange, a contribution or any other kind of alienation of the shareholding.

#### *Luxembourg Resident Corporations*

Luxembourg resident corporate Shareholders (*sociétés de capitaux*) must include any profits derived, as well as any gain realised on the sale, disposal or redemption of Shares, in their taxable profits for Luxembourg income tax assessment purposes. The same inclusion applies to individual Shareholders acting in the course of the management of a professional or business undertaking, who are Luxembourg residents for tax purposes. Taxable gains are determined as being the

difference between the sale, repurchase or redemption price and the lower of the cost or book value of the Shares sold or redeemed.

#### *Luxembourg Residents Benefiting from a Special Tax Regime*

Luxembourg resident Shareholders which benefit from a special tax regime, such as (i) UCI governed by the Law of 2010, (ii) specialised investment funds governed by the law of 13 February 2007, and (iii) family wealth management companies governed by the law of 11 May 2007, are tax exempt entities in Luxembourg and are thus not subject to any Luxembourg income tax, but instead to an annual subscription tax (*taxe d'abonnement*).

#### *Income Tax - Luxembourg Non-residents*

Shareholders, who are non-residents of Luxembourg and which have neither a permanent establishment nor a permanent representative in Luxembourg to which the Shares are attributable are generally not subject to any income, withholding, estate, inheritance, capital gains or other taxes in Luxembourg.

Corporate Shareholders which are non-residents of Luxembourg but which have a permanent establishment or a permanent representative in Luxembourg to which the Shares are attributable must include any income received, as well as any gain realised on the sale, disposal or redemption of Shares in their taxable income for Luxembourg tax assessment purposes. The same inclusion applies to individuals, acting in the course of the management of a professional or business undertaking, who have a permanent establishment or a permanent representative in Luxembourg to which the Shares are attributable. Taxable gains are determined as being the difference between the sale, repurchase or redemption price and the lower of the cost or book value of the Shares sold or redeemed.

Investors should consult their professional advisors regarding the possible tax or other consequences of buying, holding, transferring or selling Shares under the laws of their countries of citizenship, residence or domicile.

### **10.5 Net Wealth Tax**

Luxembourg resident Shareholders, and non-resident Shareholders having a permanent establishment or a permanent representative in Luxembourg to which the Shares are attributable, are subject to Luxembourg net wealth tax on such Shares, unless the Shareholder is (i) a resident or non-resident individual taxpayer, (ii) a UCI governed by the Law of 2010, (iii) a securitisation company governed by the law of 22 March 2004 on securitisation, (iv) a company governed by the law of 15 June 2004 on venture capital vehicles, (v) a specialised investment fund governed by the law of 13 February 2007, or (vi) a family wealth management company governed by the law of 11 May 2007.

### **10.6 Value Added Tax**

The Fund is considered in Luxembourg as a taxable person for value added tax ("VAT") purposes without any input VAT deduction right. A VAT exemption applies in Luxembourg for services qualifying as fund management services.

Other services supplied to the Fund could potentially trigger VAT and require the VAT registration of the Fund in Luxembourg so as to self-assess the VAT regarded as due in Luxembourg on

taxable services (or goods to some extent) purchased from abroad.

No VAT liability arises in principle in Luxembourg in respect of any payments by the Fund to its Shareholders, to the extent that such payments are linked to their subscription for Shares and do not constitute the consideration received for any taxable services supplied.

## **10.7 FATCA**

The HIRE Act was signed into US law in March 2010. It includes provisions generally known as FATCA. A related intergovernmental agreement was entered into between the United States of America and Luxembourg on 28 March 2014 (the "IGA"). The intention of these provisions is that details of US investors holding assets outside the US will be reported by financial institutions to the IRS, as a safeguard against US tax evasion. As a result of the HIRE Act, and to discourage non-US financial institutions from staying outside this regime, all US securities held by a financial institution that does not enter and comply with the regime will be subject to a US tax withholding of 30 per cent on gross sales proceeds as well as income.

The basic terms of the HIRE Act and the IGA include the Fund as a 'Financial Institution', such that in order to comply, the Fund may require all Shareholders to provide mandatory documentary evidence of their tax residence. However, the HIRE Act grants the US Treasury Secretary extensive powers to relax or waive the requirements where an institution is deemed to pose a low risk of being used for the purposes of US tax evasion.

Based on FATCA applicable provisions, notably the IGA, the Fund has adopted for the "Participating FFI" status, as defined under the IGA, the Fund may thus be required to, *inter alia*, disclose the name, address and taxpayer identification number of certain US persons that own, directly or indirectly, an interest in the Fund, as well as certain other information relating to such interest, including amounts paid by the Fund, to the United States Internal Revenue Service ("IRS").

The Fund's ability to satisfy its obligations vis-à-vis the IRS will depend on each Shareholder in the Fund providing the Fund with any information, including information concerning the direct or indirect owners of such Shareholder, that the Fund determines is necessary to satisfy such obligations. Each Shareholder agrees to provide such information upon request by the Fund. If the Fund fails to satisfy such obligations or if a Shareholder fails to provide the Fund with the necessary information, payments of US source income and proceeds from the sale of property that could give rise to US source interest or dividends will generally be subject to a 30 per cent withholding tax.

A Shareholder that fails to comply with such documentation requests may be charged with any taxes imposed on the Fund attributable to such Shareholder's non-compliance under the HIRE Act and the IGA, and the Fund may, in its sole discretion, redeem such Shares.

While the Fund will make all reasonable efforts to seek documentation from Shareholders to comply with these rules and to allocate any taxes imposed or required to be deducted under these provisions to Shareholders whose non-compliance caused the imposition or deduction of the tax, it is unclear at this time whether other complying Shareholders in the Fund may be affected by the presence of such non-complying Shareholders.

All prospective investors and Shareholders should consult with their own tax advisors regarding the possible implications of FATCA on their investment in the Fund.

## 10.8 Automatic Exchange of Information

Drawing extensively on the intergovernmental approach to implementing FATCA, the OECD developed a common reporting standard (“**CRS**”) to address the issue of offshore tax evasion on a global basis. Council Directive 2014/107/EU amending Directive 2011/16/EU as regards mandatory automatic exchange of information in the field of taxation (the “**CRS Directive**”) was adopted on 9 December 2014 in order to implement the CRS among the Member States.

The 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 (“**CRS Law**”).

The CRS Directive has increased the compliance burden for entities, such as the Fund, holding accounts for investors of countries that adhered to the CRS. As a consequence, the Fund or its delegates are requested to report to the Luxembourg tax authorities any personal data (such as interests, dividends and other income, proceeds from sales or redemptions, account balances) on accounts held by the Shareholders if they reside outside Luxembourg and in a country that participates to the CRS (the “**CRS Country**”). The Luxembourg tax authorities transfer those data to the tax authorities of the residence country of the Shareholder if such country is a CRS Country.

Each Shareholder has a right of access to his/her/its personal data provided to the Luxembourg tax authorities and may ask for a rectification thereof if such data is inaccurate or incomplete.

In order to comply with its reporting obligations the Fund or its delegates needs to obtain sufficient information on its Shareholders to detect any residency indicia that would give rise to a report on the relevant Shareholders’ account. The provision of the information is mandatory and the Fund and its delegates may take any suitable action, such as refusing an account opening if the information is not provided. The information is stored for the period requested by the CRS Directive and the CRS Law and in any case in line with the applicable record keeping retention period applicable to the Fund.

The Fund is the Data Controller of the Personal Data that will be processed for the purpose of the CRS Directive; it shall guarantee a secured, limited and controlled access to the data. The Shareholders shall be duly notified of any disruption to the data processing that could impair the protection of their personal or private data. The processing of the personal data will be performed in compliance with the provision of the CRS Directive and the CRS Law. Further information on data protection is contained under the Data Protection section of this Prospectus.

Investors may be required to provide additional information to the Fund to enable the Fund to satisfy its obligations under CRS. Failure to provide requested information may subject an investor to liability for any resulting penalties or other charges and/or mandatory redemption of its Shares in the Fund

## 10.9 Other Taxes

No estate or inheritance tax is levied on the transfer of Shares upon death of a Shareholder in cases where the deceased was not a resident of Luxembourg for inheritance tax purposes.

Luxembourg gift tax may be levied on a gift or donation of Shares if embodied in a Luxembourg notarial deed or otherwise registered in Luxembourg.

## **Appendix 1 – Cartesio Funds Equity**

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The information contained in this Appendix 1 in relation to Cartesio Funds Equity (the “**Sub-Fund**”) should be read in conjunction with the full text of the Prospectus.

### **1. INVESTMENT POLICY**

The investment objective of the Sub-Fund is to obtain higher risk adjusted returns (Sharpe Ratio) than European equities as represented by the MSCI Pan Euro Index.

The Benchmark is used for reference purposes only. The Sub-Fund is not constrained by any benchmark in the meaning of the Regulation (EU) 2016/1011 of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds (the “Benchmark Regulation”).

The Sub-Fund can only hold equities, derivatives and money market instruments with total flexibility in its exposure to these assets. The Sub-Fund can invest in equities, derivatives and money market instruments from 0% to 100% of the assets. It has a long equity bias with emphasis on capital protection over the medium term. The equity component is actively managed and can have a significant tracking error versus the MSCI Pan Euro Index.

The reference currency of the Sub-Fund is EUR. The Sub-Fund may deal in foreign exchange transactions for hedging as well as non-hedging purposes.

Exposure to investments outside Europe is limited to 40% of the Sub-Fund. Non-hedged foreign exchange exposure may not exceed a maximum of 20% of the Sub-Fund’s net assets. Exposure to emerging market securities is limited to 20% of the Sub-Fund.

The Sub-Fund may invest no more than 10% of its net assets in other UCI assets, which in turn do not invest more than 10% of their net assets in other UCIs, harmonised or otherwise, on the condition that they are subject to similar regulations and legislation governing UCIs. These UCIs may be managed directly or indirectly by the Investment Manager as well as other non-related Investment Managers.

More than 35% of the Sub-Fund’s assets can be invested in securities issued or guaranteed by a member State of the European Union, an Autonomous Region, a Local Entity, International Bodies which Spain is member of, and States with a credit rating not lower than that of the Kingdom of Spain.

The Sub-Fund can invest in credit entities’ deposits on demand or with a term lower than one year whenever the credit entity has its registered office in a State member of the European Union and has a high credit rating (at least “A-” or equivalent) in the moment of the investment’s execution. In any event, including the event of sudden downgrade of the credit rating of the credit entities in which the deposits have been made, the total of investments in deposits with credit rating lower than BBB- shall not exceed 10% of the Sub-Fund’s assets.

The Sub-Fund may enter into derivatives for hedging and investment purposes. Derivatives for investment purposes shall only entered into through exchange traded derivatives on an occasional basis and on a reduced manner to efficiently gain exposure to issuers, sectors or geographical

markets. These financial instruments may add volatility to the performance of the underlying securities and involve specific financial risks.

Likewise, the Sub-Fund may enter, for hedging and investment purposes, into transactions in OTC markets, exclusively in compliance with the manager's criteria and rules, which will expose the Sub-Fund to the credit of its counterparties and their ability to satisfy the terms of such contracts.

The Sub-Fund will not exceed the general limits for the use of financial derivative instruments for reasons of market and counterparty risk. Amongst others, the overall risk exposure associated with derivatives must not exceed the net assets of the Sub-Fund. Transactions entered into in OTC markets, as well as the securities issued or guaranteed by the same body, will be subject to the general limits established under the applicable laws and regulations.

#### **Use of securities financing transactions and total return swaps**

The Sub-fund will not use for the time being SFTs and TRS. This Sub-Fund Appendix will be amended prior to the use of such instruments and transactions should the Sub-fund intend to use them.

#### **Risk Profile**

The investment policy of the Sub-Fund in equity instruments, emerging markets, money market instruments is subject to risks, including market risk, currency risk and credit risk.

The Sub-Fund can carry out transactions in currency with a hedging or investment purpose.

#### **Investor Profile**

The Sub-Fund is suitable for investors seeking to grow and protect their capital over the medium term with a moderate level of risk.

#### **Inherent Risk Warnings to Investors**

An investment in equity instruments may decline in value over short or even extended periods of time as well as rise. Investment in stocks and other equity instruments are subject to market risk and result in greater price volatility than bonds or other fixed income securities.

The value of an investment in the Sub-Fund will be affected by fluctuations in the value of the currency of denomination of the shares against the value of the currency of denomination of the Sub-Fund's underlying investments. Adverse fluctuations in currency exchange rates can result in a decrease in return and in a loss of capital.

The Sub-Fund invests in emerging markets. Such investments may carry additional risks, including the possibility of nationalisation or expropriation of assets, confiscatory taxation, political or social instability or diplomatic developments, which could affect investments in those countries, increasing their volatility.

The Sub-Fund invests in money market instruments which can be subject to credit risk, which is an issuer's inability to meet principal and interest payments on the obligations.

## **2. GENERAL INFORMATION**

**Reference Currency of the Sub-Fund:** the EUR (€)

**Frequency of Calculation of the Net Asset Value ("NAV"):**



Daily, on each Luxembourg business day (“Valuation Day”). If such a day is a legal holiday in Luxembourg the NAV shall be calculated on the next business day in Luxembourg.

**Investment Manager’s Fee:**

As compensation for its services the Manager shall be entitled to the following commissions deducted from the net assets of the Sub-Fund a Delegate Manager’s Fee payable in advance on a quarterly basis and calculated on the basis of the average net assets of the Sub-Fund for the previous quarter of:

- Category “I”: maximum 1.5% per annum
- Category “R”: maximum 1.5% per annum
- Category “Z”: maximum 0.75% per annum

In addition, on the class Z, the Investment Manager will receive a performance fee, payable annually, equal to 7,5 % of the NAV (net of charges and costs) per share higher than the high water-mark, the high water-mark being the closing NAV per share of the previous calendar year (last NAV calculated in December) where a performance fee has been paid. The first high water-mark will be the class launch NAV and the first performance fee calculation period will be from the launch of the share class until the end of the calendar year. The performance fee is calculated and provisioned daily but is realized and becomes payable at the end of the calendar year. The performance fee will be equal to the performance fee per share multiplied by the current number of shares and no specific adjustment will be applied in case of subscription and redemptions.

There is no equalisation mechanism to allocate the performance fee amongst different investors. No performance fee is payable or accrued if the fund's performance is negative during the calendar year.

If during three consecutive calendar years no performance fee is paid (the last NAV per share calculated in December is below the high water-mark), the high water-mark is reset to the last December NAV per share. This reset will apply to all existing and new investors. Reset in case of losses will not be performed with interval less than 3 years.

**Investment Research Fee:** The Sub-Fund will pay an annual investment research fee into a dedicated research payment account held and managed by the Investment Manager. The Investment Manager will use such research payment account to pay for investment research provided by third parties.

The Investment Manager will receive an investment research fee equal to 0.05% of the NAV of the Sub-Fund.

The investment research fee will be accrued in the Sub-Fund’s daily Net Asset Value and is payable quarterly in arrears.

**Initial Subscription Period:**

As determined by the Board of Directors by means of Board Resolution.

Shares of the Sub-Fund may be subscribed during the Initial Subscription Period at a subscription price of:

- EUR 10.- for shares for the Class “I”.
- EUR 10.- for shares for the Class “R”.
- EUR 10.- for shares for the Class “Z”.

**Minimum Initial Subscription Amount** (after the Initial Subscription Period):

- Class "I": EUR 6,000.-
- Class "R": EUR 6,000.-
- Class "Z": EUR 6,000.-

**Minimum Subsequent Subscription Amount:**

- Class "I": EUR 1,000.-
- Class "R": EUR 1,000.-
- Class "Z": EUR 1,000.-

**Subsequent Subscription /Redemption /Conversion:**

The subscription price corresponds to the Net Asset Value of the Sub-Fund as determined in accordance with section 5 of the Prospectus without any deduction of any subscription fee of the Net Asset Value.

The redemption price shall be equal to the Net Asset Value of the Sub-Fund as determined in accordance with section 4, without deduction of any redemption commission.

The methods applying to the conversion of shares of a Sub-Fund into shares of another sub-fund are described in section 4 of the Prospectus.

The lists for the subscription, redemption and conversion of shares shall be closed at 1 p.m. at the latest on the Valuation Day.

The payment of subscriptions, redemption and conversions shall be made in the reference currency of the Sub-Fund within two business days of the calculation of the applicable Net Asset Value.

**Shares:**

In this Sub-Fund the Fund will issue three share classes:

- In the category "I" denominated in EUR.
- in the category "R" denominated in EUR;
- in the category "Z" denominated in EUR.

The Sub-Fund will issue shares in dematerialised and registered form. The Sub-Fund will only issue capitalisation shares.

**Official listing on the Luxembourg Stock Exchange:**

The shares of the Sub-Fund shall not be listed on the Luxembourg Stock Exchange.

**Subscription Tax:**

The Sub-Fund is liable in Luxembourg to an annual tax being payable quarterly on the basis of the value of the aggregate net assets of the Sub-Fund at the end of the relevant calendar quarter being:

- 0.05% for categories "R " and "Z".
- 0.01% for category "I".

**Warning:**

Past performance is not a guide to future performance. The performance data do not take account of the commissions and costs incurred on the issue and redemption of shares.

## **Appendix 2 – Cartesio Funds Income**

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The information contained in this Appendix 2 in relation to **Cartesio Funds Income** (the “**Sub-Fund**”) should be read in conjunction with the full text of the Prospectus.

### **1. INVESTMENT POLICY**

The investment objective of the Sub-Fund is to outperform on a risk adjusted basis the Bloomberg Barclays Series-E-Euro Govt 7-10 year bond index in Euros. This means obtaining a Sharpe ratio higher than the index.

The benchmark is used for reference purposes only. The Sub-Fund is not constrained by any benchmark in the meaning of the Regulation (EU) 2016/1011 of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds (the “Benchmark Regulation”).

The Sub-Fund seeks to preserve capital over the time by using an active and flexible asset allocation across a diversified range of asset classes (fixed income instruments, equities and cash equivalents), incorporating the Investment Manager’s best investment views on a global basis.

The equity exposure is limited to a maximum of 40% of assets but can vary widely, within this limit, depending on the Investment Manager’s view about market risk. The remainder exposure shall be invested in fixed income instruments (both corporate and government debt), money market instruments and cash deposits.

Exposure to investments outside Europe is limited to 40% of the Sub-Fund. Non-hedged foreign exchange exposure may not exceed a maximum of 20% of the Sub-Fund’s net assets. Exposure to emerging market securities is limited to 20% of the Sub-Fund.

The average duration of the portfolio is not fixed. The Sub-Fund shall invest in investment grade (by S&P or any other major recognized rating agencies) government and corporate debt. However, it can invest up to 20% of the sub-fund’s assets in fixed income securities below investment grade (i.e. lower than BBB-). Non rated securities are considered to be below investment grade.

The Sub-Fund can invest in credit entities’ deposits on demand or with a term lower than one year whenever the credit entity has its registered office in a State member of the European Union and has a high credit rating (at least “A-” or equivalent) in the moment of the investment’s execution. In any event, including the event of sudden downgrade of the credit rating of the credit entities in which the deposits have been made, the total of investments in deposits with credit rating lower than BBB- shall not exceed 10% of the Sub-Fund’s assets.

Total exposure to investments with credit rate lower than BBB-(together fixed income securities with deposits of downgraded credit entities) shall not exceed 20% of the Sub-Fund’s net assets.

The Sub-Fund may invest direct or indirectly through Collective Investment Schemes (CIS) (limited to no more than 10% of total assets maximum) investing mainly in OECD fixed income and equity assets, provided that in turn such CIS do not invest more than 10% of their net assets in other CIS, harmonised or otherwise, on the condition that they are subject to similar regulations and legislation governing CIS. These CIS may be managed directly or indirectly by the Investment Manager as well as other non-related Investment Managers.

More than 35% of the Sub-Fund's assets can be invested in securities issued or guaranteed by a member State of the European Union, an Autonomous Region, a Local Entity, International Bodies which Spain is member of, and States with a credit rating not lower than that of the Kingdom of Spain.

The Sub-Fund may enter into derivatives for hedging and investment purposes. Derivatives for investment purposes shall only be entered into through exchange traded derivatives on an occasional basis and on a reduced manner to efficiently gain exposure to issuers, sectors or geographical markets. These financial instruments may add volatility to the performance of the underlying securities and involve specific financial risks.

Likewise, the Sub-Fund may enter, for hedging and investment purposes, into transactions in OTC markets, exclusively in compliance with the manager's criteria and rules, which will expose the Sub-Fund to the credit of its counterparties and their ability to satisfy the terms of such contracts.

Derivatives can be used for hedging and investment purposes traded in organised markets with clearing houses as well as in OTC derivatives markets. Market exposure via derivatives cannot be higher than the net assets of the Sub-Fund.

The Sub-Fund may invest up to 20% of the Sub-Fund's assets in contingent convertible bonds (CoCos), in compliance with the manager's criteria and rules.

The Sub-Fund may invest in Securitizations, in line with the applicable laws and regulations, especially the Securitization Regulation.

**Use of securities financing transactions and total return swaps**

The Sub-Fund will not use for the time being SFT and TRS. This Sub-Fund Appendix will be amended prior to the use of such instruments and transactions should the Sub-fund intend to use them.

**Risk Profile:**

The investments described herein may imply, among others, an equity market risk, an interest rate risk, an exchange rate risk, credit risk, contingent convertible securities, CoCos risks, as well as an emerging countries' investment risk.

The Sub-Fund can carry out transactions in currency with a hedging or investment purpose.

**Investor Profile:**

The Sub-Fund is suitable for investors seeking to grow and protect their capital over the medium term with a low level of risk.

**2. GENERAL INFORMATION**

**Reference Currency of the Sub-Fund:** the EURO (€)

**Frequency of Calculation of the Net Asset Value ("NAV"):**

Daily, on each Luxembourg business day ("Valuation Day"). If such a day is a legal holiday in Luxembourg the NAV shall be calculated on the next business day in Luxembourg.

### **Investment Manager's Fee:**

As compensation for its services the Manager shall be entitled to the following commissions deducted from the net assets of the Sub-Fund a Delegate Manager's Fee payable in advance on a quarterly basis and calculated on the basis of the average net assets of the sub-fund for the previous quarter of:

- Category "I": maximum 0.95% per annum;
- Category "R": maximum 0.95% per annum;
- Category "Z": maximum 0.5% per annum.

In addition, on the class Z, the Delegate Manager will receive a performance fee, payable annually, equal to 7,5 % of the NAV (net of charges and costs) per share higher than the high water-mark, the high water-mark being the closing NAV per share of the previous calendar year (last NAV calculated in December) where a performance fee has been paid. The first high water-mark will be the class launch NAV and the first performance fee calculation period will be from the launch of the share class until the end of the calendar year. The performance fee is calculated and provisioned daily but is realized and becomes payable at the end of the calendar year. The performance fee will be equal to the performance fee per share multiplied by the current number of shares and no specific adjustment will be applied in case of subscription and redemptions.

There is no equalisation mechanism to allocate the performance fee amongst different investors. No performance fee is payable or accrued if the fund's performance is negative during the calendar year.

If during three consecutive calendar years no performance fee is paid (the last NAV per share calculated in December is below the high water-mark), the high water-mark is reset to the last December NAV per share.

This reset will apply to all existing and new investors.

Reset in case of losses will not be performed with interval less than 3 years.

### **Investment Research Fee:**

The Sub-Fund will pay an annual investment research fee into a dedicated research payment account held and managed by the Investment Manager. The Investment Manager will use such research payment account to pay for investment research provided by third parties.

The Investment Manager will receive an investment research fee equal to 0.05% of NAV of the Sub-Fund. The investment research fee will be accrued in the Sub-Fund's daily Net Asset Value and is payable quarterly in arrears.

### **Initial Subscription Period:**

As determined by the Board of Directors by means of Board Resolution.

Shares of the Sub-Fund may be subscribed during the Initial Subscription Period at a subscription price of:

- EUR 10.- for shares for the Class "I".
- EUR 10.- for shares for the Class "R".
- EUR 10.- for shares for the Class "Z".

**Minimum Initial Subscription Amount** (after the Initial Subscription Period):

- Class "I": EUR 6,000.-
- Class "R": EUR 6,000.-
- Class "Z": EUR 6,000.-

**Minimum Subsequent Subscription Amount:**

- Class "I": EUR 1,000.-
- Class "R": EUR 1,000.-
- Class "Z": EUR 1,000.-

**Subsequent Subscription /Redemption /Conversion:**

The subscription price corresponds to the Net Asset Value of the Sub-Fund as determined in accordance with section 5 of the Prospectus without any deduction of any subscription fee of the Net Asset Value.

The redemption price shall be equal to the Net Asset Value of the Sub-Fund as determined in accordance with section 4, without deduction of any redemption commission.

The methods applying to the conversion of shares of a Sub-Fund into shares of another sub-fund are described in section 4 of the Prospectus.

The lists for the subscription, redemption and conversion of shares shall be closed at 1 p.m. at the latest on the Valuation Day.

The payment of subscriptions, redemption and conversions shall be made in the reference currency of the Sub-Fund within two business days of the calculation of the applicable Net Asset Value.

**Shares:**

In this Sub-Fund the Fund will issue the following share classes:

- In the category "I" denominated in EUR.
- In the category "R" denominated in EUR;
- In the category "Z" denominated in EUR.

The Sub-Fund will issue shares in dematerialised and registered form. For these categories, the Sub-Fund will only issue capitalisation shares.

**Official listing on the Luxembourg Stock Exchange:**

The shares of the Sub-Fund shall not be listed on the Luxembourg Stock Exchange.

**Subscription Tax:**

The Sub-Fund is liable in Luxembourg to an annual tax being payable quarterly on the basis of the value of the aggregate net assets of the Sub-Fund at the end of the relevant calendar quarter being:

- 0.05% for categories "R" and "Z".
- 0.01% for category "I".

**Warning:**

Past performances are no guide as to future performances. The performance data do not take account of the commissions and costs incurred on the issue and redemptions of share.